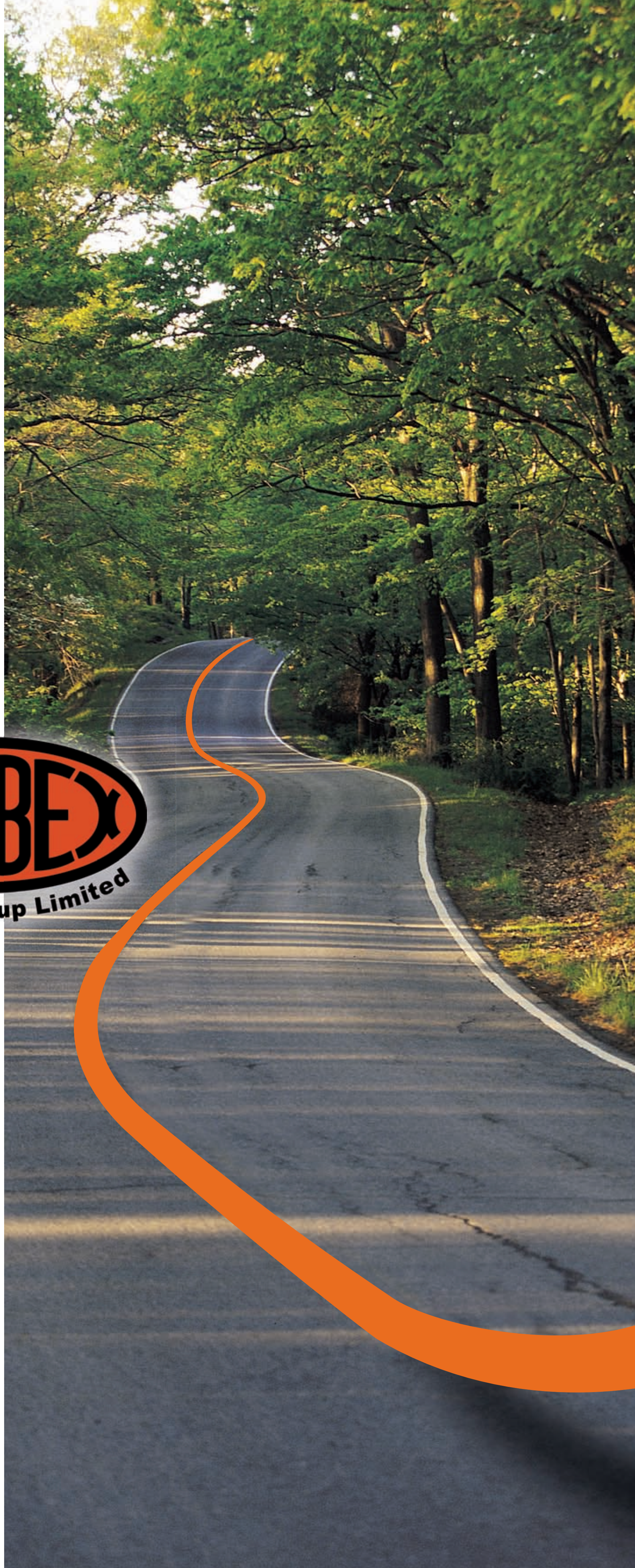
ANNUAL REPORT 2008

RAUBEX

Raubex Group Limited



Annual Report

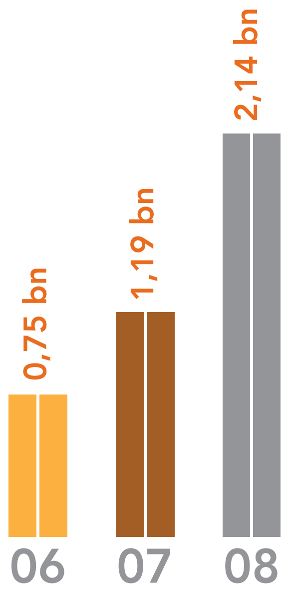
- Manufactured and paved over 500 000 tons of asphalt
- Surfaced 1570 kms or 10 million m^2 of roads
- Crushed 2 500 000 tons of aggregates and materials

Contents

Revenue

up 79,4%

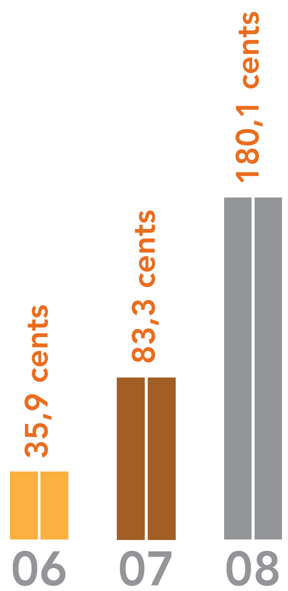
from R1,19 billion to R2,14 billion



Headline earnings per share

up 116,2%

from 83,3 cents to 180,1 cents



Highlights

- Successful JSE Listing on 20 March 2007
- Strong share price performance, mid-cap position
- Completion of five value enhancing acquisitions
- Solid performance across all three divisions; in line with expectations
- Dividend of 60 cents per share declared
- Business positioned for continued solid growth

Board of Directors

1. Collin Matjila 2. Koos Raubenheimer 3. Mbali Swana 4. Les Maxwell 5. Thabo Raubenheimer
6. Francois Diedrechsen 7. Freddie Kenney

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Chairman's report

I am pleased to report that the 2008 financial period was another successful one for Raubex Group. The year was marked by increased organic and acquisitive growth which was underpinned by significant revenues and earnings growth.

A little over one year after listing, it is clear that the group is committed to leverage the opportunities created by our newly found public status. Access to capital markets allowed significant M&A activities whilst the share incentive scheme put in place for key staff, excluding executive directors, has been well received and is proving to be an effective tool to address staff retention and boost motivation levels.

Raubex is now positioned as a sizeable industry player with the skills and capacity to continue delivering on its stated strategy and taking full advantage of the opportunities brought about by the increase for our line of work nationwide.

Financial highlights

The group produced a solid set of results marked by a revenue increase of 79,4% to R2,14 billion and an operating profit increase of 121,7% to R431,3 million from the corresponding prior period. Profit before tax increased 103% to R416,8 million.

Earnings per share increased 112% to 180,9 cents with headline earnings per share increasing 116,2% to 180,1 cents.

The strong performance and healthy cash flow generation resulted in Raubex paying a total dividend of 60 cents per share for the year. This competitive dividend policy of three times cover is in line with the guidance provided prior to the listing.

It is worth noting that the performance summarised above was achieved notwithstanding the fact that a number of operational sites were affected by an unusual amount of 'rain days' having a negative impact on productivity and schedules.

Acquisitions

During the year, the group completed a number of value enhancing acquisitions to extend both capacity and the geographic footprint. These included SPH Group (specialist quarrying, screening and material handling operations), Eastern Cape based Queenstown and Aliwal Quarries (quarry and readymix concrete operations) and National Asphalt, a KwaZulu Natal based operation specialising in the manufacture and laying of premix asphalt. The acquisitions were successfully integrated and are performing in-line or above expectations.

At the time of writing this report, a number of other previously announced acquisitions, fitting across all three divisions, became effective and have positioned Raubex favourably as it moves towards new projects and opportunities. Salient details of these acquisitions are provided in the CEO's Report.

The directors will continue to proactively identify value enhancing opportunities for the various divisions of the group.

Macro-environment

In South Africa, government-led initiatives abound in the infrastructure sector. These are not only driven by the 2010 Soccer World Cup but by many longer-term programmes including nationwide road network and airport upgrades which complement the strong basic maintenance and rehabilitation pipeline already present.

The power supply constraints experienced over the past few months had little impact on the group's operations. Raumix was the only division affected and management quickly implemented plans to work around the load-shedding programmes.

The South African skills capacity constraint in the civil engineering sector remains a challenge and whilst this may result in difficulties in meeting original timeframes for infrastructure roll-out, it allows highly specialised and empowered companies such as Raubex to shift resources to more attractive and lucrative projects.

BEE

From the outset, Raubex acknowledged the importance of broad transformation in the South African economy and continues to play an active role through equity ownership, skills development, procurement and employment diversity.

Raubex's BEE credentials remain at a high level for the industry and an employment equity programme is being implemented across the organisation.

Corporate governance

The board of directors maintains high standards of corporate governance and is committed to applying effective principles in line with the requirements of the King Code in both letter and spirit throughout Raubex.

Raubex's approach to corporate governance strives to be stakeholder inclusive, based on good communication and integrated into every aspect of the business.

The composition and competence of the members serving on various board committees continues to receive attention and the directors have proactively taken steps to ensure that all the elements required to make Raubex fully compliant with the recommendations of the Code have been implemented.

In February, we announced the appointment of Heike Ernst, an admitted attorney, as Company Secretary. I would like to take this opportunity to welcome her to Raubex and look forward to her contribution in continually improving Raubex's governance levels. The board wishes to thank MDP Secretarial Services for their past services and support.

Prospects

From an infrastructure development perspective, the government remains committed to large capital expenditure over the medium term. More specifically, recently announced schemes including the Gauteng freeway programme, associated Public Private Partnerships opportunities and general maintenance allocations bode well for Raubex.

With an order book standing at R2,7 billion and the new acquisitions set to contribute significantly in the year ahead, we look forward to another year of solid growth driven by a buoyant infrastructure market in South Africa.

Appreciation

On behalf of the board, I wish to thank the management team and staff for an outstanding performance over the past year and for positioning Raubex on an enviable footing to take advantage of the growth opportunities provided by the current environment.

I would also like to thank the other board members for their commitment and counsel throughout the year as well as our customers and suppliers for their loyal support. We look forward to continue working together in the year ahead.

MC Matjila
Chairman

CEO's report

We are very pleased with the past year's performance, both operationally and financially. Through our strategy of acquisitive and organic growth, we have transformed into a sizeable industry player with the skills and capacity to grow our order book and meet the increasing demand for our line of work in an infrastructure market that continues to show impressive growth.

From inception in 1974 and through the listing on the JSE Limited in March 2007, Raubex has firmly entrenched itself as a leader in road construction, rehabilitation and associated infrastructure developments across all nine South African provinces and throughout southern Africa. Our Raumix division produces and supplies crushed aggregate to the broader construction industry and also services the mining sector.

All divisions produced a solid performance in-line with management's expectations. This was complemented by five value enhancing acquisitions which have now been implemented.

Operating environment

Historically, prosperous infrastructure cycles have been short and made it very difficult for companies such as Raubex to develop and grow.

Over the past few years, government has realised the need to spend money on infrastructure consistently to accommodate and sustain the rapid economic growth and levels of economic activity in the country. We firmly believe that the current cycle will be a long and prosperous one.

Of course, a number of exogenous factors affect our industry and the past year has demonstrated the importance for companies to anticipate, prepare and adjust to adverse conditions.

Most notably, the stellar rise in the crude oil price had a dramatic effect on the global economy and South Africa. Although our equipment and operations are heavily dependent on diesel, we are quite fortunate in that the majority of our construction, rehabilitation and maintenance contracts include escalation clauses allowing us to pass on certain input cost increases, including diesel and bitumen, to the client.

The weather can also have a serious impact on productivity and schedules. In the later part of 2007, this was especially true on some of our major contracts which were adversely affected by unusually heavy rains in a number of provinces. Although contracts include weather estimations that govern penalty clauses, these natural events result in operational and financial delays that require schedules to be continually revised. The delays were worked in swiftly but the financial benefits of these contracts couldn't be accounted for in the financial period under review.

Finally, the power supply issues experienced in the early part of 2008 only affected the Raumix division and management proactively re-organised shifts and necessary routine maintenance schedules to work around the load-shedding programmes. This resulted in minimum disturbances being experienced.

Financial overview

Revenue increased 79,4% to R2,14 billion and operating profit increased 121,7% to R431,3 million from the corresponding prior period. Profit before tax increased 103% to R416,8 million.

Earnings per share increased 112% to 180,9 cents with headline earnings per share increasing 116,2% to 180,1 cents.

Group operating margin increased from 16,3% to 20,2% compared to the corresponding prior year period as a number of teams in the Construction Division began working on more lucrative contracts.

The group generated operating cashflows of R448,8 million before finance charges and taxation.

Capital expenditure on fixed assets to the value of R244,6 million was incurred during the year as we took advantage of opportunities in the marketplace to acquire additional equipment to meet increased demand. We anticipate the capex spend for the 2009 financial year to be lower.

Net cash inflow for the year ended 29 February 2008 was R582,9 million with total cash and cash equivalents at the end of the period amounting to R660,2 million. The cash and cash equivalents balance includes proceeds from shares issued of R379,5 million. The entire proceeds have been allocated to pay for the cash portions of the acquisitions discussed below.

Expenses related to the share incentive scheme for key staff, excluding executive directors, amounted to R14,4 million during the period.

Divisional overview

Roadmac

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

Roadmac is the largest contributor to group revenue and despite unusually high rainfall in some areas, performance for the year met expectations.

The division is operating in a very favourable environment supported by a very healthy order book. The acquisition of National Asphalt was successfully integrated during the period and is performing above expectations.

It is clear that as local and national governments begin to realise the importance of ongoing road maintenance, Roadmac will develop into an annuity business with a work pipeline growing in-line with the road infrastructure spend. Margins are now at a sustainable level and expected to stabilise.

Revenue for the division increased 82,9% to R1,25 billion (2007: R685,2 million) and operating profit by 73,6% to R233,9 million (2007: R134,7 million).

The divisional margins decreased to 18,7% (2007: 19,7%) due to the effects of the unusually high number of rain days experienced.

Capital expenditure of R76,2 million was incurred during the year (2007: R40,5 million).

Raubex Construction

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

We expect continued strong demand supported by a solid pipeline of work over the medium term. Public

Private Partnership concessions will become a more prominent feature of the South African road networks and we have positioned ourselves to assess opportunities for the group.

Revenue for the division increased 8,8% to R520 million (2007: R477,9 million) whilst operating profit increased 96,8% to R95,1 million (2007: R48,3 million). This is as a result of existing low margin contracts coming to an end and the effects of new higher margin contracts starting to come through in the second half of the year. As a result, the divisional margins improved strongly to 18,3% (2007: 10,1%). We believe that there is still room to improve those margins slightly.

The division incurred capital expenditure of R67,6 million during the year (2007: R56,3 million).

Raumix

Raumix is the materials division of the group with its core focus spread over three areas including contract crushing, production of aggregates for the commercial market and materials handling for the mining industry. The acquisitions of the SPH Group together with the Queenstown and Aliwal Quarries were successfully integrated during the period. The significant variances in divisional financial indicators are attributable to these acquisitions.

As a result of the new acquisitions, the division's exposure to contract mining, a high demand segment, has increased significantly. The recent slowdown in demand from residential developers is offset by an increase in demand from civil contractors. It is worth noting that our two Gauteng-based quarries will continue to benefit significantly from the various infrastructure projects in the province. Acquisition targets are constantly being evaluated.

Revenue for the division increased 1 206% to R362,9 million (2007: R27,8 million) and operating profit by 794% to R102,2 million (2007: R11,4 million).

The divisional margins decreased to 28,2% (2007: 41,2%) as a result of the acquisitions mentioned above. Margins are expected to decrease following the integration of the new acquisitions.

Capital expenditure for the year was R100,8 million (2007: R17 million).

Raubex Construction International

Internationally, Raubex only operates in Zambia but Africa provides increasing opportunities which we will continue to monitor closely whilst we gain valuable experience.

During the period under review, revenue was flat at R144,9 million (2007: R143,6 million) whilst operating profit increased some 200% to R23,5 million. Operating margins improved to 16,3%. These figures represent 6,8% and 5,5% of the group total respectively.

