RAUBEX GROUP ANNUAL REPORT 2011

RAUBEX
Raubex Group Limited

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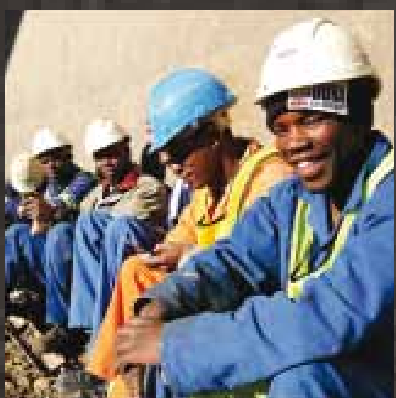


purpose and profile

WHO WE ARE

Raubex is a construction company with a specific focus on road infrastructure development that operates across all nine South African provinces and throughout southern Africa.

COMPANY PROFILE

Operating since 1974 and listed on the JSE Limited in March 2007, Raubex is firmly entrenched as a leader in road construction, rehabilitation and associated infrastructure developments across southern Africa. Through its Raumix subsidiary, the company also produces and supplies crushed aggregate to the broader construction and mining industries.

- Operations in South Africa, Namibia, Zambia, Malawi and Zimbabwe
- Employs 6 770 people
- Revenue R4,55 billion
- Four years as a JSE listed company

this year's progress and performance

International drive progressing

Adequate performance across all three divisions

Satisfactory results despite challenging trading conditions

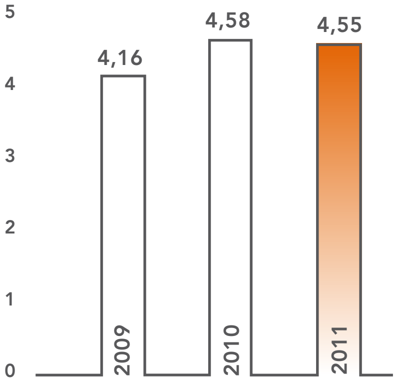
Working capital improvement

Changing competitive landscape

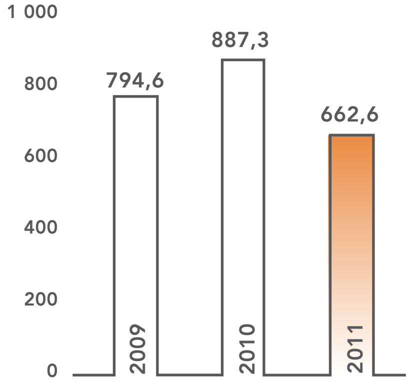
Strong government tender volumes, weak pricing

HIGHLIGHTS

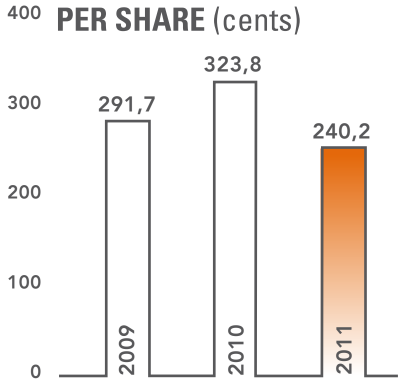
REVENUE
(Rbn)



OPERATING PROFIT (Rm)



HEADLINE EARNINGS PER SHARE (cents)



OPERATIONAL OVERVIEW

our footprint and features

GEOGRAPHIC FOOTPRINT

	SOUTH AFRICA	INTERNATIONAL
REVENUE	R3,93 billion	R613 million
OPERATING PROFIT	R583,7 million	R78,9 million

DIVISIONAL FOOTPRINT

	RAUMIX	RAUBEX CONSTRUCTION*	ROADMAC
REVENUE	R1,04 billion	R1,33 billion	R2,18 billion
OPERATING PROFIT	R178,2 million	R184,2 million	R300,2 million

** (including International)*

GROUP STRUCTURE

RAUBEX
Raubex Group Limited

MATERIALS

B&E INTERNATIONAL
SPH KUNDALILA
RAUMIX AGGREGATES

CONSTRUCTION

RAUBEX CONSTRUCTION
RAUBEX CONSTRUCTION ZAMBIA
SPACE CONSTRUCTION
THABA BOSIU CONSTRUCTION
ZAMORI CONSTRUCTION

ROAD REHABILITATION

AKASIA ROAD SURFACING
CENTREMARK ROADMARKING
MILLING TECHNIKS
NATIONAL ASPHALT
PHAMBILI ROAD SURFACING
ROADMAC SURFACING
ROADMAC SURFACING CAPE
ROADMAC SURFACING KZN
FORWARD INFRA

OUR BUSINESS

Operating since 1974 and listed on the JSE Limited in March 2007, Raubex is firmly entrenched as a leader in road construction, rehabilitation and associated infrastructure developments across southern Africa. Through its Raumix subsidiary, the company also produces and supplies crushed aggregate to the broader construction and mining industries.

IN ESSENCE, RAUBEX . . .

- operates in South Africa, Namibia, Zambia, Malawi and Zimbabwe
- employs 6 770 people
- has generated R4,55 billion of revenue
- is celebrating four years as a listed company

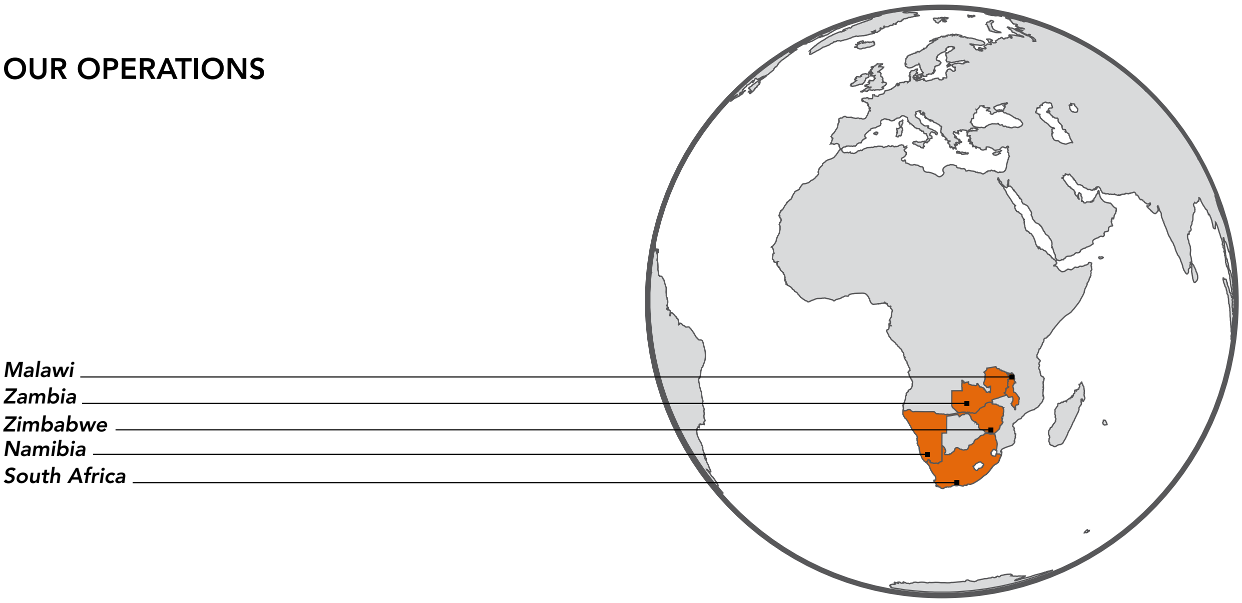
SOCIAL RESPONSIBILITY

The group strives to ensure that its operations benefit as many people as possible, whilst providing stability and security for future generations. The group provides assistance to the communities in which it operates in order to improve the quality of lives. To this end, great care is taken to ensure that during all contracts local labour is involved and that proper skills training is given to guarantee sustainable employment after the conclusion of the contract.

BLACK ECONOMIC EMPOWERMENT (BEE)

BEE is a central part of the South African government's economic transformation strategy. A multi-faceted approach to BEE has been adopted which aims to increase the number of black people that manage, own and control South Africa's economy. The group is proud of its empowerment credentials and the continued progress it is making with respect to transformation.

OUR OPERATIONS



BOARD OF DIRECTORS

our people, poised and on par

EXECUTIVE DIRECTORS

RUDOLF JOHANNES FOURIE, age 45

Chief executive officer

NDip Marketing Management

Rudolf joined the Raubex Group in 1997 as managing director of a newly formed company, Roadmac Surfacing. Under his management, it has grown to be the leading surfacing company in South Africa. He has 21 years' experience in road surfacing and the bitumen industry. Rudolf became the chief executive officer on 1 March 2010. Prior to working for Raubex, he worked as regional manager for the Colas Group until 1997 after he completed his studies in 1989.

NON-EXECUTIVE DIRECTORS

JACOBUS (KOOS) ESAIAS RAUBENHEIMER, age 68

Non-executive director

BSc Eng (Civil) PrEng

Koos founded Raubex in 1974 and has acted as managing director/chief executive officer of the group since its inception. Prior to founding Raubex, Koos served as an engineer with the Free State and Kruger National Park roads departments for a period of nine years. He has gained valuable experience in steering Raubex through challenging markets and believes Raubex shareholders will now benefit from the labours of a cohesive and loyal management team with a common purpose and a rich skills base. Koos has over 45 years of construction experience. Koos retired as chief executive officer at the end of the February 2010 financial year, but continues his involvement with Raubex as a non-executive director.

FREDDIE KENNEY, age 57

Non-executive director

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

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MARAKE COLLIN MATJILA, age 50

Non-executive chairperson

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. His keen sense for business, practical knowledge and leadership as well as executive management skills led to his appointment as the chief executive officer of Kopano Ke Matla Investment Company, the investment arm of COSATO, in May 2000. Within the public sector portfolio positions held by Collin, he 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 to the executive team.

FRANCOIS DIEDRECHSEN, age 39

Finance and commercial director

BCompt (Hons)

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

LESLIE (LES) ARTHUR MAXWELL, age 64

Independent non-executive director

CA(SA)

Les joined Raubex as an independent non-executive director in 2007. He currently holds the position of financial director of JCI Ltd, a position he was nominated for as a result of his extensive financial experience and strong grounding and knowledge of corporate governance. Les joined the board of JCI as an independent financial director to manage/effect the finalisation of the forensic and other financial investigations in progress, the implementation of decisions and settlements arising therefrom and the preparation and publication of consequent financial results and reports. Les, over a 19-year period, has held directorships with Fralex Limited, Fraser Alexander Limited and Joy Manufacturing Co (Pty) Ltd, where he held the position of financial director.

NTOMBI FELICIA MSIZA, age 36

Independent non-executive director

BCom, HDip Taxation and Masters in Business Administration

Felicia joined Raubex as an independent non-executive director in February 2011. She currently holds the position of Head: Internal Audit at the IDT. She also served as director at SizweNtsaluba VSP, heading up their Mpumalanga office. She served in various organisations among others, Group Five, SAPPI and National Treasury. Felicia has over 14 years' experience in the field of governance, including internal audit, external audit and risk management. Felicia holds a directorship position within the Institute of Internal Auditors of South Africa (IIASA).

BRYAN HUGH KENT, age 66

Independent non-executive director

BCom (UCT), FCMA, CA(SA), HDip Tax, HDip Company Law

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

plan, path and perform

Collin Matjila **CHAIRMAN**

2010 is a year to remember for all South Africans but also for the thousands of foreigners who visited our country during the World Cup period. The event itself was a great success and the effort involved in ensuring that our road network was ready for the increased usage was nothing short of phenomenal.

Although short-term negative impacts, including extended World Cup related shutdown on major national roads, were experienced this was far outweighed by the sense of pride and achievement which is felt to this day. South Africa showcased itself and its people as capable, steadfast and a true driver of development for the continent.

Beyond the euphoria, difficult trading conditions prevailed throughout the year and it is pleasing that Raubex was able to maintain a stable revenue stream and strong financial position amid tumultuous markets.

As previously highlighted, more sedate levels of activity in the broader construction sector, combined with a sustained volume of tenders for roads related work saw a marked increase in the interest shown by small and large construction companies alike in the roads infrastructure sector. This resulted in sustained competitive pressures across the industry as demonstrated by the sharp contraction in margins experienced in the Raubex Construction and Roadmac divisions.

Beyond our borders, activities have shown good growth with Namibia powering ahead whilst our cautious approach saw adjustments made in Zambia to address the forex issues and the contracts being pursued.

We are sure that the short-term environment will be demanding but our longer-term outlook remains positive with a number of concession contracts still in the pipeline following the completion of the first phase of the Gauteng Freeway Improvement Programme (GFIP).

FINANCIAL HIGHLIGHTS

Whilst the decrease in earnings is disappointing, the performance remains satisfactory considering the changes experienced in the broader industry over the past year.

Revenue decreased 0,8% to R4,55 billion and operating profit decreased 25,3% to R662,6 million from the corresponding prior period. Earnings per share decreased 25,8% to 241,5 cents.

Capital expenditure on fixed assets to the value of R292,5 million was incurred during the year ended 28 February 2011.

The group generated operating cash flows of R853 million before finance charges, dividends received and taxation. Cash generation was positively affected by improved working capital management.

Total cash and cash equivalents at the end of the period amounted to R594,9 million.

CORPORATE GOVERNANCE

This annual report is the first report that incorporates the integrated reporting guidelines and this is in line with the board's commitment to apply effective principles in line with the requirements of the King Code in both letter and spirit throughout the company. Raubex strives to be stakeholder inclusive and base this on good communication across every aspect of the business. To this end, Raubex will continue to develop its reporting approach to ensure that this is achieved.

The composition and competence of the board, as well as the members serving on various committees, continued to receive attention during the year in review. As a result, Ms Ntombi Felicia Msiza and Mr Bryan Hugh Kent were appointed as independent non-executive directors. Their combined expertise and experience considerably strengthened the board and I look forward to their valuable contributions.

Following these appointments, the board now consists of six non-executive directors, including three independents, and two executive directors.

TRANSFORMATION

Our industry is a large employer and the various mega projects which have taken place over the past couple of years clearly demonstrated that we are an essential catalyst for job creation and skills development.

We are committed to transformation and will continue to roll out skills development programmes, apply strict procurement criteria and provide true development opportunities across all the regions. In particular, rural regions will be a focus area as more road work starts to develop outside the main centres. Our BEE credentials remain high for the industry and our employment equity programme continues across the organisation.

COMPETITION COMMISSION

The construction industry came under a negative spotlight in recent months with the Competition Commission's investigation uncovering widespread anticompetitive conduct by various players.

Raubex became aware of certain potential irregularities in terms of the provisions of the Competition Act where such transgressions are not covered by leniency under the Corporate Leniency Provision of the Act. As a result, the company has filed a Fast Track application to the Competition Commission by the April 2011 deadline.

The company remains committed to fully co-operate with the Commission and to ensure that its employees, management and directors do not engage in any conduct which constitutes a prohibited practice.

PROSPECTS

Looking at the plans laid out by the Government in general and the Department of Transport in particular, the next five years will see South Africa's transport infrastructure receiving a major overhaul and improvement.

Whilst funding concerns may arise for various government linked programmes, appetite for capital funding seems to remain vibrant for SANRAL's major programmes, which is a reassuring sign.

These include the N1-N2 Winelands Project in which Raubex is party to one of the consortia to have reached the Best and Final Offer phase of the process. Other projects including the second phase of the GFIP and the Wild Coast are still anticipated to take place. Raubex has adopted a cautious outlook towards government's policy regarding future toll roads in South Africa.

As part of the further internationalisation of our business to sustain long-term growth, Raubex is exploring joint ventures in various southern African countries and further afield including India where the road infrastructure market is set to boom over the coming years.

Whilst we have braced ourselves for another very tough year financially and operationally, current trading gives us confidence that Raubex will be able to maintain a healthy financial position in the year ahead.

APPRECIATION

I would like to express my appreciation to all Raubex employees for their considerable efforts throughout the year in increasingly difficult operating conditions. I would also like to thank my fellow directors for their work and guidance as well as customers and suppliers, partners and other stakeholders for their loyal support.

Collin Matjila
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

profitability and prospects

Rudolf Fourie **CHIEF EXECUTIVE OFFICER**

I am pleased to present this first report as group CEO since Koos Raubenheimer, my predecessor and the founder of the company, stepped down to assume a non-executive role on the board.

Whilst Koos is no longer involved with the day-to-day running of operations, he continues to actively support the management team. His experience gathered through previous cycles in the construction industry is invaluable as we navigate through the current patch of leaner years.

The internal reorganisation undertaken last year delivered good results in terms of efficiency and flexibility whilst allowing for adequate levels of control and management at group level. This structure will be maintained going forward with Louis Raubenheimer in charge of the activities of Roadmac and Raubex Construction and all materials related operations, including asphalt manufacturing, under Tobie Wiese's leadership.

OPERATING ENVIRONMENT

Admittedly, the past year has been a challenging one for a number of reasons; all of which were anticipated and appropriately geared for throughout the various divisions.

The construction sector has always experienced strong cycles whereby extremely bullish times, as those experienced for the better part of the past decade, are inevitably followed by leaner years. It is during those downcycles that stronger players tend to show their mettle and resilience.

Our intent since listing has always been to focus on road construction and associated infrastructure. Critical acquisitions over the years also saw us gain exposure to the mining sector as a natural extension of our quarrying and materials handling capabilities. Whilst diversification might have seemed a natural strategic option during the boom years, we view our niche focus as a strong advantage when the market turns.

The sudden attractiveness of roads construction has led to a sharp rise in competition, but our know-how and experience allowed us to maintain relatively high margins and a steady fully guaranteed order book, albeit with a greater percentage of lower margin work making the R4,4 billion at year-end.

Erratic bitumen supply became an increasingly worrying factor over the past 18 months with continuous shortages being blamed on production issues at the four ageing refineries serving South Africa. In spite of proactive communications from various industry players, it is worrying to see that this critical lack of capacity is not being addressed. We believe that the Department of Energy should declare bitumen a strategic product and that government should ensure that no export is allowed before local demand is satisfied.

As bitumen is a key component in the production of asphalt, the shortages impacted severely on timelines around the final phases of larger projects, including the Gauteng Freeway Improvement Programme (GFIP), and threaten the affordability of maintenance work and large projects including the N1-N2 Winelands in the Western Cape where bitumen may need to be transported from Durban or imported with considerable cost implications.

Work stoppages also occurred during the World Cup around major centres and although these were somewhat mitigated by other work, they did impact negatively on the group's overall performance.

We remain positive about the prospects offered outside of South Africa and southern Africa. However, the same cautious approach to geographical expansion will be retained as we continue to grow our footprint and develop our experience.

FINANCIAL OVERVIEW

Revenue decreased 0,8% to R4,55 billion and operating profit decreased 25,3% to R662,6 million from the corresponding prior period. Profit before tax decreased 24,4% to R649,1 million.

Earnings per share decreased 25,8% to 241,5 cents with headline earnings per share decreasing 25,8% to 240,2 cents.

Group operating profit margin decreased to 14,6% (2010: 19,4%); indicative of the highly competitive operating environment.

The group generated operating cash flows of R853 million before finance charges, dividends received and taxation. Cash generation was positively affected through improved working capital management.