Strategic overview

Whilst we have shown our ability to deliver good organic growth across our divisions, it has always been our stated strategy to leverage our listing to acquire businesses that are both value enhancing (financially and operationally) and provide the required cultural fit.

At last year's annual general meeting, the shareholders authorised the directors to issue shares for cash. During the course of the year, the company successfully placed 10 396 829 ordinary shares equating to 6,41% of the company`s issued share capital with institutional investors, raising R405,5 million, before expenses, in the process. The proceeds of this placement were utilised to fund the following acquisitions announced during the course of the year:

- *Space Construction (R50 million)*
  Based in KwaZulu Natal, Space Construction increases Raubex Construction's regional presence and capacity.

- *Thaba Bosiu & Zamori Construction (R100 million)*
  This is another capacity building move that will enhance Raubex Construction's capabilities supported by a young and vibrant management team.

- *B&E International (R513 million)*
  B&E International is the largest acquisition made in the past year and aimed to increase our mining and contract crushing capabilities within the Raumix division. B&E is also a leading mobile crushing company and offers synergies with all divisions.

- *Queenstown & Aliwal Quarries (R34 million)*
  The acquisition provides two quarries and some readymix concrete operations in the Eastern Cape province, another region poised to receive increased infrastructure development attention in the years ahead.

- *Bonn Plant Hire & Akasia Road Surfacing (R117 million)*
  The businesses will be integrated in the Roadmac division. Strategically positioned in Gauteng, the fleet and extensive asphalt manufacturing capability provides additional capacity and secures supply to meet the demand of the Gauteng Freeway Improvement Project and various other regional schemes.

A *pro forma* income statement representing the effects of these acquisitions as if they had been effective since 1 March 2007 can be found on page 84 of this report.

It is important to remember that one of the reasons for our past successes is that Raubex encourages and nurtures an entrepreneurial spirit. Size does matter but people are what matter most and experience has taught us that optimal efficiency and profitability is achieved through a decentralised management structure allowing business units to operate autonomously and with minimum interference from the top. This will remain true in the years ahead.

We have strong managers and we will allow them to manage.

Dividends

A final dividend of 40 cents per share has been declared after taking into account the interim dividend of 20 cents per share. The dividend policy of three times cover indicated ahead of the listing remains unchanged.

Prospects

The group's order book stands at R2,7 billion (2007: R1,6 billion).

Industry players, including Raubex, are now seeing the results of the government's infrastructure investments filter through to the order book. More recently, announcements such as the Gauteng road upgrade programme and plans to upgrade various airports around the country have added to the strong basic maintenance and rehabilitation pipeline already present. As mentioned previously, opportunities around the Public Private Partnership market are also becoming more tangible.

International activities remain small from a group perspective and continue to focus on Zambia. The pipeline in Zambia and neighbouring countries is good and Raubex will maintain a cautious growth approach whilst it gains valuable experience.

Through its strategy of acquisitive and organic growth, Raubex is now positioned as a sizeable industry player with the skills and capacity to grow the order book and meet the increasing demand for its line of work. In the current market conditions, we expect to deliver a strong performance in the year ahead.

Appreciation

In closing this report, I wish to thank my fellow executives and each and every one of our 4 000 employees for the achievements of the past year. This couldn't have been done without their hard work, passion and dedication.

JE Raubenheimer
Chief Executive Officer

Corporate Governance

General

Raubex is committed to be an excellent, responsibly managed "corporate citizen". In order to achieve this, the directors accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the company. The board has proactively taken steps to ensure that all the elements required to make Raubex compliant with the recommendations incorporated in the King Code II have been implemented.

The board is of the opinion that Raubex substantially complies with the King Code II, the provisions of the Companies Act together with the promulgated regulations and the JSE Securities Exchange Rules for listed companies.

Board

At the date of this Annual Report Raubex had a unitary board with seven directors: three executive directors and four non-executive directors, one of whom is independent. There is a clear balance between executive directors and non-executive directors.

The board conducts its business in the best interest of the company and ensures that the group performs in the best interest of the stakeholders. Corporate governance plays a pivotal role in the way board meetings are constituted. The board is also the focal point of the company's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the company.

The board's responsibility includes providing Raubex with clear strategic direction, ensuring that there is adequate succession planning at senior levels, overseeing operational performance and management, determining policies and procedures which seek to ensure the integrity of Raubex's risk management and internal controls, implementing and maintaining Raubex's communication policy and overseeing director selection, orientation and evaluation.

The value of the services of Raubex's non-executive directors lies in their ability to view the company's affairs and problems objectively, since they are not involved in the day-to-day business of Raubex. Raubex's non-executive directors bring an independent view to the board's decision making on issues such as strategy performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance. The executive directors have fixed terms of appointment and all the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at least every three years, in accordance with Raubex's articles of association.

Directors of Raubex

MC Matjila (Chairman)#
JE Raubenheimer (Chief Executive Officer)
GM Raubenheimer
F Diedrechsen
F Kenney#
MB Swana#
L Maxwell*

 # Non-executive
** Independent non-executive*

The board meets at least four times a year with additional meetings called if necessary or desirable. 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 Raubex.

Chairman and chief executive officer

The role of chairman and 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.

Collin Matjila, a non-executive director, chairs the board. The Chairperson is responsible for providing leadership to the board, overseeing its efficient operation and ensuring good corporate governance practices.

The Chief Executive Officer, Koos Raubenheimer is entrusted with the power to transact the company's day-to-day affairs. He is responsible for formulating, implementing and maintaining the strategic direction of Raubex.

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 the directors having access to the advice and services of the Company Secretary;
- all directors, with prior permission by 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;
- the appointment or dismissal of the Company Secretary being decided by the board as a whole and not by one individual director.

Board committees

The board of directors has delegated specific responsibilities to board committees, each with their own terms of reference that define their powers and duties, which is reviewed annually. The board committees meet independently and report back to the board through their chairman.

Audit Committee

Les Maxwell, an independent non-executive director, chairs the Audit Committee. The committee consists of three non-executive directors, one of whom is independent and one executive director. The current members are:

- L Maxwell
- C Matjila
- F Kenney
- GM Raubenheimer

The committee meets at least four times a year and is responsible for assisting the board in fulfilling its responsibility in respect of financial reporting issues. The role of the Audit Committee is, *inter alia*:

- 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;
- to assist the board in fulfilling its responsibilities in respect of financial reporting issues, compliance with laws and regulations, risk management and development;
- 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 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 Audit Committee also sets the principles for recommending the use of the external auditors for non-audit purposes, which include:

- tax services, including advice on tax planning and transfer pricing issues;
- corporate restructuring;
- merger and acquisition advice; and
- training.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is chaired by Les Maxwell, an independent non-executive director. The committee consists of three non-executive directors one of whom is independent and two executive directors. The current members are:

- L Maxwell
- C Matjila
- F Kenney
- GM Raubenheimer
- F Diedrechsen

The committee meets at least twice a year and is responsible for assisting the board in fulfilling its responsibilities in respect of maintaining an appropriate remuneration strategy, providing for succession planning, assessing the effectiveness of the board and individual directors' performance.

The role of the committee is, *inter alia* the following:

- to determine the remuneration, incentive arrangements and benefits of the executive directors of the company, including pension rights and any compensation payments;
- to determine the remuneration of the chairman of the board;
- to recommend and monitor the level and structure of remuneration of senior executive employees (as identified to the committee by the board of the company) of the company and its principal operating subsidiaries;
- to consider and decide upon such other matters as the board may refer to it; and
- to review, at least annually, the committee's performance and terms of reference.

Board meetings

Attendance register – quarterly board meetings since listing on 20 March 2007

	7 August 2007	31 October 2007	20 February 2008	13 March 2008	15 May 2008
Executive directors					
JE Raubenheimer	^	^	^	^	^
GM Raubenheimer	^	^	^	^	^
F Diedrechsen	^	^	^	^	^
Non-executive directors					
CM Matjila	^	^	x	^	x
F Kenney	^	^	^	^	x
MB Swana	^	^	^	^	^
L Maxwell*	^	^	^	^	^

** Independent non-executive director*

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, the directors, officers and defined employees of the group may not deal in the shares of Raubex.

In addition, directors and senior employees cannot 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 Raubex securities may take place outside of the closed periods without the prior written approval from the chairman for non-executive directors and the 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 Raubex without their written consent. They are required to advise the Company Secretary immediately after the trade has taken place, who will then report the transaction to the JSE Limited through the Stock Exchange News Service (SENS) within one working day. A register of share dealings by directors is maintained by the Company Secretary and reviewed by the board on a quarterly basis.

Company Secretary

To enable her to properly fulfil her duties, the secretary has been fully empowered by the board and has complete access to people and resources required. The 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 good corporate governance. Relevant information on new regulations and legislation relating to directors is tabled when necessary. The directors have unlimited access to the advice and services of the Company Secretary.

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

The Company Secretary ensures compliance with the rules and Listings Requirements of the JSE Limited. The Company Secretary administers the share option scheme and complies with the statutory requirements of the company and its subsidiaries in South Africa.

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

Directors and officers of the company keep the Company Secretary advised of all their dealings in securities of the company according to well-defined rules and procedures.

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 applicable laws, regulations and policies of the company.

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 shareowners and investment analysts is 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.co.za.

Environment

Raubex recognises that its activities have an impact on the environment. Raubex has adopted a strategy that strives to minimise this impact by regularly reviewing its activities and compliance with all relevant legislation.

Employment equity

Raubex has a clearly defined employment equity strategy aimed at realising the potential of previously disadvantaged people in South Africa.

Raubex has complied with most of the South African legislative requirements on employment equity and has implemented employment equity plans.

Consolidated group financial statements

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

Statement of responsibility by the board of directors

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in line with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, 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 directors have reviewed the group's cash flow forecast for the year to 28 February 2009 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 18.

The financial statements set out on pages 19 to 83, which have been prepared on the going concern basis, were approved by the board of directors on 15 May 2008 and are signed on its behalf by:

JE Raubenheimer
Chief Executive Officer

F Diedrechsen
Director

Statement of compliance by company secretary

I certify that in accordance with section 268G(d) of the Companies Act, 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Mrs HE Ernst
Company Secretary

15 May 2008

Independent auditors' report

To the shareholders and board of directors of Raubex Group Limited

Report on the consolidated financial statements

We have audited the annual financial statements and group annual financial statements of Raubex Group Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 29 February 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other notes, as set out on pages 19 to 83.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 judgment, 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 accompanying financial statements present fairly, in all material respects, the financial position of the company and of the group as of 29 February 2008, and of their financial performance and their 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: DA Foster
Registered Auditor

Bloemfontein
15 May 2008

Directors' report

This report presented by the directors is a constituent document of the group consolidated financial statements at 29 February 2008.

Nature of business

Raubex Group Limited is an investment holdings 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, associates and joint ventures. Details of the major operating subsidiaries, associate companies and joint ventures are disclosed in Annexure 1 to 2 and note 7 of the group financial statements.

Group financial results

Group earnings for the year ended 29 February 2008 were R295,6 million (2007: R138,9 million), representing basic earnings per share of 180,9 cents (2007: 85,3 cents). Headline earnings per share were 180,1 cents (2007: 83,3 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 2008 are set out in note 13 of these financial statements.

During the year the company issued 29 248 461 ordinary shares of 1 cent each at a total share premium of R574 630 944 to acquire shares in subsidiaries. Details of these acquisitions are set out in notes 35 and 37 of these financial statements.

Share issue expenses of R25 945 587 were written off against share premium.

Share scheme

During the period ended 29 February 2008 the company adopted and approved the Raubex Share Incentive Plan 2007, the rationale for the scheme being to reward staff for long service and to take account of the latest trends of incentivising staff.

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

Dividend

The following dividends were declared in respect of the year ended 29 February 2008.

Interim dividend number 1 of 20 cents per ordinary share (2007: total dividend paid R65 504 353).
Final dividend number 2 of 40 cents per ordinary share.

These financial statements do not reflect the final dividend payable as declaration took place after balance sheet date.

Business combinations

Acquisition of SPH Group (Pty) Limited

On 1 March 2007, the group acquired 100% of the share capital of SPH Group (Pty) Limited, through the acquisition of 100% of its holding company Aquatic Services (Pty) Limited for R111,3 million. The SPH Group specialises in quarrying, screening and haulage operations.

Increased holding in Canyon Rock (Pty) Limited
On 1 March 2007 the group increased its holding in Canyon Rock (Pty) Limited to 100% through the acquisition of 45% of the share capital from SPH Group (Pty) Limited and the remaining 10% from minority shareholders for R46,3 million. Canyon Rock specialises in quarrying operations and operates two commercial quarries, Rosslyn Quarry and Rossway Quarry.

Acquisition of the business of National Asphalt
On 1 April 2007 the group acquired 100% of the business of National Asphalt as a going concern for R30,1 million. National Asphalt specialises in the manufacture and laying of premix asphalt.

Acquisition of Queenstown Quarry (Pty) Limited
On 1 September 2007 the group acquired 100% of the share capital of Queenstown Quarry (Pty) Limited for R22 million. The company conducts quarry and readymix concrete operations in Queenstown.

Acquisition of Aliwal Dolorite Quarry (Pty) Limited
On 1 September 2007 the group acquired 100% of the share capital of Aliwal Dolorite Quarry (Pty) Limited for R7,6 million. The company consists of a quarry operation in Aliwal North.

Details of these acquisitions are set out in note 35 of these financial statements, while details of all subsidiaries are set out in Annexure 1 of these financial statements.

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

Property, plant and equipment
There have been no major changes in the nature of the assets of the group during the year or in the policy relating to their use.

Capital expenditure for the year amounted to R244 584 549 (2007: R106 838 197).

Property, plant and equipment acquired through the acquisition of subsidiaries amounted to R220 097 159 (2007: R6 993 331).

Post balance sheet events
Acquisitions
The group acquired the following subsidiaries after year-end:

B & E International Holdings (Pty) Limited
The group acquired 100% of the share capital of B&E International Holdings (Pty) Limited, a group of companies specialising in contract crushing and quarrying operations at a cost of R513 million.

Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited
The group acquired 100% of the share capital of Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited, a group of companies specialising in road construction, at a cost of R78 million and R12 million respectively.

Thaba Bosiu Construction (Pty) Limited and Zamori Construction (Pty) Limited
The group acquired 100% of the share capital of Zamori Construction (Pty) Limited and Thaba Bosiu Construction (Pty) Limited, a group of companies specialising in road construction, at a cost of R35,7 million and R64,3 million respectively.

Bonn Plant Hire (Pty) Limited and the business of Akasia Road Surfacing (Pty) Limited
The group acquired 100% of the share capital of Bonn Plant Hire (Pty) Limited including the business of Akasia Road Surfacing (Pty) Limited at a cost of R117 million cash. The company specialises in road surfacing and asphalt manufacturing.

Full details of these acquisitions together with the equity-settled portion of the purchase consideration are set out in note 37 of these financial statements.

Directorate and secretary
The names of the directors and secretary are set out on the inside back cover of these financial statements.

Interests of directors in the share capital
Details of ordinary shares held directly and indirectly per individual director are listed below as at 29 February 2008. No share options have been allocated to directors.

	Number of shares
Beneficial	
Direct and indirect	
MC Matjila	1 980 000
F Diedrechsen	3 650 000
MB Swana	1 980 000
F Kenney	20 615 384
LA Maxwell	16 000

	Number of shares
Non-beneficial	
Direct and indirect	
JE Raubenheimer	25 000 000
GM Raubenheimer	2 385 765

At date of this report, these interests remained unchanged.