Trade and other receivables decreased by 3% to R949 million as the positive effect of the payment of overdue accounts from the Road Development Agency in Zambia and the strong focus on collection of accounts receivable was offset by delayed payments on some local contracts.

Capital expenditure on fixed assets to the value of R292,5 million was incurred during the year.

Total cash and cash equivalents at the end of the period amounted to R594,9 million.

Total cash inflow for the period was R100,2 million.

Foreign exchange losses of R22,2 million were incurred during the period as a result of the strong rand.

DIVISIONAL OVERVIEW

ROADMAC

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

The division is the largest contributor to group revenue although the performance for the period was severely impacted by strong competition in the light rehabilitation market. As a result, margins decreased to 13,8% (2010: 20,5%).

Whilst revenue for the division increased 10,2% to R2,18 billion (2010: R1,98 billion), operating profit decreased by 26% to R300,2 million (2010: R405,4 million).

The division secured a healthy order book of R2,058 billion going into 2012 and is operating at full capacity although at lower margins.

High rainfalls caused delays in the execution of some work, particularly in the Gauteng region towards the end of the financial year. As mentioned earlier, bitumen supply issues also frustrated efficiencies at some operations and had a negative impact on the overall divisional performance and especially on margins which were lower than anticipated.

The division incurred capital expenditure of R79,4 million during the year (2010: R79,5 million).

We expect a stable level of tendering activity to be maintained in the year ahead but the short-term nature of most contracts (12 months or less) will continue to attract aggressive pricing from smaller players. We therefore anticipate margins to decrease further in the year ahead.

RAUBEX CONSTRUCTION

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

A combination of strong tendering competition as well as higher margin work not materialising, saw the division adjusting its pricing strategy to secure new long-term work and supplement the order book which stood at R1,353 billion. These factors reflect in the order book mix which now contains a higher percentage of lower margin contracts.

Revenue for the division decreased 16,3% to R1,33 billion (2010: R1,59 billion) whilst operating profit decreased 30% to R184,2 million (2010: R263,2 million).

The divisional margins decreased to 13,9% (2010: 16,6%).

Capital expenditure of R71 million was incurred during the year (2010: R73,9 million).

The environment is expected to remain very competitive in the short term but the long-term outlook remains positive with the N1-N2 Winelands Project now in advanced stages with the group being party to one of the consortia to have reached the Best And Final Offer (BAFO) phase of the process.

The first phase of GFIP was successfully completed during the year and I would like to commend the teams on all parcels, including the R21 section, for their superb work. Although the second phase of the GFIP and the Wild Coast projects are still anticipated to take place, the recent controversy around tolling in Gauteng leading up to the elections, will see us adopt a cautious outlook towards government's policy regarding future toll roads in South Africa.

Dependent on various factors, including those mentioned above, we expect downwards pressure on margins to continue in 2012.

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 division's performance remained satisfactory in the prevailing market conditions with revenue for the division increasing 1,9% to R1,04 billion (2010: R1,02 billion) whilst operating profit decreased by 18,5% to R178,2 million (2010: R218,7 million).

The division incurred capital expenditure of R142,1 million during the period (2010: R99 million).

Improved credit risk management systems have also been put in place in the division.

Whilst commercial quarry operations benefited from infrastructure projects, including the GFIP, the residential building market remains depressed, particularly in the Gauteng area.

Despite difficult trading conditions, good results were reported across the more rural southern quarries due to various regional developments taking place.

The contract crushing operations of B&E International are supported by a strong order book and performed well despite pressure on margins. Market conditions have continued to improve since the year-end with margins picking up accordingly.

The material handling operations of SPH Kundalila continue to be profitable with improved revenue streams across the board. Mining activities are showing signs of recovery and increased activity is expected to continue in the new year.

Raumix's order book was R965 million at year end and we expect margins for the division to stabilise as anticipated at the 15% to 18% levels. Overall demand remains dependent on the recovery in both the residential and commodity sectors whilst low-cost housing programmes and SADC expansion opportunities should also benefit the division's activities.

RAUBEX CONSTRUCTION INTERNATIONAL

Namibia, Malawi, Zambia and Zimbabwe.

Internationally, revenue increased 20,9% to R613,1 million (2010: R507 million) with margins increasing to 12,9% (2010: 7%) driven by the Namibian contracts running at optimal efficiencies. Operating profit of R78,9 million accounted for almost 12% of the group's total (2010: 4%).

Good progress has been made on the Malawian contracts whilst operations in Zambia were curtailed and a cautious approach has been adopted when tendering in that country with careful consideration being given to currency and funding issues. Good progress was made collecting overdue accounts from the Zambian Roads Development Agency during the period, with trading accounts now paid up to date. I am pleased to report that our Zambian operations are profitable post this reorganisation effort.

Southern Africa presents numerous opportunities and, in line with Raubex's approach to enter neighbouring countries to those where operations already exist, a joint venture with Sanyati was established in Uganda. Awarding of the work was still pending at the time of writing this report but we expect more tenders to be released in that country in the coming year.

Our exploration efforts will continue both in southern Africa and beyond to support long-term growth within the group. Our investment criteria of transparency across all local agencies and an adequate level of control over the supply chain will remain primary considerations.

India is a particular focus area at present and our teams have now made significant inroads in assessing the local market where planned expenditure by the National Highways Authority of India is expected to amount to US$1 trillion over the next five years alone.

PROSPECTS

Looking ahead, we are confident that the adjustments made throughout the group in response to the current environment, together with our strong financial position, positions us well to endure another tough year both operationally and financially.

With a fully guaranteed order book standing at R4,4 billion, we have ensured that sufficient capacity is available within the group to absorb more attractive contracts once other players have filled up their books.

Whilst only time will tell if the lower margins should be taken as the "new normal" in the long-term, we expect further margin erosion to take place for the foreseeable future.

With the R21 contract completed and the major work on the first phase of the GFIP behind us, we are now adopting a wait and see approach to government's attitude towards tolling. We believe that if South Africa wants a first world infrastructure network to support sustainable economic growth, tolling is the only viable option, as the fiscus alone cannot fund expenditure.

We remain excited about the growing international exposure of the group. The results achieved this year, together with the new opportunities we are actively engaging on, bode well for the medium and long-term. Locally, the South African economy is showing continuous signs of improvement and the volume of tenders has remained stable with SANRAL anticipating to place tenders worth around R10 to 12 billion per year for the next two financial years. The future of our industry is intricately dependent on large government driven projects such as Public Private Partnerships and we remain confident that the state will forge ahead with its current intentions.

DIVIDEND

Strong cash generation is a key feature of the group and allowed the board to declare a final dividend of 68 cents per share bringing the total dividend to 100 cents per share for the full year. In spite of this higher dividend payout, the dividend policy remains unchanged at three times cover.

ACKNOWLEDGEMENTS

I take this opportunity to thank the staff of Raubex Group across all divisions for their continued dedication and enthusiasm in an increasingly tough operating environment.

I have every confidence that the knowledge and experience built into this group over the past four decades will once again serve it well as we entrench ourselves for the year ahead and continue to secure a solid foundation for long-term growth.

RJ Fourie
Chief executive officer

sense and sustainability

STATEMENT BY THE BOARD OF DIRECTORS

The board of directors ("the board") acknowledges its responsibility to ensure the integrity of the integrated report. As this is the first time that a report of this nature is being presented it does not record historic or quantitative data and only includes subsidiary companies which have been part of the Raubex Group ("the group") during the year. It is our intention to expand on such reporting in future.

It should be noted that the contents of this report have been broadly based on the Global Reporting Initiative (GRI) G3 guidelines and will be further refined where applicable once the GRI's supplement for the construction and real estate sector is launched in mid 2011. The recommendations of the King Report on governance for South Africa 2009 (King III) were also taken into consideration.

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

The audit committee has recommended the integrated report for approval by the board of directors.

The board is satisfied that the integrated report addresses all material issues, and fairly presents the integrated performance of the organisation.

The board authorised the integrated report for release on 15 July 2011.

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

RJ Fourie
Chief executive officer

F Diedrechsen
Financial and commercial director

SCOPE AND BOUNDARY

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

Raubex and its subsidiaries are involved in the business of road construction and allied services. In this context, key considerations in compiling the report were the environmental and social impact of the activities of the group and its subsidiaries.

The group operates in the following countries.

- South Africa
- Malawi
- Namibia
- Zambia
- Zimbabwe

The entities included in the scope of this report are set out in Note 38 on page 85 of the annual financial statements.

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

ORGANISATIONAL OVERVIEW

Operating since 1974 and listed on the Johannesburg Stock Exchange since March 2007, Raubex is firmly entrenched as a leader in the field of road construction, road rehabilitation and associated infrastructure developments across southern Africa. Through its subsidiaries, the group also produces and supplies crushed aggregate to the broader construction industry and provides material handling and screening services to the mining industry.

The group, which has a proud record of uninterrupted profitability, currently employs over 6 770 people operating in five countries and generating R4,5 billion revenue.

BUSINESS MODEL

ROAD CONSTRUCTION AND EARTHWORKS

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

ROAD SURFACING AND REHABILITATION

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

The division specialises in road maintenance, i.e. the light rehabilitation of roads and also the manufacturing and laying of asphalt, chip and spray, surface dressings, enrichments and slurry seals. Roadmac holds the African patent for ultra-thin asphalt surfacing called ULM and is the leading applicator in this market. The division has a strong management team, skilled operators and a well maintained fleet of specialised equipment that is kept up to date with the latest technologies available.

Asphalt production

The Asphalt division's production is carried out through its subsidiaries, National Asphalt (Pty) Ltd and Akasia Road Surfacing (Pty) Ltd with a combined production capacity of 1,75 million tons per annum. The division has eight strategically placed fixed plants servicing the Free State, Gauteng, KwaZulu-Natal and Mpumalanga. These plants are augmented by a further six mobile plants which are used to service contracts and clients in more rural areas. Fully equipped laboratories ensure a high standard of quality and process control.

AGGREGATES

Commercial quarries

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

Contract crushing

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

Material handling and screening

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

The mineral processing division of B&E International focuses on the area of primary mineral processing involving pre-concentration in-field and processing run of mine for further treatment. Plant is generally purpose built and designed in-house to provide the capacity and capability required for each operation.

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

The division's material handling and screening operations are situated throughout southern Africa and are complimented by a modern fleet of well-maintained equipment combined with a highly experienced and motivated team. Their professional approach and strong focus on Health and Safety has enabled them to build strong relationships with their clients.

CORPORATE GOVERNANCE

GENERAL

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

The group supports King III and its best practice recommendations and has committed to the process of applying its recommendations. The board is of the opinion that the group substantially complies with the key requirements of King III, the provisions of the Companies Act together with the promulgated regulations and the JSE Securities Exchange Listings Requirements. The board with assistance from the internal audit function, evaluate areas of non-compliance with King III.

BOARD

At the date of this annual report, Raubex has a unitary board with eight directors comprising two executive directors and six non-executive directors, three of whom are independent.

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The chairman is not an independent non-executive director. Les Maxwell fills the role of lead independent non-executive director.

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

DIRECTORS OF RAUBEX

- MC Matjila (Non-executive chairman)
- RJ Fourie (Chief executive officer)
- F Diedrechsen (Financial and commercial)
- JE Raubenheimer (Non-executive)
- F Kenney (Non-executive)
- LA Maxwell (Lead independent non-executive)
- BH Kent (Independent non-executive) – Appointed 24 February 2011
- NF Msiza (Independent non-executive) – Appointed 24 February 2011

INDEPENDENCE OF THE BOARD OF DIRECTORS

The board of directors' independence is maintained by:

- keeping the roles of chairman and chief executive officer separate;
- the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the group;
- all directors having access to the advice and services of the company secretary;
- all directors, with prior permission 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 of 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.

INTERESTS IN CONTRACTS AND CONFLICTS OF INTEREST

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

INSURANCE

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

BOARD MEETINGS

Attendance register – quarterly board meetings since the annual financial statements for the year ending 28 February 2010.

	28 JULY 2010	3 NOVEMBER 2010	24 FEBRUARY 2011	12 MAY 2011
CM Matjila	^	^	^	x
RJ Fourie	^	^	^	^
F Diedrechsen	^	^	^	^
JE Raubenheimer	^	^	^	^
F Kenney	^	^	^	^
L Maxwell	^	^	^	^
BH Kent (Appointed 24 February 2011)	n/a	n/a	^	x
NF Msiza (Appointed 24 February 2011)	n/a	n/a	^	^
M Swana (Resigned 8 October 2010)	^	n/a	n/a	n/a

^ Attended
x Absent with apology

BOARD COMMITTEES

Audit committee

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

The following members serve on the committee:

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

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

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

The audit committee's terms of reference include the following key responsibilities:

- to review the effectiveness of the group's systems of internal control, including internal financial control and business risk management, and to ensure that effective internal control systems are maintained;
- assisting the board in fulfilling its responsibilities in respect of financial reporting issues and compliance with laws and regulations;
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment of their independence;
- to evaluate the independence, effectiveness and performance of the external auditors and to obtain assurance from the auditors that adequate accounting records are being maintained;
- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and co-ordinated; and
- to review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate.

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

The audit committee report is set out on pages 30 and 31 of the group's annual report.

Remuneration and nomination committee

The remuneration and nomination committee is an independent committee appointed by the board.

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

The following members serve on the committee:

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

The committee has adopted formal terms of reference that have been approved by the board of directors and include the key responsibility of assisting the board in fulfilling its responsibilities in respect of:

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

In order to appoint a new director, the board will make proposals of candidates, which proposals will be followed up with curricula vitae and interviews conducted by the board. The board will then make an appointment, which is subject to shareholders' approval at the next annual general meeting.

The remuneration and nomination committee report is set out on page 32 of the group's annual report.

Executive committee

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

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

Composition and meeting procedures

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

Risk committee

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

- BH Kent (Chairman)
- NF Msiza
- R Schedlock

Risk management was previously dealt with by the audit committee. A separate group risk committee has now been established. Senior executive management attend the risk committee meeting by invitation. The group risk committee reports to the board, and is responsible for:

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

SHARE DEALING

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

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

In addition, directors and senior employees may not trade in the group's shares during any period where they have access to unpublished price-sensitive information. To ensure effective compliance, it is a requirement that no trade in the group's securities may take place outside of the closed periods without:

- the prior written approval from the chairman, for non-executive directors;
- and the prior written approval of the financial and commercial director for executive directors and officers of the group.

Directors, officers and defined employees are required to instruct their portfolio or investment managers not to trade in the securities of the group without their written consent. They are required to advise the company secretary immediately after the trade has taken place who will then report the transaction to the JSE 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

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

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

The company secretary ensures compliance with the rules and Listing Requirements of the JSE Limited, the statutory requirements of the company and its subsidiaries in South Africa and administers the share option scheme.

Together with the chairman, the company secretary is involved in ensuring proper information flows within the board and its committees and between senior management and the non-executive directors.

INTERNAL AUDIT

Internal Audit, which is risk based and subscribes to the Institute of Internal Auditors' standards, is an independent function established by the board and provides the board with assurance that an effective governance, risk management and internal control environment is maintained.

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 group.

During the year under review, Raubex became aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998 where such transgressions are not covered by leniency under the Corporate Leniency Provision ("CLP") of the Act. The company filed a Fast Track application to the Competition Commission by the deadline date of 15 April 2011.

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

STAKEHOLDER COMMUNICATION AND RELATIONS

The group has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with various stakeholder groups. There are responsive systems of governance and practice, which the board and management regard as appropriate.

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

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

SUSTAINABILITY REPORT

STRATEGIC OBJECTIVES

The key elements of Raubex's strategy are to:

Maximise profitability of business units and provide value to shareholders

With the acquisitions concluded since listing date now firmly bedded down, the group intends to continue its ongoing business optimisation programmes, including maintaining utilisation of plant and human resources through the business cycle and increasing utilisation where possible in all of its business units. The group is focused on the improvement of key business drivers as measured by earnings per share, dividend per share and return on capital employed with the goal of maximising profitability and return on investment to shareholders.

Improve market position

The group aims to be the market leader in all markets in which it operates and continually seeks opportunities to further strengthen its position in these core markets and those that will compliment its business model. The group's strong balance sheet and management expertise positions it well to take advantage of opportunities that may arise.

Expand existing business model into new geographies

The group looks to replicate its business model in new geographic markets where it believes it can achieve a leading position without exposing itself to unacceptable levels of risk. This expansion strategy aims to identify countries with favourable economies, end-user markets and stable political landscapes.

PERFORMANCE REPORT AND FUTURE OBJECTIVES

The chairman's report and the chief executive officer's report set out on pages 8 to 14 of the group's annual report respectively set out the performance, industry conditions and future objectives of the group.

RISKS

Customer base

The most critical risk identified by the executive committee is the group's reliance on one key customer to sustain its business model. The majority of the group's local revenue stream is either directly or indirectly linked to the South African government's infrastructure programme through the South African National Roads Agency (SANRAL), provincial government and local municipalities. The group's expansion strategy aims to mitigate this risk through the diversification of its customer base and also the participation in Public Private Partnership projects that will ensure a more stable revenue stream from the private sector.

Bitumen supply

The supply of bitumen to the South African road construction market has been identified as a priority risk that needs to be mitigated. The group has been proactive together with other stakeholders in the process of developing alternative supply strategies that will ensure a timely and sustainable supply of bitumen to the South African market over the medium to long term.

Foreign currency risk

The management of foreign currency exposure when operating in non-base currency geographies is critical to the success of the group's expansion strategy. Contracting in local currencies and the inability to effectively hedge these currencies has had an adverse effect on the profitability of these contracts in the past. The group has adopted a cautious approach to currency selection when tendering in new geographies, favouring tenders that allow for currency selective payment options in order to naturally hedge revenue and mitigate the risk of foreign exchange losses in future.

OPPORTUNITIES

Vertical integration

The group operates a fully integrated business model covering all disciplines of the road construction process from the crushing and supply of aggregates and asphalt, to heavy earthworks and the building of concrete structures, to asphalt surfacing and road marking. The group has a competitive advantage when tendering for contracts that require a combination of these disciplines and the ability to maximise margins through all cycles of the industry. The group continues to seek opportunities that compliment its integrated business model.

Public Private Partnerships

The group is actively involved in the pursuit of Public Private Partnership opportunities in the form of toll road concessions at both a concessionaire and contractor level. A stake in successful concession contracts will complement the group's business model and ensure more annuity based revenue streams.

Acquisition and expansion opportunities

The group's strong balance sheet and cash flow position it well to take advantage of acquisition opportunities that might arise as a result of the current competitive local construction environment. As part of the group's ongoing expansion strategy the group continues to explore markets in cross-border geographies both within the SADC region and abroad. The group has been actively tendering on contracts in Uganda and has also identified road construction and public private partnership opportunities in the Indian market as an area to look towards for future growth.

HEALTH AND SAFETY

The group recognises that Safety, Health, Environmental and Quality (SHEQ) considerations are integral to the success of its business model. The group is committed to a safe and healthy working environment and ensures strict compliance with the South African Occupational Health and Safety Act, 1993 and regulations.

The group's management strives to maintain the highest safety standards on all the sites and acknowledges that it is of utmost importance to ensure that the necessary training, precautions and ongoing vigilance are maintained. During the period, the Aggregates Division reported a positive trend and a reduced number of reported incidents. Unfortunately, despite management's best efforts and taking all reasonable precautions, the Road Surfacing and Construction Divisions experienced a year where tragically, some incidents resulted in loss of life. In spite of all necessary measures taken and processes implemented, road construction teams are inherently exposed to a high level of risk.