Auditors
PricewaterhouseCoopers Inc will continue in office in accordance with section 270 (2) of the Companies Act.

Group balance sheet

at 29 February 2008

	Notes	2008 R	2007 R
ASSETS			
Non-current assets			
Property, plant and equipment	5	**668 364 912**	290 398 357
Intangible assets	6	**198 939 016**	16 533 580
Investment in associates	7	**2 670 759**	14 629 758
Deferred income tax assets	18	**9 283 041**	4 634 946
Trade and other receivables	10	**401 787**	–
Total non-current assets		**879 659 515**	326 196 641
Current assets			
Inventories	8	**50 439 686**	17 628 617
Construction contracts in progress	9	**73 644 341**	44 263 883
Trade and other receivables	10	**368 676 796**	258 686 325
Current income tax receivable		**12 054 823**	17 077 177
Cash and cash equivalents	11	**660 233 434**	83 266 639
Total current assets		**1 165 049 080**	420 922 641
Non-current assets held for sale	12	**2 472 076**	–
Total assets		**2 047 180 671**	747 119 282
EQUITY			
Share capital	13	**1 725 268**	1 432 782
Share premium	13	**1 830 852 682**	1 282 167 325
Other reserves	14	**(1 156 813 647)**	(1 174 084 740)
Retained earnings		**457 979 152**	196 254 978
Equity attributable to equity holders of company		**1 133 743 455**	305 770 345
Minority interest in equity	15	**2 785 655**	1 517 273
Total equity		**1 136 529 110**	307 287 618
LIABILITIES			
Non-current liabilities			
Borrowings	16	**249 069 699**	89 208 131
Provisions for liabilities and charges	17	**7 954 770**	658 000
Deferred income tax liability	18	**113 897 357**	52 511 816
Total non-current liabilities		**370 921 826**	142 377 947
Current liabilities			
Trade and other payables	19	**318 623 885**	246 006 662
Borrowings	16	**143 856 259**	37 014 819
Current income tax liabilities		**77 229 574**	8 494 173
Bank overdrafts	11	**20 017**	5 938 063
Total current liabilities		**539 729 735**	297 453 717
Total liabilities		**910 651 561**	439 831 664
Total equity and liabilities		**2 047 180 671**	747 119 282

The notes on pages 42 to 72 are an integral part of these group financial statements.

Group income statement

for the year ended 29 February 2008

	Notes	2008 R	2007 R
Revenue	20	**2 135 778 031**	1 190 860 142
Cost of sales	23	**(1 616 112 151)**	(964 438 063)
Gross profit		**519 665 880**	226 422 079
Other income	21	**18 979 346**	15 811 940
Other gains/(losses) – net	22	**3 075 679**	(11 019 291)
Administrative expenses	23	**(110 438 956)**	(36 710 215)
Operating profit		**431 281 949**	194 504 513
Finance income	24	**12 996 916**	16 814 914
Finance costs	24	**(27 986 271)**	(12 296 390)
Finance (costs)/income – net	24	**(14 989 355)**	4 518 524
Share of profit of associates	7	**478 480**	6 258 820
Profit before taxation		**416 771 074**	205 281 857
Taxation expense	25	**(121 152 553)**	(66 423 518)
Profit for the year		**295 618 521**	138 858 339
Attributable to:			
Equity holders of the company		**294 150 140**	85 335 234
Minority interest	15	**1 468 381**	53 523 105
		295 618 521	138 858 339
Basic earnings per share (cents)	29	**180,9**	85,3
Diluted earnings per share (cents)	29	**178,4**	85,3

The notes on pages 42 to 72 are an integral part of these group financial statements.

Group statement of changes in equity

for the year ended 29 February 2008

	Share capital R	Share premium R
Balance at 1 March 2006	**300**	**–**
Changes in equity:		
Issue of share capital and share premium	1 432 482	1 282 167 325
Currency translation reserve	–	–
Equity adjustments for:		
Reverse acquisition of subsidiary	–	–
Minority interest acquisition	–	–
Profit for the year	–	–
Dividends paid	–	–
Total changes	1 432 482	1 282 167 325
Balance at 28 February 2007	**1 432 782**	**1 282 167 325**
Note	13	13
Balance at 1 March 2007	**1 432 782**	**1 282 167 325**
Changes in equity:		
Issue of share capital and share premium	292 486	574 630 944
Share issue expenses	–	(25 945 587)
Currency translation reserve	–	–
Share option reserve	–	–
Profit for the year	–	–
Dividend paid	–	–
Total changes	292 486	548 685 357
Balance at 29 February 2008	**1 725 268**	**1 830 852 682**
Note	13	13

The notes on pages 42 to 72 are an integral part of these group financial statements.

Other reserves R	Retained earnings R	Total attributable to equity holders of the parent company R	Minority interest R	Total equity R
–	**146 908 744**	**146 909 044**	**78 198 452**	**225 107 496**
–	–	1 283 599 807	–	1 283 599 807
1 213 204	–	1 213 204	404 401	1 617 605
(1 001 620 037)	–	(1 001 620 037)	–	(1 001 620 037)
(173 677 907)	–	(173 677 907)	(101 093 332)	(274 771 239)
–	85 335 234	85 335 234	53 523 105	138 858 339
–	(35 989 000)	(35 989 000)	(29 515 353)	(65 504 353)
(1 174 084 740)	49 346 234	158 861 301	(76 681 179)	82 180 122
(1 174 084 740)	**196 254 978**	**305 770 345**	**1 517 273**	**307 287 618**
14			15	
(1 174 084 740)	**196 254 978**	**305 770 345**	**1 517 273**	**307 287 618**
–	–	574 923 430	–	574 923 430
–	–	(25 945 587)	–	(25 945 587)
2 909 913	–	2 909 913	–	2 909 913
14 361 180	–	14 361 180	–	14 361 180
–	294 150 140	294 150 140	1 468 382	295 618 522
–	(32 425 966)	(32 425 966)	(200 000)	(32 625 966)
17 271 093	261 724 174	827 973 110	1 268 382	829 241 492
(1 156 813 647)	**457 979 152**	**1 133 743 455**	**2 785 655**	**1 136 529 110**
14			15	

Group cash flow statement

for the year ended 29 February 2008

	Notes	2008 R	2007 R
Cash flows from operating activities			
Cash generated from operations	31	**448 814 702**	198 880 958
Finance income	24	**12 996 916**	16 814 914
Finance costs	24	**(27 986 271)**	(12 296 390)
Taxation paid	31	**(43 777 166)**	(66 524 920)
Net cash generated from operating activities		**390 048 181**	136 874 562
Cash flows from investing activities			
Additions of property, plant and equipment	5	**(244 584 549)**	(113 831 528)
Proceeds from sale of property, plant and equipment	31	**22 758 994**	22 731 812
Acquisition of subsidiaries		**(57 143 171)**	(997 222 552)
Minorities acquired		**–**	(278 826 096)
Associates' dividends received		**24 000**	4 275 000
Loans to associates		**5 707 408**	(4 238 405)
Net cash from investing activities		**(273 237 318)**	(1 367 111 769)
Cash flows from financing activities			
Proceeds from borrowings		**119 169 200**	29 670 193
Proceeds from shares and share premium		**379 530 744**	1 283 600 106
Dividends paid to company's shareholders	30	**(32 425 966)**	(35 989 000)
Dividends paid to minority interests	30	**(200 000)**	(29 515 353)
Net cash from financing activities		**466 073 978**	1 247 765 946
Total cash movement for the year		**582 884 841**	17 528 739
Cash at the beginning of the year		**77 328 576**	59 799 837
Total cash at the end of the year	12	**660 213 417**	77 328 576

The notes on pages 42 to 72 are an integral part of these group financial statements.

1. Accounting policies

Presentation of Financial Statements

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 consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and 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 judgment 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.

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 1.3. 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 (note 1.13).

Impairment of trade and other receivables

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

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.1 Significant estimates and judgements (continued)

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.

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.

Fair value of share-based compensation

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

1.2 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:

– Buildings	20 years
– Machinery	10 – 20 years
– Vehicles	5 – 10 years
– Furniture, fittings and equipment	3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 (note 1.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.2 Property, plant and equipment (continued)

Replacement and modification expenditure

Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining book value of the replaced component is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement when incurred.

1.3 Intangible assets

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/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included as goodwill on the balance sheet. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised 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. The group allocates goodwill to each business segment in the area in which it operates.

Trademarks are not depreciated but tested annually for impairment and carried at cost less accumulated impairment losses.

Licences are depreciated over the contract period on a straight-line basis.

Mining rights are depreciated over the expected life of mine on a straight-line basis.

1.4 Consolidation

Common control transactions

Transactions involving entities under common control before and after the transaction and where control is not transitory are treated within the scope of IFRS 3. The difference between the purchase consideration and the carrying value of net assets acquired is recorded in equity against a separate reserve by the defined acquirer.

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. Consolidation ceases once control has been lost.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.4 Consolidation (continued)

Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see note 1.3).

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

Transactions and minority interests

The group applies the economic entity model as a policy of treating transactions with minority 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 minorities. The gains and losses on disposals to minorities are also recorded in equity against the same reserve.

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 (see note 6).

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 ventures' 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.

1. **Accounting policies (continued)**

Presentation of Financial Statements (continued)

1.4 Consolidation (continued)

Investment in joint ventures (continued)

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.

1.5 Financial instruments

Initial recognition

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

The group classifies its financial assets in the following categories: at fair value through profit and loss and loans and receivables and its financial liabilities: at fair value through profit or loss and financial liabilities measured at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial instruments at initial recognition.

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 balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured 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 balance sheet date.

1. **Accounting policies (continued)**

Presentation of Financial Statements (continued)

1.6 Trade receivables

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

1.7 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 balance sheet 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.

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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1.7.1 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, a secondary tax (called 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.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.7 Current and deferred income tax (continued)

1.7.1 Secondary tax on companies (STC) (continued)

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.

1.8 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 balance sheet 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 balance sheet 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. The group from time to time leases out certain plant and equipment. Income from this is seen as incidental and included in other income.

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. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.10 Construction contracts in progress

Contract costs are initially recognised at cost when incurred. Cost should include all costs that relate directly to the specific contract, and allocated overheads relating to construction contracts generally. The group does not follow a policy of capitalising borrowing cost.

Contract work in progress is subsequently measured by reducing the amount of contract cost transferred to contract expense in the income statement. The amount transferred is determined by the stage of completion of the construction contract.

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 balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

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

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 balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

1.11 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. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.12 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.

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.

1.13 Provisions and contingencies

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

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

1.14 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.

Construction contracts

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

Sale of goods

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

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.14 Revenue recognition (continued)

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.

1.15 Borrowing costs

Borrowing costs are recognised directly in the income statement when incurred.

1.16 Employee benefits

Pension obligations

The group operates defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Profit sharing and bonus plans

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

Share-based compensation

The group operates equity-settled, share-based compensation plans. 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. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

1.17 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 Rands, 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.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.17 Translation of foreign currencies (continued)

Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. 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.

1.18 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.
A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.18 Segmental reporting (continued)

The group's primary format for reporting segmental information is determined in accordance with the nature of business and its secondary format is determined with reference to the geographical location of the operations.

Inter-segment transfers

Segment revenue, segment expenses and segment results 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.

Segmental 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.

Segmental assets

All operating assets used by a segment, principally property, plant and equipment, investments, inventories, contracts in progress, and receivables, net of allowances. Cash balances are excluded. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

All operating liabilities of a segment, principally accounts payable, subcontractor liabilities and external interest bearing borrowings.

2. Standards, interpretations and amendments to published standards that are not yet effective

Set out below are International Financial Reporting Standards and amendments issued but not effective for the year ended 29 February 2008. These standards are not expected to have any significant effect on the results of operations or financial position of the group.

Standard/Interpretation	Title	Effective date
IAS 1	Presentation of Financial Statements – Revised	1 January 2009
IFRS 2	Amendment to IFRS 2 Share-Based Payment	1 January 2009
IFRS 3	Business Combinations – Revised	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IAS 23	Borrowing Costs – Revised	1 January 2009
IAS 27	Consolidated and Separate Financial Statements – Revised	1 July 2009
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

3. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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.

3. Financial risk management (continued)

Financial risk factors (continued)

Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk as well as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally on a limited basis and is exposed to foreign exchange risk arising from some 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 forward contracts if necessary. 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.

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

As the group has no significant interest bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

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

Interest rate risk – Sensitivity analysis

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

3. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

	2008		2007	
	+ 1% **R**	**- 1%** **R**	+ 1% R	- 1% R
Cash and cash equivalents	**6 602 134**	**(6 602 134)**	773 286	(773 286)
Long-term borrowings	**(86 867)**	**86 867**	(104 779)	104 779
Instalment sale agreements	**(3 842 392)**	**3 842 392**	(1 157 450)	1 157 450
Increase/(decrease) in profitability	**2 672 875**	**(2 672 875)**	(488 943)	488 943

(b) Credit risk

The group has no significant concentration of credit risk except contract debt to public sector institutions which is not considered to be a credit risk. It has policies in place to ensure that sales of aggregate are made to customers with appropriate credit history. The group has policies that limit the amount of credit exposure to any financial institution.

	Rating	**2008** **R**	2007 R
Concentration of credit risk			
Nedbank	AA	**632 719 100**	68 818 639
Barclays Bank	AA	**5 413 873**	–
Standard Chartered	A	**12 241 228**	4 582 492
		650 374 201	73 401 131
Trade and other receivables	AAA	**4 842 480**	17 751 307
Trade and other receivables	AA	**115 495 426**	94 990 861
Trade and other receivables	A	**20 776 551**	29 267 644
		141 114 457	142 009 812

Credit risk is represented by the going concern values of the receivables and cash and cash equivalents that are carried on the balance sheet at a value of R1 028 910 230 (2007: R341 952 964).

(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.

3. Financial risk management (continued)

Financial risk factors (continued)

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

	Carrying amount R	Contractual cash flows R	Within 1 year R	2 to 5 years R	5 years and later R
At 29 February 2008					
Non-derivative financial liabilities					
Mortgage loans	**593 741**	**599 852**	**426 441**	**169 872**	**3 539**
Suspensive sale agreements	**384 239 233**	**389 534 992**	**143 293 138**	**246 241 854**	**–**
Long-term loans	**8 092 983**	**8 199 686**	**2 046 626**	**6 153 060**	**–**
Trade and other payables	**318 623 885**	**318 623 885**	**318 623 885**	**–**	**–**
Bank overdraft	**20 017**	**20 017**	**20 017**	**–**	**–**
Total	**711 569 859**	**716 978 432**	**464 410 107**	**252 564 786**	**3 539**
At 28 February 2007					
Non-derivative financial liabilities					
Mortgage loans	477 918	490 535	98 107	392 428	–
Suspensive sale agreements	115 745 032	116 710 194	56 113 974	60 596 220	–
Long-term loans	10 000 000	10 200 885	2 040 177	8 160 708	–
Trade and other payables	246 006 662	246 006 662	246 006 662	–	–
Bank overdraft	5 938 063	5 938 063	5 938 063	–	–
Total	378 167 675	379 346 339	310 196 983	69 149 356	–

Net fair values	**2008**		2007	
	Carrying value R	**Fair value R**	Carrying value R	Fair value R
The estimated values of the group's financial instruments are:				
Financial instruments held to or issued to finance the group's operations				
Financial assets				
Cash and cash equivalents	**660 233 434**	**660 233 434**	83 266 639	83 266 639
Trade and other receivables	**368 676 796**	**368 676 796**	258 686 325	258 686 325
Total	**1 028 910 230**	**1 028 910 230**	341 952 964	341 952 964
Financial liabilities				
Trade and other payables	**318 623 885**	**318 623 885**	246 006 662	246 006 662
Borrowings	**249 069 699**	**249 069 699**	89 208 131	89 208 131
Current portion of non-current borrowings	**143 856 259**	**143 856 259**	37 014 819	37 014 819
Bank overdrafts	**20 017**	**20 017**	5 938 063	5 938 063
Total	**711 569 860**	**711 569 860**	378 167 675	378 167 675

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 carrying value less impairment provision of trade receivables and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the group for similar financial instruments.

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 (including current and non-current borrowings, as shown in the balance sheet). Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratio at 29 February 2008 and 28 February 2007 was as follows:

	2008 R	2007 R
Total borrowings (refer note 16)	**392 925 958**	126 222 950
Less: cash and cash equivalents (refer note 11)	**(660 233 434)**	(83 266 639)
Net debt	**(267 307 476)**	42 956 311
Total equity	**1 133 743 455**	305 770 345
Total capital and net debt	**866 435 979**	348 726 656
Gearing ratio (%)	**(24)**	14

	Land and buildings R	Vehicles and machinery R	Furniture, fittings and equipment R	Total R
5. Property, plant and equipment				
At 1 March 2006				
Cost	9 016 377	233 099 160	1 479 738	243 595 275
Accumulated depreciation	(263 588)	(21 454 655)	(417 033)	(22 135 276)
Net book value	8 752 789	211 644 505	1 062 705	221 459 999
Year ended 28 February 2007				
Opening net book amount	8 752 789	211 644 505	1 062 705	221 459 999
Acquisition of subsidiaries	–	6 853 149	140 182	6 993 331
Additions	3 744 989	102 387 151	706 057	106 838 197
Transfers	–	1 408	(1 408)	–
Disposals	(460 500)	(18 924 456)	–	(19 384 956)
Depreciation	(338 369)	(24 668 940)	(500 905)	(25 508 214)
Closing net book amount	11 698 909	277 292 817	1 406 631	290 398 357

	Land and buildings R	Vehicles and machinery R	Furniture, fittings and equipment R	Total R
5. Property, plant and equipment (continued)				
At 28 February 2007				
Cost	12 300 866	311 204 789	2 216 325	325 721 980
Accumulated depreciation	(601 957)	(33 919 972)	(809 694)	(35 323 623)
Net book amount	11 698 909	277 292 817	1 406 631	290 398 357
Year ended 29 February 2008				
Opening net book amount	**11 698 909**	**277 292 817**	**1 406 631**	**290 398 357**
Exchange differences	**(518 799)**	**722 737**	**14 805**	**218 744**
Acquisition of subsidiaries	**16 512 584**	**202 867 043**	**717 532**	**220 097 159**
Additions	**12 352 093**	**230 276 659**	**1 955 797**	**244 584 549**
Assets held-for-sale	**–**	**(2 472 076)**	**–**	**(2 472 076)**
Disposals	**(1 213 252)**	**(20 954 529)**	**(36 153)**	**(22 203 934)**
Depreciation	**(194 809)**	**(61 071 488)**	**(991 590)**	**(62 257 886)**
Closing net book amount	**38 636 726**	**626 661 162**	**3 067 024**	**668 364 912**
At 29 February 2008				
Cost	**39 474 695**	**738 078 284**	**4 975 622**	**782 528 601**
Accumulated depreciation	**(837 969)**	**(111 417 122)**	**(1 908 598)**	**(114 163 689)**
Net book amount	**38 636 726**	**626 661 162**	**3 067 024**	**668 364 912**

Depreciation expense of R62 257 886 (2007: R25 508 214) has been charged in cost of sales.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act 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 R448 793 907 (2007: R166 678 203).

A general notarial bond of R15 000 000 (2007: R60 000 000) is registered over plant and equipment as security for borrowing and asset finance facilities.

Borrowings are disclosed in note 16 of these financial statements.

		Goodwill R	Trademarks and licences R	Total R
6.	**Intangible assets**			
	At 1 March 2006			
	Cost	3 551 833	–	3 551 833
	Accumulated amortisation and impairment	–	–	–
	Net book amount	3 551 833	–	3 551 833
	Year ended 28 February 2007			
	Opening net book amount	3 551 833	–	3 551 833
	Acquisition of subsidiary	12 981 747	–	12 981 747
	Closing net book amount	16 533 580	–	16 533 580
	At 28 February 2007			
	Cost	16 533 580	–	16 533 580
	Accumulated amortisation and impairment	–	–	–
	Net book amount	**16 533 580**	**–**	**16 533 580**
	Year ended 29 February 2008			
	Opening net book amount	**16 533 580**	**–**	**16 533 580**
	Additions	**–**	**10 000 000**	**10 000 000**
	Acquisition of subsidiaries (note 35)	**139 302 234**	**34 238 213**	**173 540 447**
	Amortisation charge	**–**	**(1 135 011)**	**(1 135 011)**
	Closing net book value	**155 835 814**	**43 103 202**	**198 939 016**
	At 29 February 2008			
	Cost	**155 835 814**	**44 238 213**	**200 074 027**
	Accumulated amortisation and impairment	**–**	**(1 135 011)**	**(1 135 011)**
	Net book amount	**155 835 814**	**43 103 202**	**198 939 016**

Impairment test for goodwill

Goodwill is allocated to the group cash-generating units (CGU) identified according to country of operation and business segment.

	Aggregates and crusher R	Road surfacing and rehabilitation R	Road construction and earthworks R	Total R
6. Intangible assets (continued)				
A segment-level summary of the goodwill allocation is presented below.				
At 28 February 2007				
Local	–	12 981 747	3 551 833	16 533 580
International	–	–	–	–
Total	–	12 981 747	3 551 833	16 533 580
At 29 February 2008				
Local	**123 191 362**	**29 092 619**	**3 551 833**	**155 835 814**
International	**–**	**–**	**–**	**–**
Total	**123 191 362**	**29 092 619**	**3 551 833**	**155 835 814**

Impairment testing is performed by calculating the future discounted cash flow of each CGU by using pre-tax cash flow projections based on financial budgets approved by management. The pre-tax discount rate used is 19,8%. No goodwill impairment was made.

	2008 R	2007 R
7. Investment in associates		
Unlisted associates		
Shares at cost	**48**	93
Group's share of retained profits	**970 711**	7 222 256
	970 759	7 222 349
Unsecured loans	**1 700 000**	7 407 409
Carrying value	**2 670 759**	14 629 758
The carrying amounts of associates are shown net of impairment losses.		
Reconciliation of carrying value		
Beginning of year	**14 629 758**	18 196 645
Associate's equity acquired to become subsidiary	**(6 706 072)**	(9 789 112)
Share of retained profits	**478 481**	6 258 820
Dividends received from associates	**(24 000)**	(4 275 000)
Movement in loans	**(5 707 408)**	4 238 405
End of year	**2 670 759**	14 629 758

7. Investment in associates (continued)

The group's share of the results of its principal associates, all of which are unlisted, and its aggregate assets and liabilities are as follows:

Name	Country of incorporation	Assets R	Liabilities R	Revenue R	Profit/loss R	% held
2007						
Canyon Rock (Pty) Limited	South Africa	24 980 670	18 274 595	20 074 893	6 492 458	45%
Muscle Construction (Pty) Limited	South Africa	9 519 287	9 003 010	23 517 175	(233 638)	48%
		34 499 957	27 277 605	43 592 068	6 258 820	
2008						
Muscle Construction (Pty) Limited	South Africa	5 783 346	4 812 588	18 820 291	478 481	48%

	2008 R	2007 R
8. Inventories		
Crusher stone	**23 155 135**	924 696
Consumable stores	**27 284 551**	16 703 921
Total inventories	**50 439 686**	17 628 617
9. Construction contracts in progress		
Costs incurred plus profits recognised, less recognised losses relating to contracts at year-end	**281 208 811**	200 980 567
Less: progress billings	**(275 883 281)**	(195 283 163)
Contracts in progress at balance sheet date	**5 325 530**	5 697 404
Retentions	**68 318 811**	38 566 479
Contracts in progress at balance sheet date including retentions	**73 644 341**	44 263 883

Advances received in excess of work completed are included in trade and other payables (refer note 19).

	2008 R	2007 R
10. Trade and other receivables		
Trade receivables	**366 113 887**	236 894 392
Less: provision for impairment of trade receivable	**(3 946 453)**	(2 299 272)
Trade receivables – net	**362 167 434**	234 595 120
Pre-payments	**2 485 016**	5 483 222
Receivables from related parties	**474 163**	8 156 220
Loans to related parties	**3 951 970**	10 451 763
	369 078 583	258 686 325
Less non-current portion: loan to non-related party	**(401 787)**	–
Current portion of trade and other receivables	**368 676 796**	258 686 325
The fair values of trade and other receivables are as follows:		
Trade receivables	**362 167 434**	234 595 120
Pre-payments	**2 485 016**	5 483 222
Receivables from related parties	**474 163**	8 156 220
Loans to related parties	**3 951 970**	10 451 763
	369 078 583	258 686 325

The non-current loan of R401 787 is an enterprise development loan to a BEE entity. The loan is repayable in monthly instalments of R9 566 and bears no interest.

As of 29 February 2008, trade receivables of R3 946 453 (2007: R2 299 272) were impaired and provided for.

As of 29 February 2008, trade receivables of R21 914 149 (2007: R29 594 425) were in excess of 30 days but not impaired. These relate mainly to contracts where payment terms are contractually in excess of 30 days and clients for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2008 R	2007 R
Up to 3 months	**7 709 263**	19 125 889
3 to 6 months	**12 751 587**	9 809 856
Over 6 months	**1 453 299**	658 680
	21 914 149	29 594 425

Trade and other receivables pledged as security

Trade and other receivables of R31 348 160 (2007: R234 595 120) are pledged as security for overdraft facilities of the group.

	2008 R	2007 R
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	**1 399 633**	1 387 669
Bank balances	**658 217 224**	81 689 413
Other cash and cash equivalents	**616 577**	189 557
	660 233 434	83 266 639
Bank overdrafts	**(20 017)**	(5 938 063)
Total cash and cash equivalents	**660 213 417**	77 328 576
Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:		
Cash and cash equivalents	**660 233 434**	83 266 639
Bank overdrafts	**(20 017)**	(5 938 063)
Total cash and cash equivalents	**660 213 417**	77 328 576
12. Assets held for sale		
Non-current assets held for sale include the following:		
Vehicles and machinery	**2 472 076**	–

The above assets were sold by way of public auction in March 2008 as part of the group's fleet replacement programme.

	Number of shares	Ordinary shares R	Share premium R	Total R
13. Share capital				
At 1 March 2006	300	300	–	300
Proceeds from shares issued	10 000	100	–	100
Purchase of minority interests	42 854 974	428 550	278 020 582	278 449 132
Acquisition of subsidiaries	100 412 926	1 003 832	1 004 146 743	1 005 150 575
At 28 February 2007	143 278 200	1 432 782	1 282 167 325	1 283 600 107
Acquisition of subsidiaries	**18 851 632**	**188 518**	**169 258 582**	**169 447 100**
Proceeds from shares issued	**10 396 829**	**103 968**	**405 372 362**	**405 476 330**
Share issue expenses	**–**	**–**	**(25 945 587)**	**(25 945 587)**
At 29 February 2008	**172 526 661**	**1 725 268**	**1 830 852 682**	**1 832 577 950**

The total authorised number of ordinary shares is 500 million shares (2007: 500 million) with a par value of 1 cent per share (2007: 1 cent per share). All issued shares are fully paid.

The company issued 18 851 632 shares on 21 March 2007 to the shareholders of SPH Group (Pty) Limited and the minority shareholders of Canyon Rock (Pty) Limited as part of the purchase consideration for the remaining 55% of Canyon Rock (Pty) Limited and all the ordinary shares of SPH Group (Pty) Limited. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to R169 447 100.

The company issued 10 396 829 ordinary shares on 12 February 2008. The shares were issued at a price of R39 per share raising R405 476 330 to fund future acquisitions (note 37).

		2008 R	2007 R
14.	**Other reserves**		
	Balance at beginning of year	**(1 174 084 740)**	–
	Translation difference of foreign subsidiary	**2 909 913**	1 213 204
	Reverse acquisition of subsidiaries	**–**	(1 001 620 037)
	Minority interest acquisition	**–**	(173 677 907)
	Equity-settled share-based payment	**14 361 180**	–
	Balance at end of year	**(1 156 813 647)**	(1 174 084 740)
	Consisting of:		
	Translation difference of foreign subsidiary	**4 123 117**	1 213 204
	Minority interest acquisition	**(173 677 907)**	(173 677 907)
	Reverse acquisition of subsidiaries	**(1 001 620 037)**	(1 001 620 037)
	Equity-settled share-based payment	**14 361 180**	–
	Balance at end of year	**(1 156 813 647)**	(1 174 084 740)
15.	**Minority interest**		
	Balance at beginning of year	**1 517 273**	78 198 452
	Currency translation reserve	**–**	404 401
	Share of net profit of subsidiaries	**1 468 382**	53 523 105
	Acquisition of minorities' interest in subsidiaries	**–**	(101 093 332)
	Dividends paid to minorities	**(200 000)**	(29 515 353)
	Balance at end of year	**2 785 655**	1 517 273
16.	**Borrowings**		
	Non-current		
	Bank borrowings	**242 976 716**	81 208 131
	Unsecured loan	**6 092 983**	8 000 000
	Total non-current borrowings	**249 069 699**	89 208 131
	Current		
	Bank borrowings	**141 856 259**	35 041 819
	Unsecured loan	**2 000 000**	2 000 000
	Total current borrowings	**143 856 259**	37 014 819
	Total borrowings	**392 925 958**	126 222 950

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R448 793 907 (2007: R166 678 203) and repayable in monthly instalments of R11 972 942 (2007: R4 678 337) with an effective interest rate ranging between 12,3% and 14,5% per annum (2007: 10% and 10,5%). Bank borrowings mature by March 2013.

A general notarial bond of R15 000 000 is registered over plant and equipment as security for overdraft and asset finance facilities granted to one of the group's subsidiaries.

Unsecured loan

The loan bears interest at 8% per annum and is repayable in five annual instalments of R2 000 000 each. The maturity date is September 2011.

	2008 R	2007 R
16. Borrowings (continued)		
Future minimum payments on borrowings are as follows:		
No later than 1 year	**150 690 792**	51 153 358
Later than 1 year and no later than 5 years	**242 225 433**	74 641 861
Later than 5 years	**9 733**	427 731
Total borrowings	**392 925 958**	126 222 950
17. Provisions for liabilities and charges		
Rehabilitation provision		
Balance 1 March 2006	**658 000**	600 000
Charged to income statement	**–**	58 000
Balance at 28 February 2007	**658 000**	658 000
Charged to income statement	**1 796 770**	–
Acquisitions	**5 500 000**	–
Balance at 29 February 2008	**7 954 770**	658 000

Rehabilitation provision consists of amounts accrued to rehabilitate environments disturbed by quarries. The provisions have been determined based on assessments and estimates by management 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.