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

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

Our biggest challenge remains entrenching the understanding that safety, health, environment and quality is the responsibility of all, and not only a specific department or individual. Our incident management procedure is being continually reviewed to streamline the process of accident management on site.

ENVIRONMENTAL REPORT

The group recognises that its activities have an impact on the environment. During the period, systems were implemented to facilitate the measurement of this impact. A carbon footprint assessment process was initiated and will be conducted on an annual basis in order to more accurately, measure, control and minimise the environmental impact of the group's operations.

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

The group has responded to the Carbon Disclosure Project (CDP) for their CDP 2011 report. Emissions data has not been included in the CDP 2011 response due to the timing of the Carbon Footprint Assessment taking place after the submission deadline. The group aims to include emissions data in the CDP 2012 response.

TRANSFORMATION

Employment Equity

The group conforms to all Employment Equity legislation in terms of its strategy, plan and reports that are compiled on a monthly basis, including the annual submissions as legislated. In order to realise their goals further and to ensure that previously disadvantaged people are considered when recruiting, training and developing human resources, the group has a clearly defined employment equity strategy. This strategy is aimed at realising the potential of previously disadvantaged individuals in South Africa. Management is committed to promoting equity and diversity throughout the group, with special focus on its South African operations where every effort is made to increase the percentage of previously disadvantaged individuals at management level. The group has adopted the Paterson grading system to categorise employees from grade F for senior executives to grade A for unskilled labour. The group's Employment Equity policy expressly prohibits any form of unfair discrimination.

Broad-based black economic empowerment

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

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

All group operating subsidiaries are subject to an annual independent BBBEE verification audit by a SANAS (South African National Accreditation System) accredited verification agency. The scorecards issued are used as the basis for internal target setting and measurement of transformation progress.

The group is proud of its empowerment credentials and the progress it has made with respect to transformation. The group has an overall rating of a Level 5 contributor to broad based black economic empowerment using the construction charter codes and scores highly in the ownership and procurement elements of the scorecard. The employment equity and skills development elements of the scorecard are focus areas for management in the years ahead.

CORPORATE SOCIAL INVESTMENT

The group believes it is crucial for businesses to play a positive role in the communities within which it operates and views Corporate Social Investment (CSI) not merely as a compliance issue, but as a business imperative. The group's CSI strategy is to focus on education and skills development initiatives. The group is of the opinion that this strategy aligns the transformation of South Africa's previously disadvantaged individuals with the group's business model.

Social and ethics committee

The Companies Act, No. 71 of 2008, which became effective 1 May 2011 requires all listed public companies to have a social and ethics committee. In line with these requirements, the group has established a social and ethics committee, a function that was previously dealt with by the groups' executive committee.

Supported projects

Tsepang Educare Trust

The aim of this organisation is to provide educare programmes to rural communities by:

- Providing women in underserved areas on farms and small towns with ongoing training, enabling them to set up their own properly organised educare centres;
- Providing support training programmes to enable women to become leaders who can make a positive contribution to their communities;
- Preparing children for learning; and
- Providing parent support to continue the development of the child in the home.

The programme supported equips practitioners and committee members with the skills necessary to upgrade their centres and sustain themselves after the training programme is over.

(ICT) Information & communications technology Innovative in School Education

The purpose of ICT Innovative in School Education is the following:

- Providing innovative, sustainable ICT related support to both in-service and pre-service teachers
- Improving and supporting the quality of teaching and learning in schools
- Researching innovative ICT methods to be used in the South African educational system
- Maximising the potential of the latest ICT developments

The group earmarked its contribution to this initiative to support the improvement of maths in previously disadvantaged schools, and more specifically the Maths "On Call Support Centre" development phase of the initiative. This call centre will provide help to teachers, learners and parents on subject related problems by connecting them to expert teachers in the subject area.

Soccer Fever

The 2010 FIFA World Cup brought a lot of changes to South Africa and saw our nation come together as one. In the field, the construction teams could see and sense the excitement in the rural villages along the routes where they were working. It was over this exciting period that the group was approached by the communities with requests to upgrade their soccer fields. The contributions made were far outweighed by the satisfaction derived from seeing the children playing on improved facilities.

The group, through its subsidiaries, has made financial contributions to a number of other charitable organisations and causes during the period.

TRAINING

The dedicated training facility that was established during the 2010 financial year to address the skills requirements within the group continues to function effectively.

The training centre is registered and accredited by the Manufacturing, Engineering and Related Services SETA (MERSETA) and is also affiliated with the Construction SETA (CETA) and the Services SETA (SSETA). The training centre employees a qualified mechanical instructor accredited by MERSETA for the following learnerships:

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

The Training Centre facilities include:

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

The group continues to evaluate current systems, policies and procedures in order to ensure compliance within the legislative environment in which they operate and aim to achieve best practices in the field of training within their industry.

INFORMATION TECHNOLOGY GOVERNANCE

In line with the recommendations contained in King III, an Information Technology (IT) steering committee was established during the year under review to assist the board in its governance of the group's IT and to provide strategic direction in the design of systems and the use of IT resources within the group. The IT steering committee carries out its duties under a formal charter approved by the board and reports into the audit committee.

The group has adopted an IT framework which is based on international standards (ISO 38500). This framework will be tailored to the group's specific requirements and form the basis of the group's approach to IT governance going forward.

The establishment of the steering committee has seen a more centralised approach to IT management being followed. The committee has evaluated and proposed certain initiatives that have been approved and are currently in progress including the installation of a new Virtual Private Network to improve communication between subsidiary companies and the implementation of consolidation software to facilitate and enhance group financial reporting.

REMUNERATION REPORT

REMUNERATION POLICY

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

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

Base pay

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

The base pay of other officers and employees is determined by executive management.

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

In determining base pay all company contributions and allowances are taken into account including pension, provident, life and disability insurance and medical aid contributions.

Short-term incentives

The executive directors and key senior executive management are entitled to participate in an annual executive bonus scheme that is capped at 200% of base pay. Bonus payments are dependent on the achievement of financial targets and individual performance indicators.

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

Bonus payments to other officers and employees are determined by executive management.

Long-term incentives

The group introduced an employee share option scheme on its listing in March 2007 to reward staff for long service and also to retain and provide a long-term incentive to key executives and qualifying employees. This initial share option scheme expired in March 2010.

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

The purpose of the Deferred Stock Scheme is to retain and provide selected executives and members of senior management with an incentive to advance the group's interests and align their interests with those of the group.

The maximum number of ordinary shares in respect of which options may be granted to employees in terms of the scheme in a particular financial year and the maximum number of shares in respect of which options may be granted to any particular employee in terms of the scheme in a particular financial year are determined annually by the shareholders.

The board of directors with assistance from the remuneration committee will make recommendations to the shareholders for purposes of determining the maximum number of shares to be issued.

The board shall from time to time identify employees who are strategically important for the company to retain for the future profitability of the group and/or with exceptional work performance, to participate in the Scheme.

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

CONTRACTS AND SEVERANCE

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

Employment contracts have been concluded with all key executives, these contracts specify the period of the contract as well as notice of termination.

Separate restraint of trade agreements have been concluded with key executives, these agreements are linked to the acceptance of share options offered in terms of the group's listing and initial share option scheme.

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

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

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2011

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 conformity 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 29 February 2012 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 30.

The financial statements set out on pages 33 to 103, which have been prepared on the going concern basis, were approved by the board of directors on 12 May 2011 and are signed on its behalf by:

RJ Fourie
Chief executive officer

F Diedrechsen
Financial and commercial director

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

I certify that 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

12 May 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAUBEX GROUP LIMITED

We have audited the group annual financial statements and annual financial statements of Raubex Group Limited, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated income statement, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 33 to 102.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects the consolidated and separate financial position of Raubex Group Limited as at 28 February 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: L Rossouw
Registered Auditor

12 May 2011

AUDIT COMMITTEE REPORT

The audit committee is pleased to present this report for the financial year ended 28 February 2011 as required by section 270A(f) of the companies Act 1973, and the recommendations of the King III report on corporate governance.

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

AUDIT COMMITTEE TERMS OF REFERENCE

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

AUDIT COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

During the year under review the composition of the audit committee was restructured with the appointment of two additional independent non-executive directors and the removal of two non-executive directors.

The audit committee is independent and consists of three independent non-executive directors. It meets at least four times per annum, with authority to convene additional meetings as circumstances require.

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

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

NAME OF MEMBER	7 MAY 2010	28 JULY 2010	3 NOVEMBER 2010	23 FEBRUARY 2011
Mr LA Maxwell *Chairman* *Independent non-executive* Appointed – 2007 Qualifications: BCom, CA(SA)	^	^	^	^
Mr BH Kent *Independent non-executive* Appointed – 24/02/2011 Qualifications: BCom, CA(SA), FCMA, HDip Tax, HDip Company Law	n/a	n/a	n/a	^
Ms NF Msiza *Independent non-executive* Appointed – 24/02/2011 Qualifications: BCom, HDip Tax, MBA	n/a	n/a	n/a	^
Mr MC Matjila *Non-executive* Resigned – 24/02/2011 Qualifications: BA(Law), LLB, MAP	^	x	^	^
Mr F Kenney *Non-executive* Resigned – 24/02/2011 No formal qualifications	^	^	^	^

x – absent with apology

AUDIT COMMITTEE REPORT
continued

ROLE AND RESPONSIBILITIES
The audit committee carried out its functions through the attendance of audit committee meetings and discussions with executive management, internal audit and external advisors.

STATUTORY DUTIES
The audit committee's role and responsibilities include statutory duties per the Companies Act, 1973 and further responsibilities assigned to it by the board. The audit committee executed its duties in terms of the requirements of King III.

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

External auditor appointment and independence
In terms of the provisions of section 270(1)(f) of the Companies Act, the audit committee has satisfied itself that the external auditors, PricewaterhouseCoopers Inc, are independent of the company and its subsidiaries and have ensured that the appointment of the auditor complied with the Companies Act and any other legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 28 February 2011.

Financial statements and accounting practices
The audit committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the Companies Act, 1973 and the JSE Listings Requirements.

Internal financial controls
The audit committee has overseen a process by which internal audit performed an assessment of the effectiveness of the company's system of internal control, including internal financial controls. The audit committee is satisfied with the effectiveness of the company's internal financial controls.

DUTIES ASSIGNED BY THE BOARD
In addition to the statutory duties of the audit committee, as reported above, the board of directors has determined further functions for the audit committee to perform. These functions include the following:

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

Going concern
The audit committee reviews the going concern status of the company at each meeting and makes recommendations to the board.

Governance of risk
The audit committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

The executive committee has been responsible for risk management function of the group during the period. A risk committee has been established subsequently.

An information technology steering committee has been established to assist the audit committee in fulfilling their oversight role with regard to the governance of IT risks.

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

The audit committee considered and recommended the internal audit charter for approval by the board. The internal audit function's annual audit plan was approved by the audit committee.

Evaluation of the expertise and experience of the financial director and finance function
The audit committee has satisfied itself that the financial director has appropriate expertise and experience.

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

LA Maxwell
Chairman of the audit committee

12 May 2011

REMUNERATION AND NOMINATION COMMITTEE REPORT

The remuneration and nomination committee presents this report for the financial year ended 28 February 2011 as recommended by the King III report on corporate governance.

The remuneration and nomination committee is an independent committee appointed by the board of directors.

ROLE

The role of the committee is to:

- assist 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, and effectively concluding new appointments to the board.
- determine the remuneration, incentive arrangements and benefits of the executive directors of the company, including pension rights and any compensation payments;
- determine the remuneration of the chairman of the board;
- determine the remuneration of the non-executive directors of the board;
- determine the remuneration of the executive committee members;
- recommend and monitor the level and structure of remuneration of senior executive employees;
- consider and decide upon such other matters as the board may refer to it; and
- review, at least annually, the committee's performance and terms of reference.

TERMS OF REFERENCE

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

MEMBERS AND MEETING ATTENDANCE

The committee is chaired by Les Maxwell, an independent non-executive director and consists of five non-executive directors, three of whom are independent. The chairman of the board of directors, the chief executive officer and the financial and commercial director attend the meetings by invitation only and are not party to any decisions with respect to their own remuneration.

The committee meets at least twice per annum with authority to convene additional meetings as circumstances require, and consists of the following members:

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

ACTIVITIES

In October 2010, the committee engaged PricewaterhouseCoopers to assist with their review of the Groups executive and non-executive directors fees. A benchmarking exercise was performed against a comparator group of companies and guidance was received on current market practice and governance guidelines with respect to base pay, short term incentives and long term incentives.

The committee considered this guidance before determining the remuneration, incentive arrangements and benefits of the executive directors of the company and the remuneration of the non-executive directors and the chairman of the board for the ensuing year.

The committee reviewed the Deferred Stock Scheme proposed by executive management to retain and provide a long term incentive to selected executives and members of senior management and recommended that the scheme be implemented. The Deferred Stock Scheme was approved by the shareholders at their annual general meeting held on the 8th of October 2010.

The committee assisted the board in appointment of two additional independent non-executive directors, BH Kent and NF Msiza, who were subsequently appointed to the remuneration and nominations committee together with JE Raubenheimer, founder and non-executive director of the Group. The Groups Financial and Commercial director, F Diedrechsen retired from the committee.

LA Maxwell
Chairman of the remuneration and nominations committee

25 June 2011

DIRECTORS' REPORT

This report presented by the directors is a constituent document of the group consolidated financial statements at 28 February 2011.

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 notes 7, 38 and 39 to the group financial statements.

GROUP FINANCIAL RESULTS

Group earnings attributable to owners of the parent for the year ended 28 February 2011 were R443,4 million (2010: R594,6 million), representing basic earnings per share of 241,5 cents (2010: 325,6 cents). Headline earnings per share were 240,2 cents (2010: 323,8 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 28 February 2011 are set out in note 12 to the financial statements.

On 26 November 2010 the group issued 1 912 363 ordinary shares (1,04% of the total ordinary share capital issued) to the sellers of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd as settlement of the purchase price adjustment that became payable on the expiry of the profit warranty period ending on 31 August 2010. The ordinary shares issued have the same rights as the other shares issued. The fair value of the shares issued amounted to R40 million (R20,92 per share).

SHARE SCHEME

The initial share options vested on 20 March 2010 and option holders became entitled to exercise up to 50% of their options. A cash settlement alternative in lieu of shares was offered to those option holders who chose to exercise their options. In terms of IFRS 2 Share-based Payments, this effectively changed the settlement method of the share scheme from equity settled to cash settled.

Full details of the share scheme are set out in note 27 to the financial statements.

DIVIDEND

The following dividends were declared during the year ended 28 February 2011.

Final dividend number 6 of 75 cents per ordinary share (2010: 70 cents per share).

Interim dividend number 7 of 32 cents per ordinary share (2010: 35 cents per share).

A final dividend in respect of the year ended 28 February 2011 of 68 cents per ordinary share was declared after year-end. These financial statements do not reflect this dividend payable.

BUSINESS COMBINATIONS

Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd

On 10 April 2008 the group acquired 100% of the share capital of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd for R50 million. The purchase price was subject to an adjustment after the expiry of a profit warranty period ending 31 August 2010 with the total purchase consideration being limited to a maximum of R90 million. The profit warranty conditions were met and an additional consideration of R40 million was settled by the issue of 1 912 363 Raubex shares at a fair value of R20,92 per share.

Muscle Construction (Pty) Ltd

On 1 March 2010 the group acquired effective control of Muscle Construction (Pty) Ltd through a shareholder restructure that resulted in the group having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The company was previously equity accounted as an associate entity. The acquired business is operationally dormant and did not contribute to revenues and net profit during the period.

Tekweni Roadmarking (Pty) Ltd

On 1 March 2010 the group acquired control of Tekweni Roadmarking (Pty) Ltd due to the group's ability to exercise significant influence over the non-controlling interests and having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The acquired company specialises in road marking in the Western Cape region. The acquired business contributed revenues of R11 million with no contribution to net profit being recognised during the period.

National Cold Asphalt (Pty) Ltd (previously Picalinx (Pty) Ltd)

On 1 March 2010 the group acquired 50% of a dormant shelf company, Picalinx (Pty) Ltd, for the purposes of establishing a cold mix asphalt product in the South African market. The business contributed revenues of R4,4 million with no contribution to net profit being recognised during the period.

DIRECTORS' REPORT
continued

Zimbabwe Screening and Mining (Pty) Ltd (previously N Power Trade and Invest (Pty) Ltd)
On 24 August 2010 the group acquired 100% of a dormant shelf company, N Power Trade and Invest (Pty) Ltd, for the purpose of establishing a branch office in Zimbabwe through which to procure screening and materials handling contracts in Zimbabwe. The business established contributed positively towards revenues and net profit during the period.

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

CAPITAL COMMITMENTS
The group is part of a consortium bidding for the N1-N2 Winelands Toll Highway project. The project includes the design, construction, finance, operation and maintenance of sections of the N1 and N2 as toll highways, including associated developments and facilities under a concession contract. In the event that the consortium is successful in their bid, the group has committed to an equity contribution of R300 million towards the project.

Capital commitments will be funded by cash and borrowings.

Details of capital commitments are set out in note 33 to the 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 R292,5 million (2010: R252,4 million).

There was no property, plant and equipment acquired through the acquisition of subsidiaries during the year (2010: R46 million).

CONTINGENCIES
On 29 April 2011, shareholders were advised that the group had become aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions are not covered by leniency under the Corporate Leniency Provision of the Act and the company has filed a fast track application to the Competition Commission by the required deadline date of 15 April 2011. The company remains committed to co-operate fully with the Commission and to ensure that its employees, management and directors do not engage in any conduct which constitutes a prohibited practice.

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

EVENTS AFTER THE REPORTING PERIOD
There were no material events after the reporting period to report up to the date of preparation of these group 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 28 February 2011. No share options have been allocated to directors.

	2011 Number of shares	2010 Number of shares
Beneficial Direct and Indirect		
MC Matjila	**1 980 000**	1 980 000
RJ Fourie	**4 037 526**	4 037 526
F Diedrechsen	**3 650 000**	3 650 000
MB Swana (resigned 08/10/2010)	**1 980 000**	1 980 000
F Kenney	**20 615 384**	20 615 384
LA Maxwell	**16 000**	16 000
BH Kent	**–**	–
NF Msiza	**–**	–
Non-beneficial Direct and Indirect		
JE Raubenheimer	**25 000 000**	25 000 000

At the date of this report, these interests remained unchanged.