	2008 R	2007 R
18. Deferred income tax		
The gross movement on the deferred income tax account is as follows:		
Beginning of the year	**47 876 870**	38 741 398
Exchange differences	**102 805**	–
Acquisition of subsidiaries	**44 951 021**	1 918 976
Charged to the income statement	**9 112 660**	7 216 496
Charged directly to equity	**2 570 960**	–
End of the year	**104 614 316**	47 876 870

The balance comprises:

	Accelerated depreciation R	Construction contracts R	Other R	Total R
Deferred tax liabilities				
At 1 March 2006	40 962 296	5 356 913	–	46 319 209
Charged to income statement	1 450 604	2 823 027	–	4 273 631
Acquisition of subsidiaries	1 918 976	–	–	1 918 976
At 28 February 2007	44 331 876	8 179 940	–	52 511 816
Exchange differences	28 779	(107 568)	–	(78 789)
Charged directly to equity	2 570 960	–	–	2 570 960
Charged to income statement	16 424 447	7 029 368	(4 545 708)	18 908 107
Acquisition of subsidiaries	35 867 554	(8 029 078)	12 146 787	39 985 263
At 29 February 2008	**99 223 616**	**7 072 662**	**7 601 079**	**113 897 357**

	Provisions R	Tax losses R	Other R	Total R
18. Deferred income tax (continued)				
Deferred tax assets				
At 1 March 2006	(2 476 508)	(4 660 323)	(440 980)	(7 577 811)
Charged to income statement	(787 774)	4 601 805	(871 166)	2 942 865
Acquisition of subsidiaries	–	–	–	–
At 28 February 2007	(3 264 282)	(58 518)	(1 312 146)	(4 634 946)
Exchange differences	181 594	–	–	181 594
Charged directly to equity	–	–	–	–
Charged to income statement	(10 572 424)	776 977	–	(9 795 447)
Acquisition of subsidiaries	5 684 217	(718 459)	–	4 965 758
At 29 February 2008	**(7 970 895)**	**–**	**(1 312 146)**	**(9 283 041)**

	2008 R	2007 R
19. Trade and other payables		
Trade payables	**205 757 303**	201 756 891
Amounts due to related parties	**2 106 602**	16 236 621
Accrued expenses	**72 155 612**	4 159 852
Excess billing over work done	**38 604 368**	24 260 652
Total trade and other payables	**318 623 885**	246 006 662
20. Revenue		
Contracting revenue	**2 016 055 856**	1 163 079 250
Crusher stone revenue	**119 722 175**	27 780 892
Total revenue	**2 135 778 031**	1 190 860 142
21. Other income		
Rental of construction plant and equipment	**18 979 346**	15 811 940
22. Other gains/(losses) – net		
Excess from fair value of assets acquired over purchase price (note 35)	**682 472**	1 700 391
Profit on sale of fixed assets	**555 060**	3 346 856
Profit/(loss) on exchange differences	**1 838 147**	(16 066 538)
Total other gains/(losses)	**3 075 679**	(11 019 291)
23. Expenses by nature		
Changes in inventories and construction contracts in progress	**(20 870 304)**	25 099 489
Subcontractors	**367 660 157**	304 244 867
Raw materials and consumables	**703 105 939**	400 177 600
Employee benefit expense (note 27)	**318 412 586**	155 572 235
Depreciation and amortisation (note 5 and 6)	**63 392 897**	25 508 214
Operating lease charges	**4 492 800**	14 568 569
Repairs and maintenance	**106 188 001**	48 913 739
Other operating expenses	**184 169 031**	27 063 665
Total of cost of sales and administrative expenses	**1 726 551 107**	1 001 148 278

	2008 R	2007 R
24. Finance income and costs		
Interest expense:		
Bank borrowings	**(27 876 643)**	(11 703 018)
Other interest	**(109 628)**	(593 372)
Total finance costs	**(27 986 271)**	(12 296 390)
Finance income		
Interest income on cash resources	**12 160 719**	4 651 561
Other interest	**836 197**	12 163 353
Total finance income	**12 996 916**	16 814 914
Net finance costs	**(14 989 355)**	4 518 524
25. Income tax expense		
South African normal taxation		
Current tax		
Current period	**101 723 231**	49 367 730
Recognised in current tax for prior periods	**217 193**	(965 579)
Capital gains tax	**640 495**	698 876
Secondary tax on companies	**3 263 000**	8 782 659
Total South African normal taxation	**105 843 919**	57 883 686
Deferred tax		
Originating and reversing temporary differences	**11 518 444**	6 928 670
Change in tax rate	**(3 280 362)**	–
Total South African deferred taxation	**8 238 082**	6 928 670
Total South African taxation	**114 082 001**	64 812 356
Foreign taxation		
Current tax		
Current period	**5 743 563**	1 323 336
Recognised in current tax for prior periods	**452 402**	–
Total foreign normal tax	**6 195 965**	1 323 336
Deferred tax		
Originating and reversing temporary differences	**874 587**	287 826
Total foreign taxation	**7 070 552**	1 611 162
Total income tax expense	**121 152 553**	66 423 518

	2008 %	2007 %
25. Income tax expense (continued)		
Reconciliation between applicable tax rate and effective tax rate		
Applicable tax rate	**29,00**	29,00
Exempt income	**(0,29)**	(1,00)
Tax loss used	**0,04**	–
Capital gains tax	**(0,17)**	(0,34)
STC	**0,78**	3,24
Current tax recognised in prior periods	**0,16**	(0,14)
Disallowed charges	**0,07**	1,46
Change in tax rate	**(0,79)**	–
Tax at rates in foreign countries	**0,27**	0,13
Effective tax rate	**29,07**	32,35

	R	R
26. Auditors' remuneration		
Fees	**2 133 040**	988 000
Prior year under provision	**885 004**	–
Tax, accounting and secretarial services	**471 503**	–
	3 489 547	988 000
27. Employee benefit expense		
Wages and salaries	**286 872 241**	145 490 348
Share options granted to employees (note 28)	**14 361 180**	–
Pension cost	**9 845 106**	4 276 075
Medical aid costs	**4 245 141**	1 998 998
Other contributions	**3 088 918**	3 806 814
	318 412 586	155 572 235
Number of employees – permanent	**4 191**	2 885

28. Employee Share Option Scheme

During the year ended 29 February 2008 the company adopted and approved the Raubex Share Incentive Plan 2007.

The rationale for the scheme is to reward staff for long service and to take account of the latest trends of incentivising staff.

A total of 5 000 000 option shares were approved for the Share Scheme, and of these, 2 200 000 option shares (initial options) were approved to be initially offered to qualifying employees.

Details of the share scheme are as follows:

a) Initial options

If the share price on the JSE (Johannesburg Securities Exchange Limited) 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")**;

28. Employee Share Option Scheme (continued)

- 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
If the share price on the JSE of a Share, forming the subject matter of an Option, increases (annually compounded) during the three year period calculated from the Allocation Date to the Vesting Date:

- by 20% or less per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be the VWAP (Volume Weighted Average Price);
- by more than 20% but less than 30% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 83,3% of the VWAP;
- the 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.

Arrangement	1: Initial options	2: 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	2 085 000	–
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	N/A
Share price at the date of grant	R31,10	N/A
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%	N/A
Expected option life at grant date	Three years	N/A
Risk free interest rate	10%	N/A
Expected dividend yield	2%	N/A
Expected departures (grant date)	0%	N/A
Expected outcome of meeting performance criteria (grant date)	100%	N/A
Fair value of options determined at the grant date	R21,82	N/A
Valuation model	Monte-Carlo model	N/A

No share options were exercised during the year. The following information applies to options outstanding at the end of each period:

28. Employee Share Option Scheme (continued)

29 February 2008					28 February 2007				
Range of exercise prices	Weighted average exercise price	Number of options	Weighted average remaining life (yrs) Expected	Contractual	Range of exercise prices	Weighted average exercise price	Number of options	Weighted average remaining life (yrs) Expected	Contractual
R5 - R15	R10	2 200 000	2,6	2,6	–	–	–	–	–

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

	2008		2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	–	–	–	–
Options approved	2 200 000	R10	–	–
Options granted	2 085 000	R10	–	–
Options forfeited	–	–	–	–
Options exercised	–	–	–	–
Outstanding at end of year	2 200 000	R10	–	–
Exercisable at year-end	–	–	–	–

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

	2008 R	2007 R
Expense		
Equity settled arrangements		
a) Initial options	14 361 180	–
b) Balance of options	–	–
Total expense	**14 361 180**	–

	2008 R	2007 R
29. Earnings per share		
Basic		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.		
Profit attributable to equity holders of the company (R)	**294 150 140**	85 335 234
Weighted average number of ordinary shares in issue	**162 641 151**	100 000 000
Basic earnings per share (cents)	**180,9**	85,3
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. The company has one category of dilutive potential ordinary shares i.e share options. A total of 2 200 000 option shares (initial options) will initially be offered to qualifying employees.		
Profit attributable to equity holders of the company (R)	**294 150 140**	85 335 234
Weighted average number of ordinary shares in issue	**162 641 151**	100 000 000
Adjustments for:		
– share options	**2 200 000**	–
Weighted average number of ordinary shares for diluted earnings per share	**164 841 151**	100 000 000
Diluted earnings per share (cents)	**178,4**	85,3
Headline		
Profit attributable to equity holders of the company (R)	**294 150 140**	85 335 234
Adjustments for:		
Profit on sale of fixed assets after tax	**(555 060)**	(1 460 217)
Impairment of loans	**–**	505 638
Excess from fair value of assets acquired over purchase price	**(682 472)**	(1 044 890)
Basic headline earnings	**292 912 608**	83 335 765
Weighted average number of shares	**162 641 151**	100 000 000
Headline earnings per share (cents)	**180,1**	83,3
Diluted headline		
Headline earnings (R)	**292 912 608**	83 335 765
Adjusted weighted average number of shares	**164 841 151**	100 000 000
Diluted headline earnings per share (cents)	**177,7**	83,3

30. Dividends per share

The dividends paid in 2008 and 2007 were R32 425 966 (20 cents per share) and R35 989 000 (36 cents per share) respectively. A final dividend in respect of the year ended 29 February 2008 of R73 049 436 (40 cents per share) amounting to a total dividend of R105 475 402 (60 cents per share) is to be proposed at the board of directors meeting on 15 May 2008 and declared on the release of the group's results on 19 May 2008. These financial statements do not reflect this dividend payable.

	2008 R	2007 R
31. Cash generated from operations		
Profit before income tax	**416 771 074**	205 281 857
Adjustments for:		
– Depreciation (note 5)	**62 257 886**	25 508 214
– Amortisation (note 6)	**1 135 011**	–
– Profit on sale of assets (see below)	**(555 060)**	(3 346 856)
– Finance income	**(12 996 916)**	(16 814 914)
– Finance costs	**27 986 271**	12 296 390
– Foreign exchange loss/(gains)	**(1 838 147)**	–
– Provision for rehabilitation (note 17)	**1 796 770**	58 000
– Income from associates (note 7)	**(478 480)**	(6 258 820)
– Share options granted to employees	**14 361 180**	–
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)		
– Inventories	**(18 019 643)**	(6 080 106)
– Trade and other receivables	**(62 743 908)**	(62 381 809)
– Construction contracts in progress	**(29 380 458)**	(19 018 363)
– Trade and other payables	**50 519 122**	69 637 365
Net cash generated from operations	**448 814 702**	198 880 958
In the cash flow statement, proceeds from sale of property, plant and equipment comprise:		
Net book amount (note 5)	**22 203 934**	19 384 956
Profit on disposal of property, plant and equipment	**555 060**	3 346 856
Proceeds from disposal of property, plant and equipment	**22 758 994**	22 731 812
In the cash flow statement taxation paid is calculated as follows:		
Balance due/(receivable) beginning of year	**(8 583 004)**	(1 265 106)
Add: acquisitions	**5 495 037**	–
Add: current year tax charge (note 25)	**112 039 884**	59 207 022
Less: balance due/(receivable) at end of year	**65 174 751**	(8 583 004)
Taxation paid	**43 777 166**	66 524 920

32. Related parties

Relationships

Associates	Refer to note 7
Joint ventures	Refer to annexure 2
Directors	JE Raubenheimer, JM Mwewa
Companies controlled by directors	Raubex Eiendomme (Pty) Limited
	Raubenbel (Pty) Limited

	2008 R	2007 R
Related party balances		
Amounts included in trade receivables/(trade payables) regarding related parties		
Raubex/HIR Namibia Roads Joint Venture	–	(4 361 505)
Kentha/Raumix Joint Venture	(155 000)	127 700
EB Cloete Joint Venture	–	1 517 111
Raubex BGM Joint Venture Limited	–	(1 647 464)
Raubex/Muscle Joint Venture	–	(94 671)
RMS/BTS Joint Venture	–	(58 495)
Touws River Joint Venture	359 905	–
H&I/Roadmac Joint Venture	114 258	–
Muscle Construction (Pty) Limited	–	5 511 409
Canyon Rock (Pty) Limited	–	1 000 000
JE Raubenheimer	–	(10 944)
GM Raubenheimer Beleggings (Pty) Limited	–	(14 852)
Raubenbel (Pty) Limited	–	(7 993 872)
Loans to/(from) related parties		
Raubex BGM Joint Venture Limited	(1 951 602)	(1 647 464)
Touws River Joint Venture	273 746	2 127 477
H&I/Roadmac Joint Venture	319 773	–
EB Cloete Joint Venture	1 657 510	1 517 111
HIR Joint Venture	942	–
Hex River Joint Venture	–	302 624
Muscle Construction (Pty) Limited	1 700 000	6 407 409
Raubenbel (Pty) Limited	–	97 142
Related party transactions		
Interest paid to/(received from) related parties		
Muscle Construction (Pty) Limited	–	130 451
Subcontractors fees paid/(received)		
EB Cloete Joint Venture	–	6 149 220
Touws River Joint Venture	4 660 288	–
Muscle Construction (Pty) Limited	–	9 665 842
Rental of equipment and premises paid to/(received from) related parties		
Kentha/Raumix Joint Venture	587 719	–
Muscle Construction (Pty) Limited	–	82 248
Raubex Eiendomme (Pty) Limited	751 145	307 200
JM Mwewa	126 019	–

	2008 R	2007 R
32. Related parties (continued)		
Administration fees paid to/(received from) related parties		
Touws River Joint Venture	(600 000)	–
H&I/Roadmac Joint Venture	(36 731)	–
HIR Joint Venture	(20 000)	–
Muscle Construction (Pty) Limited	–	(441 619)
Other fees paid to/(received from) related parties		
Kentha/Raumix Joint Venture	–	(526 316)
Touws River Joint Venture	(454 514)	–
Hex River Joint Venture	(53 252)	–
H&I/Roadmac Joint Venture	(63 495)	–
HIR Joint Venture	(350 000)	–
Canyon Rock (Pty) Limited	–	(5 527)
Muscle Construction (Pty) Limited	–	(225 074)

Related party transactions with directors

	Salary performance-related payments R	Bonuses R	Other allowances and fringe benefits R	Medical contri-butions R	Retirement fund contri-butions R	Total directors' emolu-ments R
Directors' emoluments 2008						
Executive directors						
GM Raubenheimer	840 000	70 000	12 042	12 627	58 800	993 469
JE Raubenheimer	900 000	75 000	136 592	14 860	63 000	1 189 452
F Diedrechsen	600 000	70 000	240 000	–	58 800	968 800
Non-executive directors						
LA Maxwell	140 000	11 666	–	–	–	151 666
F Kenney	18 000	–	–	–	–	18 000
MC Matjila	12 000	–	–	–	–	12 000
M Swana	18 000	–	–	–	–	18 000
Directors' emoluments 2007						
Executive directors						
GM Raubenheimer	396 000	271 000	28 277	11 541	23 760	730 578
JE Raubenheimer	396 000	393 000	113 676	13 363	23 760	939 799
F Diedrechsen	225 000	15 000	75 000	–	–	315 000

	2008 R	2007 R
33. Directors' emoluments		
Executive		
For services as directors of the company	**3 151 721**	1 985 377
For services as directors of subsidiaries	**24 902 969**	9 702 157
Senior management consists of directors of subsidiaries included above.		
34. Commitments		
Capital commitments		
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:		
Property, plant and equipment	**13 449 385**	13 669 493
Investment in subsidiaries	**820 000 000**	–
Total capital commitments	**833 449 385**	13 669 493
The capital commitments will be funded by instalment sale agreements.		
Investment in subsidiaries will be funded as follows:		
Cash	**444 872 506**	–
Shares	**375 127 494**	–
	820 000 000	–
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		
No later than 1 year	**2 731 499**	3 619 456
Later than 1 year and no later than 5 years	**4 511 021**	4 206 639
Later than 5 years	**3 083 898**	2 550 000
Total operating lease commitments	**10 326 418**	10 376 095

35. Business combinations

SPH Group (Pty) Limited

On 1 March 2007, the group acquired 100% of the share capital of SPH Group (Pty) Limited, through the acquisition of 100% of its holding company Aquatic Services (Pty) Limited. The SPH Group specialises in quarrying, screening and material handling operations. The acquired business contributed revenues of R245,2 million and net profit of R22,6 million to the group for the period from 1 March 2007 to 29 February 2008.