SHAREHOLDER SPREAD

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

The shareholder spread is summarised as follows:

	Number of shares 2011	% held 2011
Public shareholders	105 492 853	57,2
Non-public shareholders	79 043 093	42,8
Total shares	184 535 946	100

Non-public shareholders are summarised as follows:

	Number of shares 2011	% of total 2011
Directors of the company	55 298 910	30
Directors of subsidiaries	16 618 224	9
Employees	7 125 959	3,8
Total shares	79 043 093	42,8

Shareholder's interests > 5%

	Number of shares 2011	% of total 2011
Business Venture Investments 918 (Pty) Ltd	22 000 000	11,9
Kenworth (Pty) Ltd	20 615 384	11,2
Public Investment Corporation	16 130 495	8,7
Raubenbel (Pty) Ltd	15 000 000	8,1

AUDITORS

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

GROUP STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1 276 133**	1 243 360
Intangible assets	6	**761 445**	723 824
Investment in associates	7	**–**	324
Deferred income tax assets	17	**45 047**	35 568
Trade and other receivables	10	**585**	497
Total non-current assets		**2 083 210**	2 003 573
Current assets			
Inventories	8	**126 333**	123 983
Construction contracts in progress and retentions	9	**244 116**	220 098
Trade and other receivables	10	**948 367**	977 675
Current income tax receivable		**14 192**	6 412
Cash and cash equivalents	11	**594 914**	494 669
Total current assets		**1 927 922**	1 822 837
Total assets		**4 011 132**	3 826 410
EQUITY			
Equity			
Share capital	12	**1 845**	1 826
Share premium	12	**2 179 613**	2 139 632
Other reserves	13	**(1 156 847)**	(1 139 446)
Retained earnings		**1 510 726**	1 263 340
Equity attributable to owners of the parent		**2 535 337**	2 265 352
Non-controlling interest	14	**9 276**	4 344
Total equity		**2 544 613**	2 269 696
LIABILITIES			
Non-current liabilities			
Borrowings	15	**231 905**	263 906
Provisions for liabilities and charges	16	**18 058**	12 624
Deferred income tax liabilities	17	**236 038**	206 268
Total non-current liabilities		**486 001**	482 798
Current liabilities			
Trade and other payables	18	**712 789**	736 316
Borrowings	15	**245 654**	269 671
Current income tax liabilities		**17 498**	67 929
Provisions for liabilities and charges	16	**4 577**	–
Total current liabilities		**980 518**	1 073 916
Total liabilities		**1 466 519**	1 556 714
Total equity and liabilities		**4 011 132**	3 826 410

The notes on pages 41 to 86 are an integral part of these group financial statements.

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
Revenue	19	**4 545 974**	4 582 883
Cost of sales	22	**(3 645 552)**	(3 508 522)
Gross profit		**900 422**	1 074 361
Other income	20	**27 665**	27 327
Other gains/(losses) – net	21	**(18 934)**	3 902
Administrative expenses	22	**(246 595)**	(218 327)
Operating profit		**662 558**	887 263
Finance income	23	**30 422**	36 837
Finance costs	23	**(43 875)**	(65 544)
Finance costs – net	23	**(13 453)**	(28 707)
Share of profit of associates	7	**–**	20
Profit before income tax		**649 105**	858 576
Income tax expense	24	**(202 096)**	(266 269)
Profit for the year		**447 009**	592 307
Attributable to:			
Owners of the parent		**443 405**	594 643
Non-controlling interest	14	**3 604**	(2 336)
		447 009	592 307
Basic earnings per share (cents)	28	**241,5**	325,6
Diluted earnings per share (cents)	28	**240,3**	323,6

The notes on pages 41 to 86 are an integral part of these group financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
Profit for the year		**447 009**	592 307
Other comprehensive income for the year, net of tax			
Currency translation differences	13	**(1 279)**	(3 813)
Total comprehensive income for the year		**445 730**	588 494
Attributable to:			
Owners of the parent		**442 126**	590 830
Non-controlling interest		**3 604**	(2 336)
Total comprehensive income for the year		**445 730**	588 494

The notes on pages 41 to 86 are an integral part of these group financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	Total attributable to owners of the parent company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2009	**1 826**	**2 139 632**	**(1 148 471)**	**855 995**	**1 848 982**	**6 957**	**1 855 939**
Changes in equity:							
Share option reserve	–	–	12 838	–	12 838	–	12 838
Disposal of interest to non-controlling interest	–	–	–	4 457	4 457	727	5 184
Total comprehensive income for the year	–	–	(3 813)	594 643	590 830	(2 336)	588 494
Dividends paid	–	–	–	(191 755)	(191 755)	(1 004)	(192 759)
Total changes	–	–	9 025	407 345	416 370	(2 613)	413 757
Balance at 28 February 2010	**1 826**	**2 139 632**	**(1 139 446)**	**1 263 340**	**2 265 352**	**4 344**	**2 269 696**
Balance at 1 March 2010	**1 826**	**2 139 632**	**(1 139 446)**	**1 263 340**	**2 265 352**	**4 344**	**2 269 696**
Changes in equity:							
Shares issued	19	39 981	–	–	40 000	70	40 070
Share option reserve	–	–	(16 122)	–	(16 122)	–	(16 122)
Non-controlling interest on acquisition of subsidiary	–	–	–	–	–	1 859	1 859
Total comprehensive income for the year	–	–	(1 279)	443 405	442 126	3 604	445 730
Dividends paid	–	–	–	(196 019)	(196 019)	(601)	(196 620)
Total changes	19	39 981	(17 401)	247 386	269 985	4 932	274 917
Balance at 28 February 2011	**1 845**	**2 179 613**	**(1 156 847)**	**1 510 726**	**2 535 337**	**9 276**	**2 544 613**
Note	12	12	13			14	

The notes on pages 41 to 86 are an integral part of these group financial statements.

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
Cash flows from operating activities			
Cash generated from operations	30	**853 013**	793 099
Finance income	23	**30 422**	36 837
Finance costs	23	**(43 875)**	(65 544)
Dividend received	20	**5 476**	4 139
Income tax paid	30	**(241 159)**	(300 122)
Net cash generated from operating activities		**603 877**	468 409
Cash flows from investing activities			
Purchases of property, plant and equipment	5	**(292 490)**	(252 357)
Proceeds from sale of property, plant and equipment	30	**42 110**	49 693
Acquisition of subsidiaries	34	**141**	(49 887)
Loan (repayments)/proceeds from associates	7	**(750)**	6 550
Net cash used in investing activities		**(250 989)**	(246 001)
Cash flows from financing activities			
Proceeds from borrowings		**246 699**	186 060
Repayment of borrowings		**(302 722)**	(303 429)
Proceeds on disposal of investment to non-controlling interest		**–**	6 000
Dividends paid to owners of the parent	29	**(196 019)**	(191 755)
Dividends paid to non-controlling interests	14	**(601)**	(1 004)
Net cash used in financing activities		**(252 643)**	(304 128)
Net increase/(decrease) in cash and cash equivalents		**100 245**	(81 720)
Cash and cash equivalents at beginning of year		**494 669**	576 389
Cash and cash equivalents at end of year	11	**594 914**	494 669

The notes on pages 41 to 86 are an integral part of these group financial statements.

1. Summary of significant accounting policies

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

Basis of preparation

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

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

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

1.1 Significant estimates and judgements

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

Estimated impairment of goodwill

The group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 6).

Provisions

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

Impairment of trade and other receivables

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

Construction contract revenue recognition and profit taking

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

Estimate of exposure and liabilities with regard to rehabilitation costs

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

1. Summary of significant accounting policies (continued)

1.1 Significant estimates and judgements (continued)

Fair value of share-based compensation

The fair value of the employee share options are 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 27).

1.2 Consolidation

Common control transactions

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

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (refer note 1.6).

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

Transactions with non-controlling interests

The group applies the economic entity model as a policy of treating transactions with non-controlling interests. The difference between the purchase consideration and the carrying value of the net assets acquired is recognised in equity against a separate reserve for transactions with 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 (refer note 7).

1. Summary of significant accounting policies (continued)

1.2 Consolidation (continued)

Associates (continued)

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

1.3 Segment reporting

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

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

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

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

The executive committee assesses the performance of the reporting segments based on operating profit.

Inter-segment transfers

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

Segment revenue and expenses

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

Segment assets

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

Segment liabilities

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

1. Summary of significant accounting policies (continued)

1.4 Translation of foreign currencies

Functional and presentation currency

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

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

Group companies

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 Property, plant and equipment

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Administrative buildings	Not depreciated
– Mechanical workshops	10 – 20 years
– Machinery	6 – 20 years
– Vehicles	4 – 6 years
– Furniture, fittings and equipment	3 – 8 years

1. Summary of significant accounting policies (continued)

1.5 Property, plant and equipment (continued)

Aircraft are split into the following three components, air frame, engine and avionics. These components are depreciated based on the number of flight hours flown during the period to the total estimated number of flight hours.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 1.7).

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.

1.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to the operating segment.

Trademarks and licences

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 the mine on a straight-line basis and are carried at cost less accumulated amortisation.

– Licences/rights	5 years
– Commercial quarries	9 – 99 years

1.7 Impairment of non-financial assets

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

1.8 Financial assets

1.8.1 Classification

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

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, unless the asset is not expected to be realised within 12 months of reporting date.

1. Summary of significant accounting policies (continued)

1.8 Financial assets (continued)

1.8.1 Classification (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position (refer notes 1.12 and 1.13).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

1.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

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

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing on trade receivables is described in note 1.12.

1.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group has not designated any of its financial instruments as hedging instruments.

Derivatives at fair value through profit and loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other gains/(losses) – net.

1.10 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 of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.11 Construction contracts in progress

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

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

1. Summary of significant accounting policies (continued)

1.11 Construction contracts in progress (continued)

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

The group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within trade and other receivables and 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 reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

1.12 Trade and other receivables

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

1.13 Cash and cash equivalents

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

1.14 Share capital and equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as part of other reserves.

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

1.15 Trade payables

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

1.16 Borrowings

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

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

1. Summary of significant accounting policies (continued)

1.17 Current and deferred income tax

Current income tax assets and liabilities

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

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred income taxes

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

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

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

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

1.18 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.

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.

1.19 Provisions and contingencies

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the 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. Summary of significant accounting policies (continued)

1.20 Revenue recognition

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

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

Contracting revenue

Revenue from construction contracts are recognised on the stage of completion method. Refer policy 1.11 for further detail.

Commercial quarry revenue

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

Other income

Other income from sale of goods or provision of services is recognised when significant risk and rewards of ownership of the goods have passed to the buyer or the services have been provided to the customer.

Interest income and dividends

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

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

1.21 Leases

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

Finance leases

Finance leases where the group is the lessee are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. 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. Summary of significant accounting policies (continued)

1.22 Employee benefits

Pension obligations

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

Profit sharing and bonus plans

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

Share-based compensation

The group operates a share-based compensation plan. During the period the settlement method of the plan was modified from an equity-settled plan to a cash-settled plan.

Under the equity-settled plan, the fair value of the employee services received in exchange for the grant of the options was recognised as an expense. The total amount to be expensed over the vesting period was determined by reference to the fair value of the options granted. The total amount expensed was recognised over the vesting period, which was the period over which all of the specified vesting conditions were satisfied. At each reporting date, the entity revised its estimate of the number of options that were expected to vest. It recognised the impact of the revision to original estimates, in the income statement, with a corresponding adjustment to equity.

On modification to a cash-settled plan, the fair value of the liability for services rendered to the date of modification was transferred from equity to a financial liability account.

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

1.23 Dividend distribution

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

1.24 Borrowing costs

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

2. Standards, interpretations and amendments to published standards

Set out below are International Financial Reporting Standards, Interpretations and amendments that have become effective for the first time for the year ended 28 February 2011, together with International Financial Reporting Standards, Interpretations and amendments issued but not yet effective for the year ended 28 February 2011.

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

International Financial Reporting Standards and amendments effective for the first time for 28 February 2011 year-end

Number	Effective date	Executive summary
IFRS 1: First-time Adoption of International Financial Reporting Standards – Revised	1 Jul 2009	The revised standard has an improved structure but does not contain any technical changes.
IFRS 3: Business Combinations – Revised	1 Jul 2009	The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill and non-controlling (minority) interests may be calculated on a gross or net basis. All transaction costs will be expensed.
IAS 27: Consolidated and Separate Financial Statements – Revised	1 Jul 2009	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
Amendments to IAS 32 – Classification of Rights Issues	1 Feb 2010	The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items	1 Jul 2009	The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.
Amendments to IFRS 2: Group cash-settled share-based payment transactions	1 Jan 2010	The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

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

International Financial Reporting Standards and amendments effective for the first time for 28 February 2011 year-end (continued)

Number	Effective date	Executive summary
Improvements to IFRSs (Issued April 2009)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 Jan 2010	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project.

Improvements to IFRSs (issued April 2009) were issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards effective for the first time for 28 February 2011 year-ends:

IFRS	Subject of amendment
IFRS 2 Share-based Payment	Scope of IFRS 2 and revised IFRS 3
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
IFRS 8 Operating Segments	Disclosure of information about segment assets
IAS 1 Presentation of Financial Statements	Current/non-current classification of convertible instruments
IAS 7 Statement of Cash Flows	Classification of expenditures on unrecognised assets
IAS 17 Leases	Classification of leases of land and buildings
IAS 18 Revenue	Determining whether an entity is acting as a principal or as an agent
IAS 36 Impairment of Assets	Unit of accounting for goodwill impairment test
IAS 38 Intangible Assets	Additional consequential amendments arising from revised IFRS 3 Measuring the fair value of an intangible asset acquired in a business combination
IAS 39 Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives Scope exemption for business combination contracts Cash flow hedge accounting
IFRIC 9 Reassessment of Embedded Derivatives	Scope of IFRIC 9 and revised IFRS 3
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Amendment to the restriction on the entity that can hold hedging instruments

International Financial Reporting Standards and amendments issued but not effective for 28 February 2011 year-end

Number	Effective date	Executive summary
Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 Jul 2010	The amendment to IFRS 1 provides first-time adopters the same transition provisions as included in the amendment to IFRS 7. The amendment is effective for annual periods beginning on or after 1 July 2010 with early adoption permitted.
Amendment to IAS 24 – Related party disclosures	1 Jan 2011	This amendment provides partial relief from the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

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

International Financial Reporting Standards and amendments issued but not effective for 28 February 2011 year-end (continued)

Number	Effective date	Executive summary
Improvements to IFRSs (Issued May 2010)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 Jan 2011	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project.
Amendments to IFRS 1, 'First time adoption' on hyperinflation and fixed dates *(Note that as at 31 January 2011 this amendment has not been approved by the APB)*	1 Jul 2011	The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
Amendment to IFRS 7 Disclosures – Transfer of financial assets	1 Jul 2011	The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.
Amendment to IAS 12, 'Income taxes' on deferred tax	1 Jan 2012	Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes – recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.
IFRS 9 – Financial Instruments	1 Jan 2013	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

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

Improvements to IFRSs (Issued May 2010) were issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 28 February 2011 year-ends:

IFRS	Subject of amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	Accounting policy changes in the year of adoption Revaluation basis as deemed cost Use of deemed cost for operations subject to rate regulation
IFRS 3 Business Combinations (effective for annual periods beginning on/after 1 July 2010)	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Measurement of non-controlling interests Un-replaced and voluntarily replaced share-based payment awards
IFRS 7 Financial Instruments: Disclosures	Clarification of disclosures
IAS 1 Presentation of Financial Statements	Clarification of statement of changes in equity
IAS 34 Interim Financial Reporting	Significant events and transactions
IFRIC 13 Customer Loyalty Programmes	Fair value of award credits

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards effective for the first time for 28 February 2011 year-end

Number	Effective date	Executive summary
IFRIC 17: Distributions of Non-cash Assets to Owners	1 Jul 2009	IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as *dividends in specie*) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
IFRIC 18: Transfers of assets from customers	Effective for transfers from 1 Jul 2009	IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

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

Interpretations of International Financial Reporting Standards issued but not yet effective for the first time for 28 February 2011 year-end

Number	Effective date	Executive summary
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	1 Jul 2010	This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.
Amendments to IFRIC 14: Pre-payments of a Minimum Funding Requirement	1 Jan 2011	This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

South African Interpretations of International Financial Reporting Standards

South African Interpretations of International Financial Reporting Standards effective for the first time for 28 February 2011 year-end

Number	Title	Effective date	Executive summary
AC 504	IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	1 Apr 2009	The interpretation provides guidance on the application of IFRIC 14 (AC 447) in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of IAS 19 (AC 116).

3. Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

3. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

The impact of a 10% appreciation of the rand against the Zambian kwacha on the uncovered foreign exposure will have a negative impact of R10,7 million (2010: R16,8 million) on the group's post-tax profits, and vice versa for a 10% depreciation. The translation impact of a 10% appreciation of the rand against the Zambian kwacha would have a negative impact of R1,9 million (2010: R1 million) on the group's post-tax profits and vice versa for a 10% depreciation of the rand.

The group also has operations in Malawi, Namibia and Zimbabwe, there are no material foreign exchange exposures with regard to these operations. Namibia forms part of the same common monetary area as South Africa with the exchange rate fixed at one to one.

(ii) Price risk

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

(iii) Cash flow interest rate risk

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

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

Interest rate risk – Sensitivity analysis

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

	2011		2010	
	+1%	-1%	+1%	-1%
	R'000	R'000	R'000	R'000
Cash and cash equivalents	**4 283**	**(4 283)**	3 562	(3 562)
Unsecured loan	**(18)**	**18**	(44)	44
Bank borrowings	**(3 420)**	**3 420**	(3 798)	3 798
Increase/(decrease) in profitability	**845**	**(845)**	(280)	280

(b) Credit risk

The group has no significant concentration of credit risk except for contract debt to public sector institutions which is not considered to be a credit risk. From historical credit records and past experience these key customers have no history of default. Delayed payment of accounts is actively managed by the group and policies are in place to ensure that sales are made to customers with appropriate credit history. The group has policies that limit the amount of credit exposure to any financial institution.

	Rating	2011 R'000	2010 R'000
3. Financial risk management (continued)			
(b) Credit risk (continued)			
Concentration of credit risk			
Cash and cash equivalents	AAA	**37 276**	8 177
Cash and cash equivalents	AA	**539 817**	400 002
Cash and cash equivalents	A	**15 041**	83 833
Cash and cash equivalents	BBB	**1**	3
Cash on hand	Not rated	**2 779**	2 654
Total cash and cash equivalents (note 11)		**594 914**	494 669
Current trade and other receivables	AA	**43 075**	63 438
Current trade and other receivables	A	**255 406**	236 821
Current trade and other receivables	BBB	**176 513**	191 690
Current trade and other receivables	Not rated	**473 373**	485 726
Total current trade and other receivables (note 10)		**948 367**	977 675

Credit risk is represented by the going concern values of the receivables and cash and cash equivalents that are carried on the statement of financial position at a value of R1 543,3 million (2010: R1 472,3 million).

The credit ratings above have been obtained from publicly available information. Trade and other receivables classified as 'not rated' have no formal credit rating, these customers fall within acceptable credit risk limits of the group and have no history of default.