Details of net assets acquired and the goodwill are as follows:	
Purchase consideration:	R
– Cash paid	–
– Direct costs relating to the acquisition	430 220
– Fair value of shares issued (refer note 13)	110 906 000
Total purchase consideration	111 336 220
Fair value of net assets acquired	(43 010 436)
Goodwill (refer note 6)	68 325 784

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise from the acquisition.

The assets and liabilities as of 1 March 2007 arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	150 539 252	150 539 252
Investment in associate – 45% Canyon Rock (Pty) Limited (refer note below)	–	6 706 074
Intangible assets (refer note 6)	21 053 000	84 382
Inventories	6 948 564	6 948 564
Trade and other receivables	30 147 740	30 147 740
Cash and cash equivalents	4 333 567	4 333 567
Borrowings	(121 071 421)	(121 071 421)
Deferred tax liabilities	(32 898 499)	(26 793 499)
Trade and other payables	(16 041 767)	(16 041 767)
Net assets acquired	43 010 436	34 852 892
Purchase consideration settled in cash		(430 220)
Cash and cash equivalents in subsidiary acquired		4 333 567
Net cash inflow on acquisition		3 903 347

35. Business combinations (continued)

Canyon Rock (Pty) Limited

On 1 March 2007 the group increased its holding in Canyon Rock (Pty) Limited to 100% through the acquisition of 45% of the share capital from SPH Group (Pty) Limited and the remaining 10% from minority shareholders. Canyon Rock specialises in quarrying operations and operates two commercial quarries, Rosslyn Quarry and Rossway Quarry. The acquired business contributed revenues of R69,5 million and net profit of R20 million to the group for the period from 1 March 2007 to 29 February 2008.

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

Purchase consideration:	R
– Fair value of shares issued (refer note 13)	46 294 000
Total purchase consideration	46 294 000
Fair value of net assets acquired	(12 138 163)
Goodwill (refer note 6)	34 155 837

The goodwill is attributable to the workforce of the acquired business, the geographical location of the quarries and the significant synergies expected to arise from the acquisition.

The assets and liabilities as of 1 March 2007 arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	40 751 931	39 136 817
Investment	–	1 615 114
Inventories	6 149 667	6 149 667
Trade and other receivables	6 575 008	6 575 008
Cash and cash equivalents	2 035 993	2 035 993
Intangible assets (refer note 6)	10 095 000	–
Borrowings	(24 738 057)	(24 738 057)
Provisions	(3 124 707)	(3 124 707)
Deferred tax liabilities	(7 857 492)	(4 929 492)
Trade and other payables	(7 817 956)	(7 817 956)
Total net assets	22 069 387	14 902 387
Associate interest held – 45%	(9 931 224)	–
Net assets acquired	12 138 163	14 902 387
Purchase consideration settled in cash		–
Cash and cash equivalents in subsidiary acquired		2 035 993
Cash inflow on acquisition		2 035 993

35. Business combinations (continued)

National Asphalt

On 1 April 2007 the group, through its subsidiary Multistone Construction (Pty) Limited, acquired 100% of the business of National Asphalt (Pty) Limited as a going concern. National Asphalt specialises in the manufacture and laying of premix asphalt. The acquired business contributed revenues of R152,7 million and net profit of R11,2 million to the group for the period from 1 April 2007 to 29 February 2008. If the acquisition had occurred on 1 March 2007, contributions to group revenue would have been R168 million and net profit of R12,3 million.

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

Purchase consideration:	**R**
– Cash	**30 124 707**
Fair value of net assets acquired	**(14 013 835)**
Goodwill (refer note 6)	**16 110 872**

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise from the acquisition.

The assets and liabilities as of 1 April 2007 arising from the acquisition are as follows:

	Fair value R	**Acquiree's carrying amount R**
Property, plant and equipment	**11 708 478**	**10 708 478**
Inventories	**1 566 370**	**1 566 370**
Trade and other receivables	**1 461 143**	**1 461 143**
Deferred tax	**(290 000)**	**–**
Provisions	**(432 156)**	**(432 156)**
Total net assets	**14 013 835**	**13 303 835**
Purchase consideration settled in cash		**(30 124 707)**
Cash and cash equivalents in subsidiary acquired		**–**
Cash outflow on acquisition		**(30 124 707)**

35. Business combinations (continued)

Queenstown Quarry (Pty) Limited

On 1 September 2007 the group acquired 100% of the share capital of Queenstown Quarry (Pty) Limited, a quarry and readymix concrete operation in Queenstown. The acquired business contributed revenues of R16,3 million and net profit of R2 million to the group for the period from 1 September 2007 to 29 February 2008. If the acquisition had occurred on 1 March 2007, contributions to group revenue would have been R27,1 million and net profit of R2,8 million.

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

	R
Purchase consideration:	
– Cash	21 753 789
– Direct costs relating to the acquisition	229 699
Total purchase consideration	21 983 488
Fair value of net assets acquired	(8 473 850)
Goodwill (refer note 6)	13 509 638

The goodwill is attributable to the workforce of the acquired business, the geographical location of the quarry and the significant synergies expected to arise from the acquisition.

The assets and liabilities as of 1 September 2007 arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	13 949 128	13 949 128
Inventories	62 550	62 550
Trade and other receivables	2 490 780	2 490 780
Cash and cash equivalents	(98 309)	(98 309)
Intangible assets (refer note 6)	2 270 277	–
Borrowings	(2 039 852)	(2 039 852)
Provisions	(1 500 000)	(1 500 000)
Deferred tax liabilities	(3 882 279)	(3 223 899)
Trade and other payables	(2 778 445)	(2 778 445)
Total net assets	8 473 850	6 861 953
Purchase consideration settled in cash		(21 983 488)
Cash and cash equivalents in subsidiary acquired		(98 309)
Cash outflow on acquisition		(22 081 797)

35. Business combinations (continued)

Aliwal Dolorite Quarry (Pty) Limited

On 1 September 2007 the group acquired 100% of the share capital of Aliwal Dolorite Quarry (Pty) Limited, a quarry operation in Aliwal North. The acquired business contributed revenues of R2,7 million and net profit of R0,7 million to the group for the period from 1 September 2007 to 29 February 2008. If the acquisition had occurred on 1 March 2007, contributions to group revenue would have been R5,7 million and net profit of R1,2 million.

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

Purchase consideration:	**R**
– Cash	**7 600 000**
– Direct costs relating to the acquisition	**19 000**
Total purchase consideration	**7 619 000**
Fair value of net assets acquired	**(484 863)**
Goodwill (refer note 6)	**7 134 137**

The goodwill is attributable to the workforce of the acquired business, the geographical location of the quarry and the significant synergies expected to arise from the acquisition.

The assets and liabilities as of 1 September 2007 arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	5 705 162	5 705 162
Inventories	64 275	64 275
Trade and other receivables	872 337	872 337
Cash and cash equivalents	(3 257 163)	(3 257 163)
Intangible assets (refer note 6)	819 936	–
Borrowings	(578 489)	(578 489)
Provisions	(1 000 000)	(1 000 000)
Deferred tax liabilities	(1 561 710)	(1 323 928)
Trade and other payables	(579 485)	(579 485)
Total net assets	484 863	(97 291)
Purchase consideration settled in cash		(7 619 000)
Cash and cash equivalents in subsidiary acquired		(3 257 163)
Cash outflow on acquisition		(10 876 163)

35. Business combinations (continued)

Raubex BGM Joint Venture Limited

On 31 December 2007 the group increased its holding in Raubex BGM Joint Venture Limited to 100% by acquiring the remaining 25% interest from the venture partners. Raubex BGM Joint Venture is a dormant entity in Zambia. The acquired business did not contribute any revenues or net profit to the group for the period from 31 December 2007 to 29 February 2008.

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

Purchase consideration:	R
– Cash	2 448
Fair value of net assets acquired	(684 920)
Excess from fair value of assets acquired over purchase price (refer note 22)	(682 472)

The assets and liabilities as of 31 December 2007 arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Deferred tax asset	11 300	11 300
Trade and other receivables	2 738 818	2 738 818
Cash and cash equivalents	2 604	2 604
Trade and other payables	(13 043)	(13 043)
Total net assets	2 739 679	2 739 679
Joint venture interest – 75%	2 054 759	
Net assets acquired	684 920	
Purchase consideration settled in cash		(2 448)
Cash and cash equivalents in subsidiary acquired		2 604
Cash inflow on acquisition		156

There were two acquisitions in the year ended 28 February 2007:

On 28 February 2007 the group acquired the remaining 60% of the ordinary share capital of Roadmac Cape (Pty) Limited which was previously an associate.

On 1 September 2006 the group acquired 100% of the ordinary share capital of Milling Techniks (Pty) Limited.

At the balance sheet date 28 February 2007 the disclosure of the assets and liabilities at acquisition date had only been provisionally determined. After performing the purchase price allocation exercise in terms of IFRS 3 no changes to the reported figures were necessary. The goodwill arising on the acquisition of Milling Techniks (Pty) Limited of R12 981 741 was attributable to the workforce of the acquired business and the significant synergies expected to arise from the acquisition.

See note 37 for disclosures regarding the business combinations that took place after the balance sheet date but before the approval of these financial statements.

36. Contingencies

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R353 284 687 (2007: R243 619 542). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R500 000 000.

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 on the financial position or future operations of the group.

37. Events after balance sheet date

Business combinations

B&E International Holdings (Pty) Limited

The group acquired 100% of the share capital of B&E International Holdings (Pty) Limited, a group of companies specialising in contract crushing and mineral processing operations in Southern Africa.

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

Purchase consideration:	R
– Cash	217 872 274
– Fair value of shares issued	295 127 726
– Direct costs relating to the acquisition	1 858 327
Total purchase consideration	514 858 327
Fair value of net assets acquired	(126 466 802)
Goodwill	388 391 525

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	254 095 311	254 095 311
Inventories	22 469 842	22 469 842
Trade and other receivables	105 456 129	105 456 129
Cash and cash equivalents	40 308 375	40 308 375
Borrowings	(166 951 538)	(166 951 538)
Provision for liabilities and charges	(4 286 330)	(4 286 330)
Deferred tax liabilities	(34 773 611)	(34 773 611)
Trade and other payables	(89 851 376)	(89 851 376)
Total net assets	126 466 802	126 466 802

Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited

The group acquired 100% of the share capital of Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited, a group of companies specialising in road construction.

37. Events after balance sheet date (continued)

Business combinations (continued)

Space Construction (Pty) Limited

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

Purchase consideration:	R
– Cash	34 782 024
– Fair value of shares issued – on closing date	8 695 476
– Fair value of shares issued – 1 September 2010	34 522 500
– Direct costs relating to the acquisition	195 000
Total purchase consideration	78 195 000
Fair value of net assets acquired	(26 193 236)
Goodwill	52 001 764

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	35 501 708	35 501 708
Inventories	1 494 817	1 494 817
Trade and other receivables	10 730 401	10 730 401
Cash and cash equivalents	11 148 356	11 148 356
Borrowings	(16 213 576)	(16 213 576)
Deferred tax liabilities	(6 802 749)	(6 802 749)
Trade and other payables	(9 665 721)	(9 665 721)
Total net assets	26 193 236	26 193 236

Space Indlela Construction (Pty) Limited

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

Purchase consideration:	R
– Cash	5 218 220
– Fair value of shares issued – on closing date	1 304 280
– Fair value of shares issued – 1 September 2010	5 477 500
Total purchase consideration	12 000 000
Fair value of net assets acquired	(3 853 123)
Goodwill	8 146 877

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition.

37. Events after balance sheet date (continued)

Space Indlela Construction (Pty) Limited (continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Trade and other receivables	3 759 386	3 759 386
Cash and cash equivalents	1 362 860	1 362 860
Borrowings	(1 205 109)	(1 205 109)
Trade and other payables	(64 014)	(64 014)
Total net assets	3 853 123	3 853 123

Zamori Construction (Pty) Limited and Thaba Bosiu Construction (Pty) Limited

The group acquired 100% of the share capital of Zamori Construction (Pty) Limited and Thaba Bosiu Construction (Pty) Limited, a group of companies specialising in road construction.

Zamori Construction (Pty) Limited

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

Purchase consideration:	R
– Cash	24 997 002
– Fair value of shares issued – on closing date	10 712 998
– Direct costs relating to the acquisition	89 275
Total purchase consideration	35 799 275
Fair value of net assets acquired	(7 563 146)
Goodwill	28 236 129

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	9 991 475	9 991 475
Inventories	153 627	153 627
Trade and other receivables	3 467 677	3 467 677
Cash and cash equivalents	2 829 356	2 829 356
Borrowings	(3 955 317)	(3 955 317)
Deferred tax liabilities	(763 683)	(763 683)
Trade and other payables	(4 159 989)	(4 159 989)
Total net assets	7 563 146	7 563 146

37. Events after balance sheet date (continued)

Thaba Bosiu Construction (Pty) Limited

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

Purchase consideration:	R
– Cash	45 002 986
– Fair value of shares issued – on closing date	19 287 014
– Direct costs relating to the acquisition	160 725
Total purchase consideration	64 450 725
Fair value of net assets acquired	(21 498 741)
Goodwill	42 951 984

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R	Acquiree's carrying amount R
Property, plant and equipment	21 309 881	21 309 881
Trade and other receivables	7 578 947	7 578 947
Cash and cash equivalents	12 084 305	12 084 305
Borrowings	(9 640 170)	(9 640 170)
Deferred tax liability	(3 381 532)	(3 381 532)
Trade and other payables	(6 452 690)	(6 452 690)
Total net assets	21 498 741	21 498 741

Bonn Plant Hire (Pty) Limited and the business of Akasia Road Surfacing (Pty) Limited

The group acquired 100% of the share capital of Bonn Plant Hire (Pty) Limited including the business of Akasia Road Surfacing (Pty) Limited for R117 million cash. The company specialises in road surfacing and asphalt manufacturing.

Equity transactions

The following share-based payment transactions will take place to fund the equity-settled portion of the above mentioned acquisitions:

B&E International Holdings (Pty) Limited

Equity-settled purchase consideration of R295 127 726 to be settled by the allotment and issue of 8 000 000 shares at R32 per share and 1 029 677 shares at R38 per share on closing date.