(c) Liquidity risk

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

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

	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000	2 to 5 years R'000	5 years and later R'000
At 28 February 2011					
Non-derivative financial liabilities					
Mortgage loans	**303**	**307**	**307**	**–**	**–**
Suspensive sale agreements	**474 756**	**519 279**	**271 069**	**248 210**	**–**
Long-term loans	**2 500**	**2 619**	**2 619**	**–**	**–**
Trade and other payables	**589 476**	**589 476**	**589 476**	**–**	**–**
Total	**1 067 035**	**1 111 681**	**863 471**	**248 210**	**–**
At 28 February 2010					
Non-derivative financial liabilities					
Mortgage loans	329	355	355	–	–
Suspensive sale agreements	527 522	583 936	303 200	280 736	–
Long-term loans	5 726	6 404	2 355	4 049	–
Trade and other payables	585 628	585 628	585 628	–	–
Total	1 119 205	1 176 323	891 538	284 785	–

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

4. Capital risk management

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

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

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

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

	2011 R'000	2010 R'000
Borrowings (refer note 15)	**477 559**	533 577
Trade and other payables (refer note 18)	**712 789**	736 315
Current income tax liabilities	**17 498**	67 929
Defined debt	**1 207 846**	1 337 821
Capital and reserves	**2 544 613**	2 269 698
Less: Intangible assets (refer note 6)	**(761 445)**	(723 824)
Defined shareholders' funds	**1 783 168**	1 545 874
Debt covenant gearing ratio	**0,68**	0,87
The gearing ratio expressed as a percentage of net debt to total capital plus net debt is calculated below:		
Total borrowings (refer note 15)	**477 559**	533 577
Less: Cash and cash equivalents (refer note 11)	**(594 914)**	(494 669)
Net debt	**(117 355)**	38 908
Total equity	**2 544 613**	2 269 698
Total capital and net debt	**2 427 258**	2 308 606
Gearing ratio	**(5%)**	2%

	Land and buildings R'000	Vehicles and machinery R'000	Furniture, fittings and equipment R'000	Total R'000
5. Property, plant and equipment				
At 28 February 2009				
Cost	61 363	1 543 560	13 055	1 617 978
Accumulated depreciation	(980)	(397 611)	(6 446)	(405 037)
Net book amount	60 383	1 145 949	6 609	1 212 941
Year ended 28 February 2010				
Opening net book amount	60 383	1 145 949	6 609	1 212 941
Exchange differences	(61)	(792)	(34)	(887)
Acquisition of subsidiaries	–	45 961	6	45 967
Additions	7 957	241 168	3 232	252 357
Disposals	(66)	(41 993)	–	(42 059)
Depreciation	(168)	(222 254)	(2 537)	(224 959)
Reclassification	–	644	(644)	–
Closing net book amount	68 045	1 168 683	6 632	1 243 360
At 28 February 2010				
Cost	69 179	1 744 292	15 378	1 828 849
Accumulated depreciation	(1 134)	(575 609)	(8 746)	(585 489)
Net book amount	68 045	1 168 683	6 632	1 243 360
Year ended 28 February 2011				
Opening net book amount	**68 045**	**1 168 683**	**6 632**	**1 243 360**
Exchange differences	**(69)**	**(639)**	**(28)**	**(736)**
Additions	**16 622**	**272 267**	**3 601**	**292 490**
Disposals	**(1 349)**	**(37 299)**	**(149)**	**(38 797)**
Depreciation	**(293)**	**(217 292)**	**(2 599)**	**(220 184)**
Closing net book amount	**82 956**	**1 185 720**	**7 457**	**1 276 133**
At 28 February 2011				
Cost	**84 167**	**1 924 003**	**18 416**	**2 026 586**
Accumulated depreciation	**(1 211)**	**(738 283)**	**(10 959)**	**(750 453)**
Net book amount	**82 956**	**1 185 720**	**7 457**	**1 276 133**

Depreciation expense of R220 million (2010: R225 million) 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 R692,9 million (2010: R698,6 million).

A general notarial bond of R1,2 million (2010: R3,9 million) is registered over plant and equipment with a carrying value of R7,4 million (2010: R9,2 million) as security for borrowing and asset finance facilities.

Lease rentals amounting to R20,2 million (2010: R16,7 million) relating to the lease of property, plant and equipment, respectively, are included in the income statement (note 22).

Borrowings are disclosed in note 15 of these financial statements.

		Goodwill R'000	Trademarks R'000	Mining and other rights R'000	Total R'000
6.	**Intangible assets**				
	At 28 February 2009				
	Cost	686 056	21 053	24 175	731 284
	Accumulated amortisation and impairment	(3 575)	–	(3 420)	(6 995)
	Net book amount	682 481	21 053	20 755	724 289
	Year ended 28 February 2010				
	Opening net book amount	682 481	21 053	20 755	724 289
	Additions	600	–	–	600
	Acquisition of subsidiaries	3 301	–	1 000	4 301
	Disposals	(815)	–	–	(815)
	Amortisation charge	–	–	(2 280)	(2 280)
	Impairment charge	(2 271)	–	–	(2 271)
	Closing net book value	683 296	21 053	19 475	723 824
	At 28 February 2010				
	Cost	689 142	21 053	25 175	735 370
	Accumulated amortisation and impairment	(5 846)	–	(5 700)	(11 546)
	Net book amount	683 296	21 053	19 475	723 824
	Year ended 28 February 2011				
	Opening net book amount	**683 296**	**21 053**	**19 475**	**723 824**
	Additions	**40 000**	**–**	**–**	**40 000**
	Amortisation charge	**–**	**–**	**(2 379)**	**(2 379)**
	Closing net book value	**723 296**	**21 053**	**17 096**	**761 445**
	At 28 February 2011				
	Cost	**729 142**	**21 053**	**25 175**	**775 370**
	Accumulated amortisation and impairment	**(5 846)**	**–**	**(8 079)**	**(13 925)**
	Net book amount	**723 296**	**21 053**	**17 096**	**761 445**

There has been no impairment of the intangible assets during the period (2010: R2,3 million).

Amortisation of R2,4 million (2010: R2,3 million) is included in cost of sales in the income statement (refer note 22).

Impairment test for goodwill

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

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

Goodwill	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
At 28 February 2010	468 098	123 630	91 568	683 296
At 28 February 2011	**468 098**	**123 630**	**131 568**	**723 296**

6. Intangible assets (continued)

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

Trademarks	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
At 28 February 2010	21 053	–	–	21 053
At 28 February 2011	**21 053**	**–**	**–**	**21 053**

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

These calculations use earnings projections based on financial budgets approved by management.

Cash flows beyond those budgeted are extrapolated using estimated growth rates. These rates do not exceed the long term average growth rate of the construction industry. For purpose of sensitivity analysis long-term average growth rates of between 3% and 6% were used with a discount rate of between 18% and 23% over an estimated life of between 50 and 99 years.

7. Investment in associates

	2011 R'000	2010 R'000
Unlisted associate		
Shares at cost	**–**	–
Group's share of retained profits	**–**	1 074
	–	1 074
Unsecured loans	**–**	(750)
Carrying value	**–**	324

The loan from associate is unsecured, interest free and has no fixed terms of repayment.

	2011 R'000	2010 R'000
Reconciliation of carrying value		
Balance at beginning of year	**324**	6 854
Share of retained profits	**–**	20
Disposal to non-controlling interest	**(492)**	–
Transfer to investment in subsidiary	**(582)**	–
Movement in loans	**750**	(6 550)
Balance at end of year	**–**	324

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

Name	Country of Incorporation	Assets R'000	Liabilities R'000	Revenue R'000	Profit/Loss R'000	% held
2010						
Muscle Construction (Pty) Ltd	South Africa	2 339	1 265	3 460	20	48
2011						
Muscle Construction (Pty) Ltd	South Africa	**–**	**–**	**–**	**–**	**–**

On 1 March 2010 the group acquired effective control of Muscle Construction (Pty) Ltd through a shareholder restructure that resulted in the group having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities (refer note 34).

		2011 R'000	2010 R'000
8.	**Inventories**		
	Crusher stone	**78 626**	61 381
	Consumable stores	**47 707**	62 602
		126 333	123 983

The cost of inventories recognised as expense and included in 'cost of sales' amounted to R1 565,6 million (2010: R1 511,4 million) (note 22).

No inventories are encumbered.

		2011 R'000	2010 R'000
9.	**Construction contracts in progress and retentions**		
	Costs incurred plus profits recognised, less recognised losses relating to contracts at year-end	**1 497 504**	387 607
	Less: Progress billings	**(1 428 210)**	(338 433)
	Contracts in progress at reporting date	**69 294**	49 174
	Retentions	**174 822**	170 924
	Total contracts in progress at reporting date including retentions	**244 116**	220 098

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

		2011 R'000	2010 R'000
10.	**Trade and other receivables**		
	Trade receivables	**946 886**	976 625
	Less: Provision for impairment of trade receivables	**(15 916)**	(14 032)
	Trade receivables – net	**930 970**	962 593
	Prepayments	**11 072**	5 899
	Loan to non-related party	**816**	727
	Receivables from related parties (note 31)	**882**	6 527
	Loans to related parties (note 31)	**5 212**	2 426
		948 952	978 172
	Less: Non-current portion of loan to non-related party	**(585)**	(497)
	Current portion of trade and other receivables	**948 367**	977 675

The fair values of trade and other receivables are as follows:

	2011 R'000	2010 R'000
Trade receivables	**930 970**	962 593
Prepayments	**11 072**	5 899
Loan to non-related party	**816**	727
Receivables from related parties	**882**	6 527
Loans to related parties	**5 212**	2 426
Total trade and other receivables	**948 952**	978 172

The loan of R816 495 (2010: R727 640), of which the non-current portion is R585 350 (2010: R496 495) is an enterprise development loan to Black Economic Empowerment entities who have no formal ratings. The loan is repayable in monthly instalments of R19 262 and bears no interest.

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

As of 28 February 2011, trade receivables of R15,9 million (2010: R14 million) were impaired and provided for. The ageing of these trade receivables is as follows:

	2011 R'000	2010 R'000
Over 6 months	**15 916**	14 032

10. Trade and other receivables (continued)

As of 28 February 2011, trade receivables of R272,2 million (2010: R340 million) were in excess of 30 days but not considered impaired. These trade receivables fall within acceptable credit risk limits of the group. They consist mainly of the Zambian Road Development Agency, South African Provincial Government accounts and customers for whom there are no recent history of default. The ageing of these trade receivables is as follows:

	2011 R'000	2010 R'000
Up to 3 months	**176 711**	221 343
3 to 6 months	**82 438**	108 731
Over 6 months	**13 022**	9 879
	272 171	339 953

Trade and other receivables pledged as security

Trade and other receivables of R59,1 million (2010: R41,1 million) are pledged as security for overdraft facilities of the group.

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

	2011 R'000	2010 R'000
South African rand	**722 427**	662 197
Zambian kwacha	**120 114**	269 495
Malawi kwacha	**9 655**	–
Namibian dollar	**96 756**	46 479
	948 952	978 171

Provision for impairment of trade receivable	2011 R'000	2010 R'000
Balance at beginning of year	**14 032**	20 721
Current year provision for receivables	**9 913**	9 877
Receivables written off during the year as uncollectible	**(1 637)**	(405)
Unused amounts reversed	**(6 392)**	(16 161)
Balance at 28 February	**15 916**	14 032

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

11. Cash and cash equivalents

Cash and cash equivalents consist of:	2011 R'000	2010 R'000
Cash on hand	**2 779**	2 654
Bank balances	**470 055**	337 535
Investments on call	**122 080**	154 480
Total cash and cash equivalents	**594 914**	494 669

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	2011 R'000	2010 R'000
Cash and cash equivalents	**594 914**	494 669
	594 914	494 669

		Number of shares '000	Oridinary shares R'000	Share premium R'000	Total R'000
12.	**Share capital and premium**				
	At 28 February 2010	182 624	1 826	2 139 632	2 141 458
	Shares issued	1 912	19	39 981	40 000
	At 28 February 2011	**184 536**	**1 845**	**2 179 613**	**2 181 458**

The group issued 1 912 363 shares on 26 November 2010 (1,04% of the total ordinary share capital issued) to the sellers of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd as settlement of the purchase price adjustment that became payable on the expiry of the profit warranty period ending on 31 August 2010. The ordinary shares issued have the same rights as the other shares issued. The fair value of the shares issued amounted to R40 million (R20,92 per share).

The total authorised number of ordinary shares is 500 million shares (2010: 500 million) with a par value of 1 cent per share (2010: 1 cent per share). All issued shares are fully paid.

		2011 R'000	2010 R'000
13.	**Other reserves**		
	Balance at beginning of year	**(1 139 446)**	(1 148 471)
	Translation difference of foreign subsidiary	**(1 279)**	(3 813)
	Share option expense	**1 411**	12 838
	Share option reserve transfer	**(17 533)**	–
	Balance at end of year	**(1 156 847)**	(1 139 446)
	Consisting of:		
	Translation difference of foreign subsidiary	**(7 510)**	(6 231)
	Common control reserve	**(1 175 298)**	(1 175 298)
	Equity-settled share based payment	**25 961**	42 083
	Balance at end of year	**(1 156 847)**	(1 139 446)

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

During the period the settlement method of the group's share-based payment plan was modified from an equity-settled plan to a cash-settled plan. On modification to a cash-settled plan, the fair value of the liability for services rendered to the date of modification was transferred from equity to a financial liability account (refer note 16).

The fair value of the initial share options was determined as the difference between the strike price and the market value of the shares on the vesting date i.e. the settlement modification date. The assumptions underlying the valuation of the balance of the options are set out in note 27 to these financial statements. No incremental fair value was granted as a result of the change in settlement method.

		2011 R'000	2010 R'000
14.	**Non-controlling interest**		
	Balance at beginning of year	**4 344**	6 957
	Profit/(loss) attributable to non-controlling interest	**3 604**	(2 336)
	Disposal to non-controlling interest	**–**	727
	Non-controlling interest on acquisition of subsidiary	**1 859**	–
	Subsidiary share issue to non-controlling interest	**70**	–
	Dividends paid to non-controlling interest	**(601)**	(1 004)
	Balance at end of year	**9 276**	4 344
15.	**Borrowings**		
	Non-current		
	Bank borrowings	**231 405**	260 143
	Unsecured loan	**500**	3 763
	Total non-current borrowings	**231 905**	263 906
	Current		
	Bank borrowings	**243 654**	267 379
	Unsecured loan	**2 000**	2 292
	Total current borrowings	**245 654**	269 671
	Total borrowings	**477 559**	533 577

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R692,9 million (2010: R698,6 million) and repayable in monthly instalments of R27,5 million (2010: R28,3 million) with an effective interest rate ranging between 7% and 9,5% per annum (2010: 8,5% and 11%). Bank borrowings mature by February 2016.

A general notarial bond of R1,2 million (2010: R3,9 million) is registered over plant and equipment with a carrying value of R7,4 million (2010: R9,2 million) as security for borrowing and asset finance facilities.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

Gross future minimum payments on bank borrowings are as follows:

	2011 R'000	2010 R'000
No later than 1 year	**271 376**	303 200
Later than 1 year and no later than 5 years	**248 210**	280 736
Later than 5 years	**–**	–
	519 586	583 936
Future finance charges on bank borrowings	**(44 527)**	(56 414)
Present value of bank borrowings	**475 059**	527 522

Unsecured loan

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

		Rehabilitation provision R'000	Share option cash settled obligation R'000	Total R'000
16.	**Provisions for liabilities and charges**			
	At 1 March 2009	14 215	–	14 215
	Charged to income statement	169	–	169
	Provisions utilised	(2 260)	–	(2 260)
	Acquisition of subsidiaries	500	–	500
	At 28 February 2010	12 624	–	12 624
	Charged to income statement	6 204	201	6 405
	Share option reserve transfer	–	17 533	17 533
	Provisions utilised	(770)	(6 265)	(7 035)
	Unused amounts reversed	–	(6 892)	(6 892)
	At 28 February 2011	**18 058**	**4 577**	**22 635**

	2011 R'000	2010 R'000
Analysis of total provisions:		
Non-current (rehabilitation provision)	**18 058**	12 624
Current (share option cash-settled obligation)	**4 577**	–
Total provisions	**22 635**	12 624

Rehabilitation provision:

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

Share option provision:

During the period participants of the Raubex Group share option scheme were offered a cash settlement alternative equivalent to the fair value of the shares vested on 20 March 2010. In terms of IFRS 2 Shared-based Payment, this alternative settlement method has resulted in the fair value of the options granted being transferred from the share option reserve account to a financial liability account.

17. Deferred income tax

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

	2011 R'000	2010 R'000
Balance at beginning of year	**170 700**	179 601
Exchange differences	**979**	(82)
Acquisition of subsidiaries	**103**	2 391
Charged to the income statement	**19 209**	(11 210)
Balance at 28 February	**190 991**	170 700

		Accelerated depreciation R'000	Construction contracts R'000	Other R'000	Total R'000
17.	**Deferred income tax (continued)**				
	The balance comprises:				
	Deferred tax liabilities				
	At 1 March 2009	180 099	19 667	8 233	207 999
	Exchange differences	(139)	(345)	478	(6)
	Charged to income statement	12 314	(12 331)	(5 226)	(5 243)
	Acquisition of subsidiaries	3 518	–	–	3 518
	At 28 February 2010	195 792	6 991	3 485	206 268
	Exchange differences	(174)	–	269	95
	Charged to income statement	13 414	19 884	(3 754)	29 544
	Acquisition of subsidiaries	–	131	–	131
	At 28 February 2011	**209 032**	**27 006**	**–**	**236 038**

	Provisions R'000	Tax losses R'000	Other R'000	Total R'000
Deferred tax assets				
At 1 March 2009	(28 285)	(113)	–	(28 398)
Exchange differences	(27)	(49)	–	(76)
Charged to income statement	3 771	(9 738)	–	(5 967)
Acquisition of subsidiaries	–	(1 127)	–	(1 127)
At 28 February 2010	(24 541)	(11 027)	–	(35 568)
Exchange differences	4	880	–	884
Charged to income statement	(1 813)	(2 672)	(5 850)	(10 335)
Acquisition of subsidiaries	(28)	–	–	(28)
At 28 February 2011	**(26 378)**	**(12 819)**	**(5 850)**	**(45 047)**

		2011 R'000	2010 R'000
18.	**Trade and other payables**		
	Trade payables	**329 522**	358 845
	Payables due to related parties (note 31)	**40**	266
	Loans from related parties (note 31)	**–**	12 727
	Accrued expenses	**259 914**	213 791
	Excess billing over work done	**123 313**	150 687
	Total trade and other payables	**712 789**	736 316

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

		2011 R'000	2010 R'000
19.	**Revenue**		
	Contracting revenue	**4 361 804**	4 390 351
	Commercial quarry revenue	**184 170**	192 532
	Total revenue	**4 545 974**	4 582 883

		2011 R'000	2010 R'000
20.	**Other income**		
	Rental of construction plant and equipment	**4 494**	2 871
	Dividends received	**5 476**	4 139
	Insurance commission	**1 726**	1 804
	Interest on accounts receivable	**12 939**	16 823
	Seta recoveries	**2 012**	1 460
	Bad debts recovered	**1 018**	230
	Total other income	**27 665**	27 327
21.	**Other gains/(losses) – net**		
	Profit on sale of fixed assets	**3 313**	7 634
	Loss on exchange differences	**(22 247)**	(4 380)
	Profit on forward exchange contracts – at fair value	**–**	2 919
	Impairment of goodwill	**–**	(2 271)
	Total other (losses)/gains	**(18 934)**	3 902
22.	**Expenses by nature**		
	Changes in inventories	**(2 350)**	(16 476)
	Subcontractors	**666 782**	723 106
	Raw materials and consumables (note 8)	**1 565 598**	1 511 410
	Employee benefit expense (note 26)	**888 127**	795 861
	Depreciation and amortisation (note 5 and 6)	**222 563**	227 239
	Operating lease charges (note 5)	**20 242**	16 686
	Repairs and maintenance	**283 861**	283 785
	Other operating expenses	**247 324**	185 238
	Total of cost of sales and administrative expenses	**3 892 147**	3 726 849
23.	**Finance income and costs**		
	Finance income		
	Interest income on cash resources	**30 422**	36 837
	Total finance income	**30 422**	36 837
	Finance costs		
	Bank borrowings	**(36 867)**	(60 299)
	Other interest	**(7 008)**	(5 245)
	Total finance costs	**(43 875)**	(65 544)
	Net finance costs	**(13 453)**	(28 707)
24.	**Income tax expense**		
	South African normal taxation		
	Current tax		
	Current period	**144 076**	214 293
	Recognised in current tax for prior periods	**(2 102)**	(1 628)
	Capital gains tax	**1 170**	1 502
	Secondary tax on companies	**19 590**	18 997
	Total South African normal taxation	**162 734**	233 164