Space Construction (Pty) Limited

Equity-settled purchase consideration of R8 695 476 to be settled by the allotment and issue of 241 541 shares at R36 per share on closing date.

Space Indlela Construction (Pty) Limited

Equity-settled purchase consideration of R1 304 280 to be settled by the allotment and issue of 36 230 shares at R36 per share on closing date.

Zamori Construction (Pty) Limited

Equity-settled purchase consideration of R10 712 998 to be settled by the allotment and issue of 281 921 shares at R38 per share on closing date.

Thaba Bosiu Construction (Pty) Limited

Equity-settled purchase consideration of R19 287 014 to be settled by the allotment and issue of 507 553 shares at R38 per share on closing date.

	Aggregate and crusher R	Road surfacing and rehabilitation R	Road construction and earthworks R	Consolidated R
38. Segmental analysis				
Primary reporting format				
Business segments				
At 29 February 2008				
Segment revenue – external	**362 915 556**	**1 252 901 821**	**519 960 653**	**2 135 778 031**
Segment result (operating profit)	**102 240 357**	**233 921 754**	**95 119 838**	**431 281 949**
Finance income	**139 882**	**2 839 864**	**10 017 170**	**12 996 916**
Finance costs	**(18 566 765)**	**(4 868 319)**	**(4 551 187)**	**(27 986 271)**
Share of associates' income	**–**	**–**	**478 480**	**478 480**
Taxation	**(23 156 620)**	**(70 799 056)**	**(27 196 877)**	**(121 152 553)**
Profit for the year	**60 656 854**	**161 094 243**	**73 867 424**	**295 618 521**
Segment assets	**585 674 414**	**660 600 315**	**799 593 796**	**2 045 868 525**
Segment liabilities	**295 313 386**	**416 080 005**	**197 946 024**	**909 339 415**
Depreciation	**34 697 822**	**13 511 855**	**14 048 209**	**62 257 886**
Capital expenditure	**100 768 951**	**76 227 031**	**67 588 567**	**244 584 549**
Investment in associates	**–**	**–**	**2 670 759**	**2 670 759**
At 28 February 2007				
Segment revenue – external	27 780 892	685 149 524	477 929 726	1 190 860 142
Segment result (operating profit)	11 438 651	134 731 529	48 334 333	194 504 513
Finance income	1 115 343	6 445 407	9 254 164	16 814 914
Finance costs	(1 571 955)	(3 106 556)	(7 617 879)	(12 296 390)
Share of associates' income	6 202 506	56 314	–	6 258 820
Taxation	(6 412 370)	(46 742 878)	(13 268 270)	(66 423 518)
Profit for the year	10 772 175	91 383 816	36 702 348	138 858 339
Segment assets	77 626 401	343 642 103	325 850 778	747 119 282
Segment liabilities	53 495 887	273 628 541	112 707 236	439 831 664
Depreciation	4 013 512	8 717 684	12 405 135	25 508 214
Capital expenditure	16 951 161	40 544 704	56 335 663	113 831 528
Investment in associates	6 706 072	–	7 923 686	14 629 758

	Local R	International R	Consolidated R
38. Segmental analysis (continued)			
Secondary reporting format			
Geographical segments, namely local and international			
At 29 February 2008			
Segment revenue – external	**1 990 906 264**	**144 871 767**	**2 135 778 031**
Segment result (operating profit)	**407 733 525**	**23 548 424**	**431 281 949**
Finance income	**12 792 015**	**204 901**	**12 996 916**
Finance costs	**(26 030 143)**	**(1 956 128)**	**(27 986 271)**
Share of associates' income	**478 480**	**–**	**478 480**
Taxation	**(114 092 114)**	**(7 060 439)**	**(121 152 553)**
Profit for the year	**280 881 763**	**14 736 758**	**295 618 521**
Segment assets	**1 951 551 769**	**94 316 756**	**2 045 868 525**
Segment liabilities	**872 041 834**	**37 297 581**	**909 339 415**
Depreciation	**61 368 525**	**889 361**	**62 257 886**
Capital expenditure	**243 530 322**	**1 054 227**	**244 584 549**
Investment in associates	**2 670 759**	**–**	**2 670 759**
At 28 February 2007			
Segment revenue – external	1 047 246 969	143 613 173	1 190 860 142
Segment result (operating profit)	186 654 139	7 850 374	194 504 513
Finance income	16 376 525	438 389	16 814 914
Finance costs	(11 243 692)	(1 052 698)	(12 296 390)
Share of associates' income	6 258 820	–	6 258 820
Taxation	(64 643 364)	(1 780 154)	(66 423 518)
Profit for the year	133 402 428	5 455 911	138 858 339
Segment assets	663 599 810	83 519 472	747 119 282
Segment liabilities	364 998 435	74 833 229	439 831 664
Depreciation	24 948 993	559 221	25 508 214
Capital expenditure	106 792 633	7 038 895	113 831 528
Investment in associates	14 629 758	–	14 629 758

Inter segmental revenue for the year amounted to R783 million (2007: R487 million).

Annexure 1 – Interest in subsidiaries

for the year ended 29 February 2008

		Issued share capital Shares	Percentage held 2008 %	Percentage held 2007 %	Shares at cost 2008 R	Shares at cost 2007 R	Amounts owing by subsidiaries 2008 R	Amounts owing by subsidiaries 2007 R
Direct								
Raubex (Pty) Limited	#	300	**100**	100	**1 001 620 337**	1 001 620 337	**844 041 952**	281 979 670
Indirect								
Aliwal Dolorite Quarry (Pty) Limited	•	100	**100**	–	**7 600 000**	–	**–**	–
Aquatic Services (Pty) Limited (SPH Group)	•	300	**100**	–	**111 336 220**	–	**–**	–
Canyon Rock (Pty) Limited	•	120	**100**	45	**46 294 000**	–	**–**	–
Centremark Roadmarking (Pty) Limited	^	100	**60**	60	**2 802 022**	2 802 022	**–**	–
Forward Infra (Pty) Limited	•	100	**100**	100	**100**	100	**–**	–
Haulking (Pty) Limited	√	100	**100**	100	**100**	100	**–**	–
Lacrete Construction (Pty) Limited	•	100	**100**	100	**100**	100	**–**	–
Milling Techniks (Pty) Limited	^	100	**100**	100	**15 000 000**	15 000 000	**–**	–
Multistone Construction (Pty) Limited	^	100	**100**	100	**100**	100	**–**	–
Petra Quarry (Pty) Limited	•	100	**100**	100	**3 849 070**	3 849 070	**–**	–
Phambili Road Surfacing (Pty) Limited	^	100	**100**	100	**20 515 136**	20 515 136	**–**	–
Queenstown Quarry (Pty) Limited	•	100	**100**	–	**21 929 104**	–	**–**	–
Raubex BGM Joint Venture Limited	^	5 000 000	**100**	75	**9 791**	7 343	**–**	–
Raubex Civil (Pty) Limited	#	100	**100**	100	**14 999 105**	14 999 105	**–**	–
Raubex Construction (Pty) Limited	√	100	**100**	100	**87 300 660**	87 300 660	**–**	–
Raubex Construction Zambia Limited	^	5 000 000	**100**	100	**6 008 989**	6 008 989	**–**	–
Raubex North (Pty) Limited	^	100	**100**	100	**100**	100	**–**	–
Raumix (Pty) Limited	•	100	**100**	100	**23 477 234**	23 477 234	**–**	–
Roadmac (Pty) Limited	#	100	**100**	100	**84 550 070**	84 550 070	**–**	–
Roadmac Cape (Pty) Limited	^	100	**100**	100	**1 385 219**	1 385 219	**–**	–
Roadmac Surfacing (Pty) Limited	^	100	**100**	100	**20 000 080**	20 000 080	**–**	–
Roadmac Surfacing Cape (Pty) Limited	^	200	**100**	100	**24 299 160**	24 299 160	**–**	–
Stabilpave (Pty) Limited	^	200	**100**	100	**200**	200	**–**	–
Super Civil Construction (Pty) Limited	^	100	**100**	100	**100**	100	**–**	–

Nature of business

√ *Letting of construction equipment and civil construction work*

^ *Rehabilitation of roads, civil and general construction work*

• *Crusher, transport work, civil and general construction work*

Investment and holding company

All companies are incorporated in South Africa except Raubex Construction Zambia Limited and Raubex BGM Joint Venture Limited which are incorporated in Zambia.

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

Annexure 2 – Investment in joint ventures

for the year ended 29 February 2008

Joint ventures	Country	Nature of business	Proportion of issued shares held 2008 %	Proportion of issued shares held 2007 %
Touwsriver Joint Venture	South Africa	Construction	**50**	50
Hex River Joint Venture	South Africa	Construction	**50**	50
Kentha/Raumix Joint Venture	South Africa	Construction	**49**	49
Raubex/HIR Namibia Roads Joint Venture	Namibia	Construction	**50**	50
H&I/Roadmac Joint Venture	South Africa	Construction	**50**	–

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

AGGREGATE FINANCIAL INFORMATION

	2008 R	2007 R
Balance sheet		
(Group's proportionate share of assets and liabilities)		
Assets		
Non-current assets	**11 300**	–
Current assets	**5 668 360**	15 023 077
	5 679 660	15 023 077
Equity and liabilities		
Shareholders' interest	**2 739 681**	346 019
Non-current liabilities	**–**	–
Current liabilities	**2 939 979**	14 677 058
	5 679 660	15 023 077
Income statement		
(Group's proportionate share of income and expenditure)		
Revenue	**39 571 628**	57 814 083
Profit/(loss) attributable to group	**7 619 615**	13 556 028

Annexure 3 – Analysis of shareholders

for the year ended 29 February 2008

Rank	Name of shareholder	Shares	%
1	Raubenbel (Pty) Limited	25 000 000	14,5
2	Business Venture Inv 918 (Pty) Limited	22 000 000	12,8
3	Kenworth (Pty) Limited	20 615 384	11,9
4	JPMorgan Chase	17 577 274	10,2
5	Stanlib funds	9 339 763	5,4
		94 532 421	54,8

Balance sheet

at 29 February 2008

	Notes	2008 R	2007 R
ASSETS			
Non-current assets			
Investments in subsidiary	2	**1 001 620 337**	1 001 620 337
Total non-current assets		**1 001 620 337**	1 001 620 337
Current assets			
Loans to group companies	3	**844 041 952**	281 979 670
Trade and other receivables	4	**2 061 007**	–
Cash and cash equivalents	5	**23 586**	100
Total current assets		**846 126 545**	281 979 770
Total assets		**1 847 746 882**	1 283 600 107
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	6	**1 725 268**	1 432 782
Share premium	6	**1 830 852 682**	1 282 167 325
Reserves		**14 361 181**	–
Retained income		**4 034**	–
Total equity		**1 846 943 165**	1 283 600 107
Liabilities			
Current liabilities			
Trade and other payables		**803 717**	–
Total equity and liabilities		**1 847 746 882**	1 283 600 107

The notes on pages 79 to 83 are an integral part of these financial statements.

Income statement

for the year ended 29 February 2008

	2008 R	2007 R
Other income	983 270	–
Operating expenses	(983 230)	–
Operating profit	40	–
Dividend received	32 430 000	–
Finance costs	(40)	–
Profit for the year	32 430 000	–

The notes on pages 79 to 83 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 29 February 2008

	Share capital R	Share premium R	Reserves for own shares/ share repurchase reserve R	Retained earnings R	Total equity R
Balance at 1 March 2006	–	–	–	–	–
Changes in equity:					
Issue of share capital and share premium	1 432 782	1 282 167 324	–	–	1 283 600 106
Total changes	1 432 782	1 282 167 324	–	–	1 283 600 106
Balance at 1 March 2007	**1 432 782**	**1 282 167 324**	**–**	**–**	**1 283 600 106**
Changes in equity:					
Issue of share capital and share premium	292 486	574 630 946	–	–	574 923 432
Employees' share option scheme	–	–	14 361 181	–	14 361 181
Share issue expenses	–	(25 945 588)	–	–	(25 945 588)
Profit for the year	–	–	–	32 430 000	32 430 000
Dividends paid	–	–	–	(32 425 966)	(32 425 966)
Total changes	292 486	548 685 358	14 361 181	4 034	563 343 059
Balance at 29 February 2008	**1 725 268**	**1 830 852 682**	**14 361 181**	**4 034**	**1 846 943 165**
Note	6	6			

The notes on pages 79 to 83 are an integral part of these financial statements.

Cash flow statements

for the year ended 29 February 2008

	Note	2008 R	2007 R
Cash flows from operating activities			
Cash generated from operations		**(1 257 250)**	–
Dividends received		**32 430 000**	–
Finance costs		**(40)**	–
Net cash generated from operating activities		**31 172 710**	–
Cash flows from investing activities			
Acquisition of subsidiary		**–**	(1 001 620 337)
Loans advanced to group companies		**(378 254 001)**	(281 979 670)
Net cash from investing activities		**(378 254 001)**	(1 283 600 007)
Cash flows from financing activities			
Proceeds from shares and share premium		**405 476 331**	1 283 600 107
Share issue expenses		**(25 945 588)**	–
Dividends paid		**(32 425 966)**	–
Net cash from financing activities		**347 104 777**	1 283 600 107
Total cash movement for the year		**23 486**	100
Cash at the beginning of the year		**100**	–
Total cash at the end of the year	4	**23 586**	100

The notes on pages 79 to 83 are an integral part of these financial statements.

1. Accounting policies

Presentation of Financial Statements

These financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The financial statements have been prepared on the historical cost basis as modified by the revaluation of financial assets and financial liabilities and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

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.

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 balance sheet 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 the use of recent arm’s length transactions, 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 holding companies, 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.

1. **Accounting policies (continued)**

1.2 Financial instruments (continued)

Loans to group companies (continued)

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

Loans to group companies are classified as loans and receivables.

Trade and other receivables

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

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 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 the income statement.

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 comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Share capital and equity

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

Ordinary shares are classified as equity.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1. Accounting policies (continued)

1.3 Share capital and equity (continued)

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

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

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.

1. Accounting policies (continued)

1.5 Revenue recognition (continued)

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 are recognised directly in the income statement when incurred.

1.7 Standards, interpretations and amendments to published standards that are not yet effective

Set out below are International Financial Reporting Standards and amendments issued but not effective for the year ended 29 February 2008. These standards are not expected to have any significant effect on the results of operations or financial position of the group.

Standard/Interpretation	Title	Effective date
IAS 1	Presentation of Financial Statements – Revised	1 January 2009
IFRS 2	Amendment to IFRS 2 Share-Based Payment	1 January 2009
IFRS 3	Business Combinations – Revised	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IAS 23	Borrowing Costs – Revised	1 January 2009
IAS 27	Consolidated and Separate Financial Statements – Revised	1 July 2009
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

		2008 R	2007 R
2.	**Investment in subsidiaries**		
	Name of company		
	Raubex (Pty) Limited – 100% holding	**1 001 620 337**	1 001 620 337
	The carrying amount of investment in subsidiary is shown net of impairment losses.		
3.	**Loans to group companies**		
	Raubex (Pty) Limited	**844 041 952**	281 979 670
	The loan is interest free and has no fixed terms of repayment.		
4.	**Trade and other receivables**		
	Trade receivables	**597 043**	–
	Prepayments	**575 828**	–
	VAT	**888 136**	–
		2 061 007	–
5.	**Cash and cash equivalents**		
	Cash and cash equivalents consist of:		
	Bank balance	**23 586**	100
6.	**Share capital**		
	Authorised		
	500 000 000 ordinary shares of one cent each	**5 000 000**	5 000 000
	Issued		
	172 526 661 ordinary shares of one cent each	**1 725 268**	1 432 782
	Issued		
	Ordinary	**1 725 268**	1 432 782
	Share premium	**1 830 852 682**	1 282 167 325
		1 832 577 950	1 283 600 107
7.	**Taxation**		
	No provision has been made for normal taxation as the company has no taxable income.		
8.	**Related party transactions**		
	Loan account – Owing by subsidiaries		
	Raubex (Pty) Limited	**844 041 952**	281 979 670
9.	**Directors' emoluments**		
	No emoluments were paid to the directors during the year.		