		2011 R'000	2010 R'000
24.	**Income tax expense (continued)**		
	Deferred tax		
	Originating and reversing temporary differences	**13 354**	26 026
	Total South African deferred taxation	**13 354**	26 026
	Total South African taxation	**176 088**	259 190
	Foreign taxation		
	Current tax		
	Current period	**20 021**	34 620
	Recognised in current tax for prior periods	**132**	9 696
	Total foreign normal tax	**20 153**	44 316
	Deferred tax		
	Originating and reversing temporary differences	**5 855**	(37 881)
	Change in tax rate	**–**	644
	Total foreign deferred tax	**5 855**	(37 237)
	Total foreign taxation	**26 008**	7 079
	Total income tax expense	**202 096**	266 269
	Reconciliation between applicable tax rate and effective tax rate	**%**	**%**
	Applicable tax rate	**28,00**	28,00
	Exempt income	**(0,37)**	(0,13)
	Capital gains tax	**(0,18)**	(0,01)
	Secondary tax on companies	**3,01**	2,21
	Current tax recognised in prior periods	**(0,30)**	(0,22)
	Disallowed charges	**0,28**	0,78
	Change in tax rate	**–**	0,08
	Tax at rates in foreign countries	**0,69**	0,30
	Effective tax rate	**31,13**	31,01

24. Income tax expense (continued)

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

	2011			2010		
	Before tax R'000	Tax R'000	After tax R'000	Before tax R'000	Tax R'000	After tax R'000
Currency translation differences	**(1 279)**	**–**	**(1 279)**	(3 813)	–	(3 813)
Other comprehensive income	**(1 279)**	**–**	**(1 279)**	(3 813)	–	(3 813)

	2011 R'000	2010 R'000
25. Auditors' remuneration		
Fees	**4 659**	4 214
Prior year under provision	**467**	257
Tax and secretarial services	**247**	14
Total auditors' remuneration	**5 373**	4 485
26. Employee benefit expense		
Wages and salaries	**834 385**	737 217
Share options granted to employees (note 27)	**(5 280)**	12 838
Pension contributions	**28 259**	25 568
Medical aid contributions	**11 486**	10 639
Other contributions and accruals	**19 277**	9 599
Total employee benefit expense	**888 127**	795 861

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

	2011	2010
Number of employees – permanent	**5 865**	5 733

27. Employee Share Option Scheme

Details of the share scheme are as follows:

a) Initial options

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

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

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;
- by more than 30% but less than 40% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 66,7% of the VWAP;
- by more than 40% but less than 50% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 50% of the VWAP; and
- by more than 50% per annum (annually compounded), the Option Price in respect of the Options, other than the Initial Options, shall be 33,3% of the VWAP.

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	1 157 000	230 800
Exercise price	Between R5 and R15 variable with share price growth	Between VWAP on allocation date and 33,3% of VWAP variable with share price growth
Date of grant	21 September 2007	1 March 2009
Share price at the date of grant	R31,10	R17,00
Contractual life	12 months from vesting date	12 months from vesting date
Vesting conditions	Three years of service from the date of listing 20 March 2007	Three years of service from the date of allocation
Settlement	Shares	Shares
Expected volatility	45%	45%
Expected option life at grant date	3 years	3 years
Risk free interest rate	10%	8,17%
Expected dividend yield	2%	4%
Expected departures (grant date)	0%	0%
Expected outcome of meeting performance criteria (grant date)	100%	100%
Fair value of options determined at the grant date	R21,82	R7,94
Valuation model	Monte-Carlo model	Monte-Carlo model

27. Employee Share Option Scheme (continued)

28 February 2011					28 February 2010				
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	**R15**	**1 157 000**	**0,05**	**0,05**	R5 – R15	R10	1 945 000	0,6	0,6
R5,70 – R17	**R11,30**	**230 800**	**1,5**	**1,5**	R5,70 – R17	R11,30	257 100	2,5	2,5

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

	2011 Number of options	2011 Weighted average exercise price	2010 Number of options	2010 Weighted average exercise price
Outstanding at beginning of year	**1 945 000**	**R15**	2 110 000	R10
Options forfeited	**–**	**–**	165 000	R10
Options exercised	**788 000**	**R15**	–	–
Outstanding at end of year	**1 157 000**	**R15**	1 945 000	R10
Exercisable at year-end	**139 500**	**R15**	–	–

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

	2011 Number of options	2011 Weighted average exercise price	2010 Number of options	2010 Weighted average exercise price
Outstanding at beginning of year	**257 100**	**R11,30**	–	–
Options granted	**–**	**–**	257 100	R11,30
Options forfeited	**26 300**	**R11,30**	–	–
Outstanding at end of year	**230 800**	**R11,30**	257 100	R11,30
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:

	2011 R'000	2010 R'000
Expense – equity-settled arrangements		
a) Initial options	**1 069**	12 158
b) Balance of options	**342**	680
Total equity-settled share-based payment expense	**1 411**	12 838
Expense – cash-settled arrangements		
a) Initial options	**(6 892)**	–
b) Balance of options	**201**	–
Total cash-settled share-based payment expense	**(6 691)**	–

		2011 R'000	2010 R'000
27.	**Employee Share Option Scheme (continued)**		
	Expense – total share-based payments		
	a) Initial options	**(5 823)**	12 158
	b) Balance of options	**543**	680
	Total share-based payment expense (note 26)	**(5 280)**	12 838
	Liabilities arising from share-based payment transactions		
	a) Initial options – vested	**3 355**	–
	b) Balance of options – not yet vested	**1 222**	–
	Total share-based payment liability (note 16)	**4 577**	–

28. Earnings per share

Basic

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

	2011 R'000	2010 R'000
Profit attributable to owners of the parent entity	**443 405**	594 643
Weighted average number of ordinary shares in issue ('000)	**183 572**	182 624
Basic earnings per share (cents)	**241,5**	325,6

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

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. During the year the company changed the settlement method of the share options issued from equity-settled to cash-settled. Due to this change in settlement method the company no longer has any dilutive potential ordinary shares relating to the share option scheme. The dilutive effect of the contingently issuable shares for the purchase of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd is set out below.

	2011 R'000	2010 R'000
Profit attributable to owners of the parent entity	**443 405**	594 643
Weighted average number of ordinary shares in issue	**183 572**	182 624
Adjustments for:		
– shares deemed issued for no consideration (share options)	**–**	1 144
– contingently issuable shares	**964**	–
Weighted average number of ordinary shares for diluted earnings per share	**184 536**	183 768
Diluted earnings per share (cents)	**240,3**	323,6

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS *continued*
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		2011 R'000	2010 R'000
28.	**Earnings per share (continued)**		
	Headline		
	Profit attributable to owners of the parent entity	**443 405**	594 643
	Adjustments for:		
	Less: Profit on sale of fixed assets (note 21)	**(3 313)**	(7 635)
	Plus: Impairment of goodwill	**–**	2 271
	Total tax effects of adjustments	**928**	2 138
	Basic headline earnings	**441 020**	591 417
	Weighted average number of shares	**183 572**	182 624
	Headline earnings per share (cents)	**240,2**	323,8
	Headline earnings	**441 020**	591 417
	Adjusted weighted average number of shares	**184 536**	183 768
	Diluted headline earnings per share (cents)	**239,0**	321,8

29. Dividends per share

The dividends paid to ordinary shareholders in 2011 and 2010 were R196 million (107 cents per share) and R191,8 million (105 cents per share) respectively. A final dividend in respect of the year ended 28 February 2011 of R125,5 million (68 cents per share) amounting to a total dividend of R184,5 million (100 cents per share) was proposed at the board of director's meeting on 12 May 2011 and declared on 16 May 2011. These financial statements do not reflect this dividend payable.

		2011 R'000	2010 R'000
30.	**Cash generated from operations**		
	Profit before income tax	**649 105**	858 576
	Adjustments for:		
	– Depreciation (note 5)	**220 184**	224 959
	– Amortisation and impairment (note 6)	**2 379**	4 551
	– Profit on sale of assets (note 21)	**(3 313)**	(7 634)
	– Finance income (note 23)	**(30 422)**	(36 837)
	– Finance costs (note 23)	**43 875**	65 544
	– Dividends received (note 20)	**(5 476)**	(4 139)
	– Foreign exchange loss/(gains) – unrealised	**14 398**	(608)
	– Provisions (note 16)	**(7 522)**	(2 091)
	– Income from associates (note 7)	**–**	(20)
	– Share options granted to employees (note 27)	**1 411**	12 838
	Changes in working capital		
	– Inventories	**(2 350)**	1 162
	– Trade and other receivables	**35 680**	(385 939)
	– Construction contracts in progress and retentions	**(23 550)**	(48 866)
	– Trade and other payables	**(41 386)**	111 603
	Net cash generated from operations	**853 013**	793 099

		2011 R'000	2010 R'000
30.	**Cash generated from operations (continued)**		
	In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:		
	Net book amount (note 5)	**38 797**	42 059
	Profit on disposal of property, plant and equipment (note 21)	**3 313**	7 634
	Proceeds from disposal of property, plant and equipment	**42 110**	49 693
	In the statement of cash flows taxation paid is calculated as follows:		
	Balance due at beginning of the year	**61 517**	84 159
	Add: Acquisitions	**61**	–
	Add: Current year tax charge (note 24)	**182 887**	277 480
	Less: Balance due at end of the year	**(3 306)**	(61 517)
	Taxation paid	**241 159**	300 122

31. Related parties

Relationships

Joint ventures	Refer to note 39
Directors	JE Raubenheimer, JM Mwewa
Companies and trusts controlled by directors and directors of subsidiaries:	Cisongo Travel & Tours Ltd Cotswold Development Trust DS Vorster Landgoed CC First Edition Investments (Pty) Ltd Fixtrade (Pty) Ltd Ianrob CC Kenworth (Pty) Ltd Kwambo Investments (Pty) Ltd Ligra (Pty) Ltd Maxdeals CC Pieter Beneke Trust Posi Traffic Safety Products CC Plant Management CC Raubex Eiendomme (Pty) Ltd Raubenbel (Pty) Ltd Swanvest 294 (Pty) Ltd 93 94 Maple Road Properties (Pty) Ltd

	2011 R'000	2010 R'000
31. Related parties (continued)		
Related party balances		
Amounts included in trade receivables regarding related parties		
HIR R300 Joint Venture	–	1 086
JE Raubenheimer	–	3
Muscle Construction (Pty) Ltd	–	13
Roadmac Surfacing/KYK Joint Venture	**882**	5 425
Receivables from related parties (note 10)	**882**	6 527
Amounts included in trade payables regarding related parties		
Kentha/Raumix Joint Venture	**40**	161
Cisongo Travel & Tours Ltd	–	19
Ianrob CC	–	4
Posi Traffic Safety products CC	–	82
Payables due to related parties (note 18)	**40**	266
Loans to related parties		
H&I/Roadmac Joint Venture	–	1 402
HIR R300 Joint Venture	**96**	–
Kentha Raumix Joint Venture	**674**	1 024
Roadmac Surfacing/KYK Joint Venture	**4 442**	–
Loans to related parties (note 10)	**5 212**	2 426
The unsecured loans are interest free and have no fixed terms of repayment.		
Loans to entities controlled by key management:		
At beginning of year	–	1 418
Loan repayments received	–	(1 418)
At 28 February	–	–
Loans to joint ventures:		
At beginning of year	**2 426**	11 337
Loans advanced during the year	**4 538**	3 320
Loan repayments received	**(1 752)**	(12 231)
At 28 February	**5 212**	2 426
Loans to associates:		
At beginning of year	–	5 800
Loan repayments received	–	(5 800)
At 28 February	–	–
Total loans to related parties:		
At beginning of year	**2 426**	18 555
Loans advanced during the year	**4 538**	3 320
Loan repayments received	**(1 752)**	(19 449)
At 28 February (note 10)	**5 212**	2 426

	2011 R'000	2010 R'000
31. Related parties (continued)		
Loans from related parties		
Roadmac Surfacing/KYK Joint Venture	**–**	8 468
HIR R300 Joint Venture	**–**	4 259
Loans from related parties (note 18)	**–**	12 727
Loans from entities controlled by key management:		
At beginning of year	**–**	50
Loan repayments made	**–**	(50)
At 28 February	**–**	–
Loans from joint ventures:		
At beginning of year	**12 727**	6 800
Loans received during year	**3 500**	35 803
Loan repayments made	**(16 227)**	(29 876)
At 28 February	**–**	12 727
Total loans from related parties:		
At beginning of year	**12 727**	6 850
Loans received during year	**3 500**	35 803
Loan repayments made	**(16 227)**	(29 926)
At 28 February (note 18)	**–**	12 727
Related party transactions		
Subcontractors' fees received/(paid) to related parties		
Muscle Construction (Pty) Ltd	**–**	5 413
Fixtrade (Pty) Ltd	**(886)**	(460)
Rental of equipment and premises received from/(paid to) related parties		
93 94 Maple Road Properties (Pty) Ltd	**(3 123)**	(2 560)
Cotswold Development Trust	**(37)**	–
DS Vorster Landgoed CC	**(737)**	(694)
First Edition Investments (Pty) Ltd	**(387)**	(272)
HIR R300 Joint Venture	**1 458**	5 118
H&I/Roadmac Joint Venture	**–**	62
JE Raubenheimer	**–**	69
JM Mwewa	**(66)**	(153)
Kentha/Raumix Joint Venture	**(753)**	(637)
Kwambo Investments (Pty) Ltd	**(564)**	(660)
Ligra (Pty) Ltd	**(394)**	–
Maxdeals CC	**(399)**	(278)
Pieter Beneke Trust	**(412)**	–
Plant Management CC	**(2 464)**	–
Raubex Eiendomme (Pty) Ltd	**(1 026)**	(828)
Roadmac Surfacing/KYK Joint Venture	**27 364**	4 759
Swanvest 294 (Pty) Ltd	**(292)**	–

	2011 R'000	2010 R'000
31. Related parties (continued)		
Administration fees received from/(paid to) related parties		
HIR R300 Joint Venture	**200**	600
Other fees received from/(paid to) related parties		
Cisongo Travel & Tours Ltd	**(26)**	(102)
H&I/Roadmac Joint Venture	**3**	605
HIR R300 Joint Venture	**1 906**	4 294
Ianrob CC	**–**	(131)
JE Raubenheimer	**9**	–
Kenworth (Pty) Ltd	**–**	6 000
Posi Traffic CC	**–**	(150)
Raubenbel (Pty) Ltd	**–**	(35 766)
Raubex Eiendomme (Pty) Ltd	**(89)**	–

	Salary R'000	Bonuses performance-related payments R'000	Other allowances and fringe benefits R'000	Medical contributions R'000	Retirement fund contributions R'000	Total directors' emoluments R'000
Directors' emoluments 2010						
Executive directors						
JE Raubenheimer	1 916	2 060	136	12	–	4 124
GM Raubenheimer*	793	1 500	36	10	58	2 397
RJ Fourie**	716	102	77	9	50	954
F Diedrechsen	1 179	1 618	246	–	99	3 142
Non-executive directors						
LA Maxwell	231	19	–	–	–	250
F Kenney	68	–	–	–	–	68
MC Matjila	68	–	–	–	–	68
M Swana	31	–	–	–	–	31
Directors' emoluments 2011						
Executive directors						
RJ Fourie**	**1 860**	**3 024**	**159**	**22**	**186**	**5 251**
F Diedrechsen	**1 264**	**2 611**	**240**	**–**	**150**	**4 265**
Non-executive directors						
JE Raubenheimer	**84**	**3 136**	**–**	**–**	**–**	**3 220**
LA Maxwell	**265**	**–**	**–**	**–**	**–**	**265**
F Kenney	**84**	**–**	**–**	**–**	**–**	**84**
MC Matjila	**84**	**–**	**–**	**–**	**–**	**84**
M Swana***	**32**	**–**	**–**	**–**	**–**	**32**
BH Kent****	**21**	**–**	**–**	**–**	**–**	**21**
NF Msiza****	**21**	**–**	**–**	**–**	**–**	**21**

* Resigned 2 October 2009 ** Appointed 2 October 2009 *** Resigned 8 October 2010 **** Appointed 24 February 2011

		2011 R'000	2010 R'000
32.	**Directors' emoluments**		
	Executive		
	For services as directors of the company	**9 516**	10 617
	For services as directors of subsidiaries	**96 679**	79 348
	Senior management consists of directors of subsidiaries included above.		
33.	**Commitments**		
	Capital commitments		
	Capital expenditure contracted for at the reporting date but not yet incurred are as follows:		
	Property, plant and equipment	**–**	8 360
	Total capital commitments	**–**	8 360

The group is part of a consortium bidding for the N1-N2 Winelands Toll Highway project. The project includes the design, construction, finance, operation and maintenance of sections of the N1 and N2 as toll highways, including associated developments and facilities under a concession contract. In the event that the consortium is successful in their bid, the group has committed to an equity contribution of R300 million towards the project.

Capital commitments will be funded by cash and borrowings.

Operating lease commitments

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

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

	2011 R'000	2010 R'000
No later than 1 year	**8 174**	7 090
Later than 1 year and no later than 5 years	**11 001**	16 869
Later than 5 years	**–**	413
Total operating lease commitments	**19 175**	24 372

34. Business combinations

Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd

On 10 April 2008 the group acquired 100% of the share capital of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd for R50 million. The purchase price was subject to an adjustment after the expiry of a profit warranty period ending 31 August 2010 with the total purchase consideration being limited to a maximum of R90 million. The profit warranty conditions were met and an additional consideration of R40 million was settled by the issue of 1 912 363 Raubex shares at a fair value of R20,92 per share.

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

	R'000
Purchase consideration	
Cash	40 000
Fair value of shares issued – at acquisition	10 000
Fair value of shares issued – purchase price adjustment	40 000
Direct costs relating to the acquisition	446
Total purchase consideration	90 446
Fair value of net assets acquired	31 482
Goodwill	58 964
Less goodwill recognised at acquisition	18 964
Goodwill recognised on purchase price adjustment	40 000

The goodwill is attributable to the workforce of the acquired businesses and the significant synergies arising from the acquisition.

Muscle Construction (Pty) Ltd

On 1 March 2010 the group acquired effective control of Muscle Construction (Pty) Ltd through a shareholder restructure that resulted in the group having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The company was previously equity accounted as an associate entity. The acquired business is operationally dormant and did not contribute to revenues and net profit during the period.

Details of net assets acquired are as follows:

	R'000
Purchase consideration	
Total purchase consideration	–
Fair value of equity interest held before the business combination	582
Fair value of net assets acquired	582
Goodwill	–

		Fair value R'000
34.	**Business combinations (continued)**	
	The assets and liabilities arising from the acquisition are as follows:	
	Retentions	468
	Trade and other receivables	4 392
	Deferred tax asset	8
	Cash and cash equivalents	3
	Borrowings	(5)
	Deferred tax liability	(131)
	Current tax liability	(64)
	Trade and other payables	(2 433)
	Total net assets	2 238
	Less non-controlling interest	(1 656)
	Fair value of net assets acquired	582
	Purchase consideration settled in cash	–
	Cash and cash equivalents in subsidiary acquired	3
	Cash inflow on acquisition	3

Tekweni Roadmarking (Pty) Ltd

On 1 March 2010 the group acquired control of Tekweni Roadmarking (Pty) Ltd due to the group's ability to exercise significant influence over the non-controlling interests and having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The acquired company specialises in road marking in the Western Cape region. The acquired business contributed revenues of R11 million with no contribution to net profit being recognised during the period.

Details of net assets acquired are as follows:

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

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

Trade and other receivables	2 065
Current income tax receivable	4
Deferred tax asset	19
Cash and cash equivalents	138
Trade and other payables	(2 024)
Total net assets	202
Less non-controlling interest	(202)
Fair value of net assets acquired	–
Purchase consideration settled in cash	–
Cash and cash equivalents in subsidiary acquired	138
Cash inflow on acquisition	138

34. Business combinations (continued)

National Cold Asphalt (Pty) Ltd (previously Picalinx (Pty) Ltd)

On 1 March 2010 the group acquired 50% of a dormant shelf company, Picalinx (Pty) Ltd, for the purposes of establishing a cold asphalt product in the South African market. The business contributed revenues of R4,4 million with no contribution to net profit being recognised during the period.

Zimbabwe Screening and Mining (Pty) Ltd (previously N Power Trade and Invest (Pty) Ltd)

On 24 August 2010 the group acquired 100% of a dormant shelf company, N Power Trade and Invest (Pty) Ltd, for the purpose of establishing a branch office in Zimbabwe through which to procure screening and materials handling contracts in Zimbabwe. The business established contributed positively towards revenues and net profit during the period.

35. Contingencies

On 29 April 2011, shareholders were advised that the group had become aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions are not covered by leniency under the Corporate Leniency Provision of the Act and the company has filed a fast track application to the Competition Commission by the required deadline date of 15 April 2011. The company remains committed to co-operate fully with the Commission and to ensure that its employees, management and directors do not engage in any conduct which constitutes a prohibited practice.

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R851,7 million (2010: R800,3 million). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R1,3 billion (2010: R1,2 billion).

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

36. Events after the reporting period

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

	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
37. Segmental analysis				
Reportable segments				
At 28 February 2010				
Segment revenue – external	1 020 927	1 976 883	1 585 073	4 582 883
Segment result (operating profit)	218 698	405 414	263 151	887 263
Finance income	7 675	4 471	24 691	36 837
Finance costs	(33 911)	(11 649)	(19 983)	(65 543)
Share of associate's income	–	–	20	20
Taxation	(54 340)	(113 373)	(98 557)	(266 270)
Profit for the year	138 122	284 863	169 322	592 307
Segment assets	1 416 562	1 276 490	1 133 358	3 826 410
Segment liabilities	538 482	491 667	526 565	1 556 714
Depreciation	129 134	44 598	51 227	224 959
Capital expenditure	99 048	79 453	73 857	252 358
Investment in associates	–	–	324	324
Inter-segment revenue	93 092	15 927	9 753	118 772
At 28 February 2011				
Segment revenue – external	**1 040 147**	**2 178 339**	**1 327 488**	**4 545 974**
Segment result (operating profit)	**178 203**	**300 187**	**184 168**	**662 558**
Finance income	**2 819**	**3 911**	**23 692**	**30 422**
Finance costs	**(19 593)**	**(9 071)**	**(15 211)**	**(43 875)**
Taxation	**(47 021)**	**(85 136)**	**(69 939)**	**(202 096)**
Profit for the year	**114 408**	**209 891**	**122 710**	**447 009**
Segment assets	**1 488 162**	**1 172 527**	**1 350 443**	**4 011 132**
Segment liabilities	**561 207**	**479 598**	**425 714**	**1 466 519**
Depreciation and amortisation	**118 178**	**51 483**	**52 902**	**222 563**
Capital expenditure	**142 154**	**79 381**	**70 955**	**292 490**
Inter-segment revenue	**71 970**	**156 209**	**17 291**	**245 470**

Approximately 35% (2010: 40%) of total revenue is derived from a single external customer i.e. The South African National Roads Agency (SANRAL), these revenues are attributable to all the business segments. Approximately 22% (2010: 23%) of total revenue is derived from South African local municipalities and provincial governments, these revenues are attributable to both the Road Surfacing and Road Construction segments.

		Local R'000	International R'000	Consolidated R'000
37.	**Segmental analysis (continued)**			
	Additional voluntary disclosure Geographical information			
	At 28 February 2010			
	Segment revenue – external	4 075 849	507 034	4 582 883
	Segment result (operating profit)	851 625	35 638	887 263
	Finance income	33 240	3 597	36 837
	Finance costs	(56 613)	(8 930)	(65 543)
	Share of associate's income	20	–	20
	Taxation	(252 742)	(13 528)	(266 270)
	Profit for the year	575 530	16 777	592 307
	Segment assets	3 255 036	571 374	3 826 410
	Segment liabilities	1 308 094	248 620	1 556 714
	Depreciation	222 562	2 397	224 959
	Capital expenditure	251 740	618	252 358
	Investment in associates	324	–	324
	Inter-segment revenue	172 004	–	172 004
	At 28 February 2011			
	Segment revenue – external	**3 932 876**	**613 098**	**4 545 974**
	Segment result (operating profit)	**583 669**	**78 889**	**662 558**
	Finance income	**27 592**	**2 830**	**30 422**
	Finance costs	**(43 413)**	**(462)**	**(43 875)**
	Taxation	**(176 088)**	**(26 008)**	**(202 096)**
	Profit for the year	**391 760**	**55 249**	**447 009**
	Segment assets	**3 611 983**	**399 149**	**4 011 132**
	Segment liabilities	**1 329 230**	**137 289**	**1 466 519**
	Depreciation and amortisation	**221 150**	**1 413**	**222 563**
	Capital expenditure	**292 094**	**396**	**292 490**
	Inter-segment revenue	**169 338**	**–**	**169 338**

			Issued share capital Shares	Effective percen-tage held 2011 %	Percen-tage held 2010 %	Shares at cost 2011 R	Shares at cost 2010 R	Amounts owing by subsidiaries 2011 R	Amounts owing by subsidiaries 2010 R
38.	**Interest in subsidiaries**								
	Direct								
	Raubex (Pty) Ltd	#	300	**100**	100	**1 001 620 337**	1 001 620 337	**507 495 175**	450 960 127
	B&E International (Pty) Ltd	•	1000	**100**	100	**473 843 959**	473 843 959	**–**	897 539
	Acquatic Services (Pty) Ltd	#	300	**100**	100	**111 336 220**	111 336 220	**–**	–
	Super Civil Construction (Pty) Ltd	•	200 000	**30**	100	**30 000**	100	**–**	–
	Indirect								
	Akasia Road Surfacing (Pty) Ltd	†	100	**100**	100	**120 796 280**	120 796 280	**–**	–
	Aliwal Dolorite Quarry (Pty) Ltd	•	100	**95**	100	**7 600 000**	7 600 000	**–**	–
	Acquasoil (Pty) Ltd	d	40 000	**100**	100	**–**	–	**–**	–
	B&E International (Botswana) (Pty) Ltd	d	10 000	**100**	100	**–**	–	**–**	–
	B&E International (Lesotho) (Pty) Ltd	d	1 000	**100**	100	**–**	–	**–**	–
	B&E International (Namibia) (Pty) Ltd	•	200	**74**	74	**–**	–	**–**	–
	B&E International (Swaziland) (Pty) Ltd	d	4 000	**100**	100	**–**	–	**–**	–
	B&E Quarries (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	B&E Quarries Leasing (Pty) Ltd	d	1 000	**100**	100	**–**	–	**–**	–
	Bedrock Mining (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	Bekha Trading (Pty) Ltd	•	100	**100**	100	**–**	–	**–**	–
	Canyon Rock (Pty) Ltd	•	120	**95**	100	**46 294 000**	46 294 000	**–**	–
	Centremark Roadmarking (Pty) Ltd	Δ	100	**60**	60	**1 400 036**	1 400 036	**–**	–
	Cherry Moss Trade and Invest (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	DBE Mining (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	Forward Infra (Pty) Ltd	Δ	100	**100**	100	**100**	100	**–**	–
	Instant Concrete Investments (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	Milling Techniks (Pty) Ltd	^	100	**100**	100	**15 000 000**	15 000 000	**–**	–
	Muscle Construction (Pty) Ltd	d	100	**26**	48	**26**	48	**–**	–
	Narindonde Construction (Pty) Ltd	•	100	**74**	74	**–**	–	**–**	–
	National Asphalt (Pty) Ltd	†	100	**100**	100	**100**	100	**–**	–
	National Cold Asphalt (Pty) Ltd	†	100	**50**	–	**50**	–	**–**	–
	Notwane Quarries (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	Petra Quarry (Pty) Ltd	•	100	**95**	100	**3 849 070**	3 849 070	**–**	–
	Phambili Road Surfacing (Pty) Ltd	^	100	**100**	100	**20 515 136**	20 515 136	**–**	–
	Pretoria Amalgamated Quarries (Pty) Ltd	•	870 000	**95**	100	**–**	–	**–**	–
	Queenstown Quarry (Pty) Ltd	•	100	**95**	100	**21 929 104**	21 929 104	**–**	–
	Raubair (Pty) Ltd	d	100	**100**	100	**8 083 803**	8 083 803	**–**	–
	Raubex BGM Joint Venture Ltd	d	–	**–**	100	**–**	9 791	**–**	–
	Raubex Civil (Pty) Ltd	#	100	**100**	100	**14 999 105**	14 999 105	**–**	–
	Raubex Construction (Pty) Ltd	^	100	**100**	100	**87 300 660**	87 300 660	**–**	–
	Raubex Construction Namibia (Pty) Ltd	d	100	**74**	74	**74**	74	**–**	–
	Raubex Construction Zambia Ltd	^	5 000 000	**100**	100	**6 008 989**	6 008 989	**–**	–
	Raubex North (Pty) Ltd	d	100	**100**	100	**100**	100	**–**	–
	Raumix Holdings (Pty) Ltd	#	100	**95**	95	**15 489 165**	15 489 165	**–**	–
	Raumix Aggregates (Pty) Ltd	•	916	**95**	100	**–**	–	**30 992 731**	30 992 731
	Roadmac (Pty) Ltd	#	100	**100**	100	**84 550 070**	84 550 070	**–**	–
	Roadmac Surfacing (Pty) Ltd	^	100	**100**	100	**20 000 080**	20 000 080	**–**	–
	Roadmac Surfacing Cape (Pty) Ltd	^	200	**100**	100	**24 299 160**	24 299 160	**–**	–
	Roadmac Surfacing KZN (Pty) Ltd	^	100	**100**	100	**151 015**	151 015	**–**	–
	Saldanha Plant Hire (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	Space Construction (Pty) Ltd	^	100	**100**	100	**43 906 750**	43 906 750	**–**	–
	Space Indlela Construction (Pty) Ltd	d	900	**100**	100	**6 538 806**	6 538 806	**–**	–
	SPH Equipment Hire (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	SPH Group (Pty) Ltd	#	300	**100**	100	**–**	–	**–**	–
	SPH Group Properties (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	SPH Kundalila (Pty) Ltd	•	100	**100**	100	**–**	–	**–**	–
	SPH Sand (Pty) Ltd	d	100	**100**	100	**–**	–	**–**	–
	Stabilpave (Pty) Ltd	d	200	**100**	100	**200**	200	**–**	–
	Tekweni Roadmarking (Pty) Ltd	Δ	65	**0**	0	**–**	–	**–**	–
	Thekweni Surfacing (Pty) Ltd	d	100	**100**	100	**100**	100	**–**	–
	Thaba Bosiu Construction (Pty) Ltd	^	1200	**100**	100	**64 794 817**	64 794 817	**–**	–
	Willows Quarries (Pty) Ltd	•	100	**95**	100	**–**	–	**–**	–
	Zamori Construction (Pty) Ltd	^	120	**100**	100	**35 799 275**	35 799 275	**–**	–
	Zimbabwe Screening and Mining (Pty) Ltd	•	100	**100**	–	**100**	–	**–**	–
	Zisena (Pty) Ltd	^	100	**100**	100	**100**	100	**–**	–

Nature of business

^ Rehabilitation of roads, civil and general construction work
• Contract Crushing and material handling
Investment and holding company
d Dormant entity
Δ Road marking
† Asphalt production

38. Interest in subsidiaries (continued)

The following entities changed their name during the year:
– Multistone Construction (Pty) Ltd changed its name to National Asphalt (Pty) Ltd.
– Lacrete Construction (Pty) Ltd changed its name to Zisena (Pty) Ltd.
– Haulking (Pty) Ltd changed its name to Thekweni Surfacing (Pty) Ltd.
– Raumix (Pty) Ltd changed its name to Raumix Holdings (Pty) Ltd

Raubex BGM Joint Venture Limited is in the process of deregistration.

All companies are incorporated in South Africa, except Raubex Construction Zambia Ltd which is incorporated in Zambia, B&E International (Botswana) (Pty) Ltd, B&E International (Lesotho) (Pty) Ltd, B&E International (Namibia) (Pty) Ltd and Raubex Construction Namibia (Pty) Ltd. Raubex (Pty) Ltd and Roadmac Surfacing (Pty) Ltd operate through branches registered in Namibia. Zimbabwe Screening and Mining (Pty) Ltd operates through a branch registered in Zimbabwe.

The group owns half or less of the voting power of the following entities. In terms of IAS 27 the group is considered to exercise control over these entities through its ability to govern the financial and operating policies of the entities so as to obtain benefits from their activities:
– Super Civil Construction (Pty) Ltd,
– Muscle Construction (Pty) Ltd,
– Tekweni Roadmarking (Pty) Ltd.

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

39. Interest in joint ventures

Joint ventures	Country	Nature of business	Proportion of interest held 2011 %	Proportion of interest held 2010 %
Kentha/Raumix Joint Venture	South Africa	Aggregates	49	49
Raubex/HIR Namibia Roads Joint Venture	Namibia	Road Construction	50	50
H&I/Roadmac Joint Venture	South Africa	Road surfacing	50	50
HIR R300 Joint Venture	South Africa	Road surfacing	35	35
Roadmac Surfacing/KYK Joint Venture	South Africa	Road surfacing	60	60

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

	2011 R'000	2010 R'000
FINANCIAL INFORMATION		
Statement of financial position		
(Group's proportionate share of assets and liabilities)		
Assets		
Non-current assets	**21**	21
Current assets	**5 117**	24 787
	5 138	24 808
Equity and liabilities		
Current liabilities	**5 138**	24 808
	5 138	24 808
Income statement		
(Group's proportionate share of income and expenditure)		
Revenue	**65 032**	110 656
Profit attributable to group	**22 262**	24 673

STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	4.1	**1 551 428**	1 551 398
Loans to group companies	4.2	**538 488**	–
Total non-current assets		**2 089 916**	1 551 398
Current assets			
Loans to group companies	4.2	**–**	482 850
Cash and cash equivalents	5	**122 736**	156 899
Total current assets		**122 736**	639 749
Total assets		**2 212 652**	2 191 147
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	6	**1 845**	1 826
Share premium	6	**2 179 701**	2 139 720
Reserves		**25 961**	42 083
Retained earnings		**3 685**	5 314
Total equity		**2 211 192**	2 188 943
Liabilities			
Current liabilities			
Loans from group companies	4.2	**64**	–
Trade and other payables	7	**1 387**	2 196
Current income tax liabilities		**9**	8
Total current liabilities		**1 460**	2 204
Total equity and liabilities		**2 212 652**	2 191 147

The notes on pages 91 to 102 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
Revenue	8	**215 976**	167 628
Administrative expenses		**(2 683)**	(2 403)
Operating profit		**213 293**	165 225
Finance income	9	**119**	477
Profit before income tax		**213 412**	165 702
Income tax expense	10	**(19 022)**	(19 216)
Profit for the year		**194 390**	146 486
Other comprehensive income		**–**	–
Total comprehensive income for the year		**194 390**	146 486

The notes on pages 91 to 102 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Other reserves R'000	Share premium R'000	Reserves for own shares/ shares purchase reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 1 March 2009	**1 826**	**2 139 720**	**29 245**	**50 583**	**2 221 374**
Changes in equity:					
Employees' share option scheme	–	–	12 838	–	12 838
Total comprehensive income for the year	–	–	–	146 486	146 486
Dividends paid	–	–	–	(191 755)	(191 755)
Total changes	–	–	12 838	(45 269)	(32 431)
Balance at 1 March 2010	**1 826**	**2 139 720**	**42 083**	**5 314**	**2 188 943**
Changes in equity:					
Issue of share capital and share premium	19	39 981	–	–	40 000
Employees' share option scheme	–	–	(16 122)	–	(16 122)
Total comprehensive income for the year	–	–	–	194 390	194 390
Dividends paid	–	–	–	(196 019)	(196 019)
Total changes	19	39 981	(16 122)	(1 629)	22 249
Balance at 28 February 2011	**1 845**	**2 179 701**	**25 961**	**3 685**	**2 211 192**
Note	6	6			

The notes on pages 91 to 102 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R'000	2010 R'000
Cash flows from operating activities			
Cash used in operations	11	**(3 492)**	(393)
Dividends received	8	**215 976**	167 629
Finance income	9	**119**	477
Taxation paid	11	**(19 021)**	(19 208)
Net cash generated from operating activities		**193 582**	148 505
Cash flows from investing activities			
Increase in investments		**(30)**	(75 934)
Loans (repaid)/advanced to group companies		**(31 760)**	276 034
Net cash from investing activities		**(31 790)**	200 100
Cash flows from financing activities			
Loans made by group companies		**64**	–
Dividends paid		**(196 019)**	(191 755)
Net cash used in financing activities		**(195 955)**	(191 755)
Net (decrease)/increase in cash and cash equivalents		**(34 163)**	156 850
Cash and cash equivalents at beginning of year		**156 899**	49
Total cash and cash equivalents at end of year	5	**122 736**	156 899

The notes on pages 91 to 102 are an integral part of these financial statements.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the Companies Act of South Africa and are consistent with those of the previous year. The financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit and loss.

1.1 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

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

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

1.2 Financial instruments

Initial recognition

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

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

Fair value determination

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

Loans to group companies

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

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

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

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

Loans to group companies are classified as loans and receivables.

Trade and other receivables

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

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

1. Summary of significant accounting policies (continued)

1.2 Financial instruments (continued)

Trade and other receivables (continued)

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

1.3 Share capital and equity

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

Ordinary shares are classified as equity.