Pro forma income statement of Raubex Group

for the year ended 29 February 2008

The table below sets out the unaudited *pro forma* income statement of Raubex Group. The unaudited *pro forma* statement has been prepared for illustrative purposes only and because of its nature may not fairly reflect the results of Raubex after the below-mentioned acquisitions. The *pro forma* income statement is the responsibility of the directors of Raubex.

	Audited year ended 29 February 2008 R'000	Acquisitions [(1)(3)] R'000	***Pro forma* year ended 29 February 2008 R'000**	*Pro forma* year ended 28 February 2007 [(2)] R'000
Revenue	**2 135 778**	626 702	**2 762 480**	1 600 920
Operating profit	**431 282**	124 395	**555 677**	273 854
Net finance income/(cost)	**(14 989)**	(6 562)	**(21 551)**	(1 307)
Income from associate	**478**	–	**478**	380
Profit before tax	**416 771**	117 833	**534 604**	272 927
Taxation	**(121 153)**	(36 514)	**(157 667)**	(83 936)
Profit for the year	**295 618**	81 319	**376 937**	188 991
Attributable to:				
Equity holders of the company	**294 150**	80 492	**374 642**	188 721
Minority interest	**1 468**	827	**2 295**	270
Weighted average number of shares	**162 641**	19 982	**182 624**	162 130
Earnings per share (cents)	**180,9**	–	**205,1**	116,4
Headline earnings per share (cents)	**180,1**	–	**201,0**	115,2

Notes:

1) Represents the effects of the acquisition of B&E International Holdings (Pty) Limited, Space Construction (Pty) Limited, Space Indlela Construction (Pty) Limited, Thaba Bosiu Construction (Pty) Limited, Zamori Construction (Pty) Limited, Queenstown Quarry (Pty) Limited and Aliwal Dolorite Quarry (Pty) Limited on the following assumptions:
   a) The acquisitions were effective 1 March 2007.
   b) Financial information of the respective entities has been included as follows:
      i) B&E International – audited results for the four month period ending 30 June 2007 have been aggregated to the audited results for the eight month period ending 29 February 2008;
      ii) Space Construction and Space Indlela Construction – reviewed results for the 12 month period ending 29 February 2008;
      iii) Thaba Bosiu Construction – reviewed results for the 12 month period ending 29 February 2008;
      iv) Zamori Construction – audited results for the four month period ending 30 June 2007 have been aggregated to the reviewed results for the eight month period ending 29 February 2008; and
      v) Queenstown Quarry and Aliwal Quarry – reviewed results for the six month period ending 31 August 2007
2) Represents the effects of the acquisition of SPH, National Asphalt and Milling Techniks per the Pre-listing statement, on the following assumptions:
   a) The acquisitions were effective 1 March 2006.
   b) Based on the financial information of the respective entities as follows:
      i) SPH – unaudited management accounts for the 12 months ended 30 November 2006;
      ii) National Asphalt – audited financial statements for the year ended 31 August 2006 adjusted for the effects of a disposal of investment during the year; and
      iii) Milling Techniks – unaudited management accounts for the six months ended 31 August 2006. Milling Techniks was acquired by Raubex with effect 1 September 2006, consequently its results for the six months ended 28 February 2007 are included in the results of Raubex for the year ended 28 February 2007.
3) Bonn Plant Hire (Pty) Limited and the business of Akasia Road Surfacing (Pty) Limited have not been included in the *pro forma* figures, the acquisition date being 1 May 2008.

Notice to members

Notice is hereby given that the second annual general meeting of members of Raubex Group Limited (Raubex or the company) will be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, off Rosebank on Friday, 3 October 2008 at 10h00 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the group for the year ended 29 February 2008, together with the reports of the directors and auditors thereon.

2. To re-elect, individually, the following directors who being eligible, offer themselves for re-election:
   – Messrs MC Matjila, JE Raubenheimer, F Diedrechsen, GM Raubenheimer, F Kenney, MB Swana and L Maxwell.

An abbreviated *curriculum vitae* in respect of each director offering himself for re-election is contained on pages 89 to 90 of this annual report.

3. To authorise the directors to determine the remuneration of the auditors for the past audit.

4. To approve the payment of remuneration to the directors.

5. To consider and, if deemed fit, pass with or without modification, the following ordinary resolution:

   Ordinary resolution No. 1
   Resolved that, the authorised but unissued ordinary shares in the share capital of the company be and are hereby placed under the control of the directors of the company in terms of sections 221 and 222 of the Companies Act, 1973 (Act No. 61 of 1973), as amended (Companies Act) until the next annual general meeting, to enable them to allot and issue such ordinary shares at their discretion, subject to the provisions of the Companies Act, the company's Articles of Association and the Listing Requirements of the JSE Limited (JSE Listing Requirements), provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one year shall not exceed 10% of the issued ordinary share capital of the company from time to time.

6. To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution:

   Ordinary resolution No. 2
   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 JSE Listing Requirements, which currently provide, *inter alia*, that:
   – this authority shall be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
   – 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 year, 5% or more of the number of shares in issue prior to such issue;
   – 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; and
   – any such issue will only be made to public shareholders as defined in the JSE Listing Requirements, provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one year shall not exceed 10% of the issued ordinary share capital of the company, from time to time.

The approval of a 75% majority of the votes cast by ordinary shareholders present or represented by proxy at this annual general meeting is required for the authority in 6 above to become effective.

7. To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

Special resolution No. 1

Resolved that, the directors of the company be and are hereby authorised, by way of general approval pursuant, *inter alia*, to articles 13 and 14 of the company's Articles of Association, to facilitate, *inter alia*, the acquisition by Raubex, or a subsidiary of Raubex (collectively the group), from time to time of the issued ordinary shares of Raubex upon such terms and conditions and in such number as the directors of the company may from time to time decide, but subject to the provisions of the Companies Act and the JSE Listing Requirements from time to time, which general approval shall endure until the next annual general meeting of the company; provided that it shall not extend beyond fifteen months from the date of the annual general meeting at which this special resolution is passed, it being recorded that the JSE Listing 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 Limited trading system and done without prior understanding or arrangement between the company and the counterparty;
- 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 for the shares in question for the five business days immediately preceding the date on which the acquisition is agreed;
- a paid press announcement containing details of such acquisition must be published as soon as the company and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the annual general meeting at which this special resolution is passed (initial number) and for each 3% in aggregate of the initial number acquired thereafter;
- at any point in time, the company may only appoint one agent to effect any repurchases;
- such repurchases may only be effected if, thereafter, the company still complies with the spread requirements of the JSE Limited; and
- no repurchase may take place during prohibited periods as defined in the JSE Listing Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

Although no repurchase of shares is contemplated at the present time, the directors, having considered the effects of a repurchase of the maximum number of ordinary shares issued in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay their debts 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 their consolidated liabilities;
- the issued share capital and reserves of the company and the group are adequate for their ordinary business purposes; and
- the working capital of the company and the group will be adequate for a period of 12 (twelve) months from date of this notice of annual general meeting.

For the purposes of considering special resolution number 1 and in compliance with Rule 11.26(b) of the JSE Listing Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the pages as indicated.

- Directors and management – inside back cover;
- Major shareholders – page 90;
- Material changes – page 20;
- Directors' interest in securities – page 21;
- Share capital of the company – page 48; and
- Litigation statement – page 87.

This special resolution number 1 is to be voted on by the ordinary shareholders in the company.

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

Litigation statement

In terms of Section 11.26 of the JSE Listing Requirements, the directors, whose names appear on the inside back cover of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or group's financial position.

Directors' responsibility statement

The directors, whose names appear on the inside back cover 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 1 contains all the information required by law and the JSE Listing 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.

The reason for and effect of this special resolution is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listing Requirements for the implementation and administration of the share incentive scheme.

8. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

   Ordinary resolution No. 3

   Resolved that, any director of the company be and is hereby authorised to do all such things, sign all such documents and take all such actions as are necessary to give effect to the special and ordinary resolutions proposed at the annual general meeting 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 Registrar of Companies (in the case of special resolutions).

9. To transact such other business as may be transacted at an annual general meeting of members.

Notes:
A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

All proxy forms or other instruments of authority must be deposited with 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 not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the annual general meeting of Raubex shareholders to be held at 10h00 on Friday, 3 October 2008 (the Raubex annual general meeting), 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 13h00 on Wednesday, 1 October 2008.

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex annual general meeting in order for them to vote in accordance with your instructions. If you wish to attend the Raubex annual general meeting 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

Mrs HE Ernst
Company Secretary

Executive Directors

Jacobus (Koos) Essaias Raubenheimer – Chief Executive Officer (65) – 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 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 43 years of construction experience, which he continues to put to use in the strategic decision-making and navigation of Raubex. Leadership for Koos means shouldering responsibility for the bottom line, effective decision-making, communication and the well-being of those in charge.

Francois Diedrechsen – Finance and Commercial Director (36) – 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.

George (Thabo) Muller Raubenheimer – Executive Director (57) – BSc Eng (Civil) PrEng

Thabo joined Raubex in August 1975 as Project Engineer on Concrete projects and thereafter took charge of the administration and financial services of the company. He was appointed as a director of Raubex in 1986. Before joining Raubex, Thabo worked at the Department of Water Affairs as an Assistant Engineer for two years. Thabo is also responsible for overseeing the Human Resources function in the organisation.

Non-Executive Directors

Marake Collin Matjila – Non-Executive Chairperson (47) – BA (Law) (University of Lesotho), LLB (University of Witwatersrand), MAP (Harvard University)

Collin was an active member of the CIVIC Movement and has held various leadership positions in the ANC. He led the ANC negotiations prior to the formation of the Greater Johannesburg Transitional Metropolitan Council during 1994 and was appointed Chairperson of the Executive Committee until April 2000 when he joined Kopano Ke Matla Investment Company. His extensive knowledge of local government earned him the appointment as the first Chairperson of the South African Local Government Association in 1996. He simultaneously served as Chairperson of the Commonwealth Local Government Forum and as an Executive Member of the International Union of Local Authorities. A keen sense for business, practical knowledge and leadership, executive management skills led to his appointment as the Chief Executive Officer of Kopano Ke Matla Investment Company, the investment arm of COSATU, in May 2000. Within the public sector portfolio positions held by Collin had been Chief Executive Officer of the Command Centre for Emergency Reconstruction (a special purpose vehicle formed by Cabinet in 2001 to reconstruct flood damaged infrastructure in the country with a project value of over R1,5 billion). Collin was also appointed as the chairperson of the National Electricity Regulator in 2000 and currently serves as Chairperson of the National Energy Regulator of South Africa. In addition to holding director and chairperson positions in listed and unlisted entities, Collin has also been recognised as one of the Top 12 Business Personalities by the South African Chamber of Commerce. His role as Non-Executive Chairperson enables him to pass on the wisdom gained in top management. His role includes providing strategic direction and guidance for the executive team.

Notice to members

(continued)

Mbali Bekiso Swana – Non-Executive Director (51) – BAS (UCT) BArch (UCT)

Mbali was appointed as a non-executive director of Raubex on 1 September 2005. Mbali founded Plan Architects Incorporated in 1986. The firm is now well-established with offices in Durban, Johannesburg and Cape Town. In 1990 he founded a project and construction management firm, Swana Management Services, and in 1996 he founded a property consulting firm. In 2000 he consolidated his project and construction interests with his property consulting firm into one multi-disciplinary platform under the umbrella of Prop 5 Corporation Limited where he is currently the Managing Director. Mbali has executed various major projects as a Project Manager and Construction Manager. From 1995 to 2000 he contributed to the National Government programme of development of procurement specifications and systems aimed at aligning the South African Government's procurement policies to world best practice and the South African Constitution. Between 1996 and 2000 he implemented the system in the procurement of correctional facilities with capex in excess of R700 million. From 2000 to date, he commenced the development of PPP tailored for competitive advantage of Prop 5. The programme was applied to the first South African PPP project "Taverna Campus" under concession by the DTI. The concession contract was procured at a capital expenditure of R500 million.

Freddie Kenney – Non-Executive Director (54)

Freddie Kenney joined Raubex (Proprietary) Limited 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.

Leslie Arthur Maxwell – Independent Non-Executive Director (61) – 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 19-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.

Shareholders' profile

	2008 %
Major shareholders	
Raubenbel (Pty) Limited	**14,5**
Business Venture Investments No 918 (Pty) Limited	**12,8**
Kenworth (Pty) Limited	**11,9**

Form of proxy

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS OF RAUBEX GROUP LIMITED (Raubex) ONLY

I/We (Name in block letters)

Of (Address in block letters)

Being the registered holder of shares in Raubex, hereby appoint

of or failing him

of or failing him

the chairman of the meeting, as my/our proxy to vote on my/our behalf at the annual general meeting to be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, off Rosebank on Friday, 3 October at 10h00 or any adjournment as follows:

RESOLUTIONS	**In favour of**	**Against**	**Abstain**
1. Adoption of annual financial statements			
2. Re-election of the following directors who are to retire at the meeting:			
2.1 MC Matjila			
2.2 JE Raubenheimer			
2.3 F Diedrechsen			
2.4 GM Raubenheimer			
2.5 F Kenney			
2.6 MB Swana			
2.7 LA Maxwell			
3. Auditors' remuneration			
4. To approve payment of remuneration to the directors			
5. **Ordinary resolution No. 1**: To place the unissued shares in the authorised capital under the control of the directors			
6. **Ordinary resolution No. 2**: General authority to issue shares for cash			
7. **Special resolution No. 1:** Authority to repurchase shares			
8. **Ordinary resolution No. 3:** Signing of documents			

My/our proxy has been instructed to vote in accordance with my/our wishes as indicated by the placing of a cross in the appropriate space above. Unless so instructed, my/our proxy may vote as he/she thinks fit.

Signed at this day of 2008

Signature/(s) of member/(s)

Telephone no. Cell no. Fax no.

motiv

Notes to form of proxy

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

All proxy forms or other instruments of authority must be deposited with 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 not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the annual general meeting of Raubex shareholders to be held at 10h00 on Friday, 3 October 2008 (the Raubex annual general meeting), 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 13h00 on Wednesday, 1 October 2008.

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex annual general meeting in order for them to vote in accordance with your instructions. If you wish to attend the Raubex annual general meeting 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.

General information

Nature of business and principal activities	Construction work, civil engineering and holding company
Directors	MC Matjila *(Chairman Non-executive)* JE Raubenheimer F Diedrechsen GM Raubenheimer F Kenney *(Non-executive)* MB Swana *(Non-executive)* LA Maxwell *(Independent Non-executive)*
Registered office	1st Floor, Leopard Creek Building The Greens Office Park Charles de Gaulle Crescent Centurion 0169
Business address	Cleveley Eeufees Extension Bloemfontein South Africa 9300
Postal address	PO Box 3722 Bloemfontein 9300
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Secretary	HE Ernst
Investor relations	College Hill Fountain Grove 52nd Avenue Hyde Park 2169 Tel: +27 (0)11 447 3030 Fax: +27 (0)11 447 6910
Company registration number	2006/023666/06

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Raubex Group Limited

www.raubex.co.za