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

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

1.4 Share-based payments

The company operates a share-based compensation plan. During the period the settlement method of the plan was modified from an equity-settled plan to a cash-settled plan.

Under the equity-settled plan, the fair value of the employee services received in exchange for the grant of the options was recognised as an expense. The total amount to be expensed over the vesting period was determined by reference to the fair value of the options granted. The total amount expensed was recognised over the vesting period, which was the period over which all of the specified vesting conditions were satisfied. At each reporting date, the entity revised its estimate of the number of options that were expected to vest. It recognised the impact of the revision to original estimates, in the income statement, with a corresponding adjustment to equity.

On modification to a cash-settled plan, the fair value of the liability for services rendered to the date of modification was transferred from equity to a financial liability account.

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

1.5 Revenue recognition

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

Interest income and dividends

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

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

1.6 Borrowing costs

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

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards

International Financial Reporting Standards and amendments effective for the first time for 28 February 2011 year-end

Number	Effective date	Executive summary
IFRS 1: First-time Adoption of International Financial Reporting Standards – Revised	1 Jul 2009	The revised standard has an improved structure but does not contain any technical changes.
IFRS 3: Business Combinations – Revised	1 Jul 2009	The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill and non-controlling (minority) interests may be calculated on a gross or net basis. All transaction costs will be expensed.
IAS 27: Consolidated and Separate Financial Statements – Revised	1 Jul 2009	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
Amendments to IAS 32 – Classification of rights issues	1 Feb 2010	The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items	1 Jul 2009	The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.
Amendments to IFRS 2: Group cash-settled share-based payment transactions	1 Jan 2010	The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

1. Summary of significant accounting policies (continued)

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

International Financial Reporting Standards and amendments effective for the first time for 28 February 2011 year-end (continued)

Number	Effective date	Executive summary
Improvements to IFRSs (Issued April 2009)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 Jan 2010	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project.

Improvements to IFRSs (issued April 2009) were issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards effective for the first time for 28 February 2011 year-ends:

IFRS	Subject of amendment
IFRS 2 Share-based Payment	Scope of IFRS 2 and revised IFRS 3
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
IFRS 8 Operating Segments	Disclosure of information about segment assets
IAS 1 Presentation of Financial Statements	Current/non-current classification of convertible instruments
IAS 7 Statement of Cash Flows	Classification of expenditures on unrecognised assets
IAS 17 Leases	Classification of leases of land and buildings
IAS 18 Revenue	Determining whether an entity is acting as a principal or as an agent
IAS 36 Impairment of Assets	Unit of accounting for goodwill impairment test
IAS 38 Intangible Assets	Additional consequential amendments arising from revised IFRS 3 Measuring the fair value of an intangible asset acquired in a business combination
IAS 39 Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives Scope exemption for business combination contracts Cash flow hedge accounting
IFRIC 9 Reassessment of Embedded Derivatives	Scope of IFRIC 9 and revised IFRS 3
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Amendment to the restriction on the entity that can hold hedging instruments

1. Summary of significant accounting policies (continued)

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

International Financial Reporting Standards and amendments issued but not effective for 28 February 2011 year-end

Number	Effective date	Executive summary
Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 Jul 2010	The amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The amendment is effective for annual periods beginning on or after 1 July 2010 with early adoption permitted.
Amendment to IAS 24 – Related party disclosures	1 Jan 2011	This amendment provides partial relief from the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.
Improvements to IFRSs (Issued May 2010)	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 Jan 2011	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project.
Amendments to IFRS 1, 'First-time adoption' on hyperinflation and fixed dates *(Note that as at 31 January 2011 this amendment has not been approved by the APB)*	1 Jul 2011	The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
Amendment to IFRS 7 Disclosures – Transfer of financial assets	1 Jul 2011	The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.
Amendment to IAS 12, 'Income taxes' on deferred tax	1 Jan 2012	Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.
IFRS 9 – Financial Instruments	1 Jan 2013	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

1. Summary of significant accounting policies (continued)

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

Improvements to IFRSs (Issued April 2009) were issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards effective for the first time for 28 February 2011 year-ends:

IFRS	Subject of amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	Accounting policy changes in the year of adoption Revaluation basis as deemed cost Use of deemed cost for operations subject to rate regulation
IFRS 3 Business Combinations (effective for annual periods beginning on/after 1 July 2010)	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Measurement of non-controlling interests Unreplaced and voluntarily replaced share-based payment awards
IFRS 7 Financial Instruments: Disclosures	Clarification of disclosures
IAS 1 Presentation of Financial Statements	Clarification of statement of changes in equity
IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on/after 1 July 2010)	Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements
IAS 34 Interim Financial Reporting	Significant events and transactions
IFRIC 13 Customer Loyalty Programmes	Fair value of award credits

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards effective for the first time for 28 February 2011 year-end

Number	Effective date	Executive summary
IFRIC 17: Distributions of Non-cash Assets to Owners	1 Jul 2009	IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as *dividends in specie*) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
IFRIC 18: Transfers of assets from customers	Effective for transfers from 1 Jul 2009	IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

1. Summary of significant accounting policies (continued)

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

Interpretations of International Financial Reporting Standards issued but not yet effective for 28 February 2011 year-end

Number	Effective date	Executive summary
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	1 Jul 2010	This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.
Amendments to IFRIC 14: Pre-payments of a Minimum Funding Requirement	1 Jan 2011	This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

South African Interpretations of International Financial Reporting Standards effective for the first time for 28 February 2011 year-end

Number	Title	Effective date	Executive summary
AC 504	IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	1 Apr 2009	The interpretation provides guidance on the application of IFRIC 14 (AC 447) in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of IAS 19 (AC 116).

2. Financial risk management

Financial risk factors

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

Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management, as well as covering specific areas, such as interest rate risk and credit risk as well as investment of excess liquidity.

(a) Market risk

(i) Price risk

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

(ii) Cash flow interest rate risk

The company has significant interest-bearing assets in the form of cash and cash equivalents. The company's finance income cash flows are exposed to interest rate risk and are dependent on market interest rates (refer sensitivity analysis om page 98).

2. Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow interest rate risk (continued)

Interest rate risk – Sensitivity analysis

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

	2011		2010	
	+1%	-1%	+1%	-1%
	R'000	R'000	R'000	R'000
Cash and cash equivalents	**884**	**(884)**	1 130	(1 130)
Increase/(decrease) in profitability	**884**	**(884)**	1 130	(1 130)

(b) Credit risk

The company has no significant concentration of credit risk. The company has policies that limit the amount of credit exposure to any financial institution.

	Rating	2011 R'000	2010 R'000
Concentration of credit risk			
Cash and cash equivalents	AA	**122 736**	156 899
Total cash and cash equivalents (note 5)		**122 736**	156 899

Credit risk is represented by the going concern values of cash and cash equivalents that are carried on the statement of financial position at a value of R122,7 million (2010: R156,9 million).

The credit ratings above have been obtained from publicly available information.

(c) Liquidity risk

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

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

	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000
At 28 February 2011			
Non-derivative financial liabilities			
Loans from group companies	**64**	**64**	**64**
Trade and other payables	**1 387**	**1 387**	**1 387**
Total	**1 451**	**1 451**	**1 451**
At 28 February 2010			
Non-derivative financial liabilities			
Trade and other payables	2 196	2 196	2 196
Total	2 196	2 196	2 196

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

3. Capital risk management

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders.

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

The gearing ratio expressed as a percentage of net debt to total capital plus net debt is calculated below:

	2011 R'000	2010 R'000
Loans from group companies (refer note 4.2)	**64**	–
Less: Cash and cash equivalents (refer note 5)	**(122 736)**	(156 899)
Net debt	**(122 672)**	(156 899)
Total equity	**2 211 192**	2 188 943
Total capital and net debt	**2 088 520**	2 032 044
Gearing ratio	**(6%)**	(8%)

		2011 R'000	2010 R'000
4.1	**Investment in subsidiaries**		
	Name of company		
	Raubex (Pty) Ltd – 100% holding	**1 001 620**	1 001 620
	B&E International (Pty) Ltd – 100% holding	**438 442**	438 442
	Acquatic Services (Pty) Ltd – 100% holding	**111 336**	111 336
	Super Civil Construction (Pty) Ltd – 30% holding	**30**	–
	Total investment in subsidiaries	**1 551 428**	1 551 398
	The carrying amounts of investment in subsidiaries are shown net of impairment losses.		
4.2	**Loans to/(from) group companies**		
	Raubex (Pty) Ltd	**507 495**	450 960
	Raumix Aggregates (Pty) Ltd	**30 993**	30 993
	B&E International (Pty) Ltd	**(64)**	897
	Total loans to/(from) group companies	**538 424**	482 850
	Non-current assets	**538 488**	–
	Current assets	**–**	482 850
	Current liabilities	**(64)**	–
		538 424	482 850
	The loans are interest free and have no fixed terms of repayment.		
	The loans to group companies have been reclassified as non-current assets as settlement is expected to occur outside of the normal operating cycle of the company.		
5.	**Cash and cash equivalents**		
	Cash and cash equivalents consist of:		
	Bank balance	**657**	2 419
	Investments on call	**122 079**	154 480
	Total cash and cash equivalents	**122 736**	156 899

		Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
6.	**Share capital and share premium**				
	At 28 February 2010	182 624	1 826	2 139 720	2 141 546
	Shares issued	1 912	19	39 981	40 000
	At 28 February 2011	**184 536**	**1 845**	**2 179 701**	**2 181 546**

The group issued 1 912 363 shares on 26 November 2010 (1,04% of the total ordinary share capital issued) to the sellers of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd as settlement of the purchase price adjustment that became payable on the expiry of the profit warranty period ending on 31 August 2010. The ordinary shares issued have the same rights as the other shares issued. The fair value of the shares issued amounted to R40 million (R20,92 per share).

The total authorised number of ordinary shares is 500 million shares (2010: 500 million) with a par value of 1 cent per share (2010: 1 cent per share). All issued shares are fully paid.

		2011 R'000	2010 R'000
7.	**Trade and other payables**		
	Trade payables	**140**	1
	Payables due to related parties (note 12)	**1 227**	2 177
	Accrued expenses	**20**	18
	Total trade and other payables	**1 387**	2 196
8.	**Revenue**		
	Dividends received from subsidiaries	**210 500**	163 490
	Dividends received on investments	**5 476**	4 138
	Total revenue	**215 976**	167 628
9.	**Finance income**		
	Interest income on cash resources	**119**	477
	Total finance income	**119**	477
10.	**Income tax expense**		
	South African normal taxation		
	Current tax		
	Current period	**33**	134
	Recognised in current tax for prior periods	**–**	85
	Secondary tax on companies	**18 989**	18 997
	Total South African normal taxation	**19 022**	19 216
	Reconciliation between applicable tax rate and effective tax rate:		
		%	**%**
	Applicable tax rate	**28,00**	28,00
	Exempt income	**(28,34)**	(28,33)
	Secondary tax on companies	**8,90**	11,46
	Current tax recognised in prior periods	**–**	0,05
	Disallowed charges	**0,35**	0,42
	Effective tax rate	**8,91**	11,60
11.	**Cash used in operations**	**R'000**	**R'000**
	Profit before income tax	**213 412**	165 702
	Adjustments for:		
	– Finance income	**(119)**	(477)
	– Dividends received	**(215 976)**	(167 629)
	Changes in working capital		
	– Trade and other payables	**(809)**	2 011
	Net cash used in operations	**(3 492)**	(393)

		2011 R'000	2010 R'000
11.	**Cash used in operations (continued)**		
	In the statement of cash flows taxation paid is calculated as follows:		
	Balance due at beginning of year	**8**	–
	Add: Current year tax charge (note 10)	**19 022**	19 216
	Less: Balance due at end of year	**(9)**	(8)
	Taxation paid	**19 021**	19 208
12.	**Related party transactions**		
	Relationship		
	Subsidiary – direct — Raubex (Pty) Ltd		
	Subsidiary – direct — B&E International (Pty) Ltd		
	Subsidiary – indirect — Raumix Aggregates (Pty) Ltd		
	Related party balances		
	Loans to related parties		
	At beginning of year	**482 850**	746 046
	Loans advanced during the year	**415 961**	190 705
	Loans repayments received	**(360 323)**	(453 901)
	At 28 February	**538 488**	482 850
	Loans from related parties		
	At beginning of year	**–**	–
	Loans received during the year	**64**	–
	At 28 February	**64**	–
	Amounts included in trade payables		
	Raubex (Pty) Ltd (note 7)	**1 227**	2 177
	Other fees paid to related parties		
	Raubex (Pty) Ltd	**1 081**	1 909

13. Directors' emoluments

No emoluments were paid to the directors during the year.

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given to the shareholders recorded in Raubex Group Limited's ("**Raubex**" or the "**company**") securities register on 23 September 2011 that the fifth annual general meeting (**AGM**) of the shareholders of the company will be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate on 7 October 2011 at 10:00 to (i) deal with such business as may lawfully be dealt with at the meeting; (ii) consider and, if deemed fit pass, with or without modification, the ordinary and special resolutions set forth below in the manner required by the Companies Act, 71 of 2008, as amended (the "**Companies Act**"), as read with the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**"), which meeting is to be participated in and voted at by the shareholders as at the record date of 23 September 2011:

Kindly note that meeting participants (including shareholders and proxies) are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

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

When reading the resolutions below please refer to the explanatory notes for the AGM resolutions on pages 109 to 110.

1. **Presentation of financial statements**
   The consolidated audited financial statements of the company and its subsidiaries (as approved by the board of directors of the company), incorporating the external auditor, audit committee and directors' report for the year ended 28 February 2011, have been distributed as required and will be presented.

2. **Ordinary resolution number one: Re-election of executive directors**
   To re-elect, by way of a series of votes, each of which is on the candidacy of a single director to fill a single vacancy, the following directors as executive directors, who retire by rotation, but being eligible, each offers himself for re-election in accordance with the company's memorandum of incorporation for a further term of office:

   a. RJ Fourie; and
   b. F Diedrechsen

   Refer to page 108 of the annual report for brief biographies of each director offering himself for re-election.

3. **Ordinary resolution number two: Re-election of non-executive directors**
   To re-elect, by way of a series of votes, each of which is on the candidacy of a single director to fill a single vacancy, the following directors as non-executive directors, who retire by rotation, but being eligible, each offers himself for re-election in accordance with the company's memorandum of incorporation for a further term of office:

   a. MC Matjila;
   b. JE Raubenheimer;
   c. F Kenney; and
   d. LA Maxwell.

   Refer to pages 108 and 109 of the annual report for brief biographies of each director offering himself for re-election.

4. **Ordinary resolution number three: Confirming the election of non-executive directors**
   To confirm the election of the following non-executive directors that were appointed by the Raubex board of directors on 24 February 2011 in terms of article 24.2.2 the company's memorandum of incorporation:

   a. BH Kent
   b. NF Msiza

   Refer to page 109 of the annual report for brief biographies of each director offering him-/herself for election.

5. **Ordinary resolution number four: Approval of external auditor remuneration**
To resolve that the directors be authorised to determine the remuneration of the auditors, PricewaterhouseCoopers, for the audit performed in respect of the financial year ending 28 February 2011.

6. **Ordinary resolution number five: Re-appointment of external auditor**
To resolve that the re-appointment of PricewaterhouseCoopers as the independent registered auditors of the company (for the financial year ending 28 February 2012), until the conclusion of the next AGM be authorised and confirmed, and to note that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2012 is Mr L Rossouw.

7. **Special resolution number one: Remuneration of non-executive directors**
To resolve in terms of article 24.5 of the MOI and section 66(8) and (9) of the Companies Act, the remuneration payable to the non-executive directors, as set out below, for a period of two years, commencing on 1 November 2011, unless such remuneration is proposed to be amended at the next AGM:

	Proposed annual remuneration	Proposed attendance remuneration per meeting
Chairman	R400 000	R10 000*
Independent non-executive director	R300 000	R10 000*
Non-executive director	R200 000	R10 000*

** Meeting fees are capped at eight meetings per year.*

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

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

9. **Ordinary resolution number seven: Re-appointment of audit committee member**
To resolve that the re-appointment of the following independent non-executive director:

LA Maxwell

as an audit committee member, be authorised and confirmed, subject to his re-election as a director pursuant to ordinary resolution number two. Information in respect of the above director is set out in ordinary resolution number two.

10. Ordinary resolution number eight: Appointment of audit committee members

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

a. BH Kent
b. NF Msiza

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

11. Ordinary resolution number nine: Applicable limits to the Raubex Group Deferred Stock Scheme

Resolved that the following limits shall apply, as contemplated in clause 4 of the Raubex Group Deferred Stock Scheme, in respect of the share options to be issued in terms of the Scheme during the financial year of the company ending February 2012:

– The maximum number of ordinary shares in the company in respect of which options may be granted to eligible employees shall be 1 723 400 (determined with regard to the volume weighted average price of the ordinary shares on the JSE for the 20 business day period ending on the last business day of June 2011, being R17,64); and the maximum number of ordinary shares in the company in respect of which option may be granted to any particular eligible employee shall be 124 800 (determined with regard to the volume weighted average price of the ordinary shares on the JSE for the 20 business day period ending on the last business day of June 2011, being R17,64).

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

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

– acquisitions of securities be implemented through the order book operated by the JSE trading system and done without prior understanding or arrangement between the company and the counterparty;
– approval by shareholders in terms of this special resolution of the company shall be valid only until the next AGM or for 15 months from the date of the resolution, whichever period is shorter;
– acquisitions in any one financial year are limited to a maximum of 20% of the company's issued share capital of the relevant class; provided that acquisitions by subsidiaries of Raubex are limited to a maximum of 10% of the company's issued share capital of the relevant class;
– an acquisition may not be made at a price more than 10% above the weighted average of the market value at which the shares in question are traded on the JSE as determined over the five business days immediately preceding the date on which the transaction is effected;
– a paid press announcement containing details of such acquisition must be published as soon as the company and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the AGM at which this special resolution is passed (initial number) and for each 3% in aggregate of the initial number acquired thereafter;
– at any point in time, the company and/or its subsidiaries may only appoint one agent to effect any repurchases;
– the board of directors authorises the acquisition, that the company and or any of its subsidiaries passes the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company and its subsidiaries; and
– no repurchase may take place during prohibited periods stipulated by the JSE Listings Requirements.

Statement by the board of the company

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

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

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

To the extent that any acquisition is effected in terms of this authorisation, the company will only do so if:

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

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

- Directors and management – refer to pages 6 and 7;
- Major shareholders – refer to page 35;
- Material changes – refer to page 106;
- Directors' interest in securities – refer to page 34;
- Share capital of the company – refer to page 100; and
- Litigation statement – refer to page 106

Reasons for and effect of special resolution number two

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

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 108 and 109 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 page 108 and 109 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the information referred to in this special resolution number two contains all the information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

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

To resolve as a special resolution that the board of directors of the company is hereby authorised, to the extent required by and subject to sections 45 of the Companies Act and the requirements, to the extent applicable, of: i) the company's memorandum of incorporation; and ii) the JSE Listings Requirements, as a general approval, to authorise the company to provide any direct or indirect financial assistance (as defined in the Companies Act) to a company or corporation which is related or inter-related (as defined in the Companies Act), provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number three.

14. **Ordinary resolution number ten:**
    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 AGM at which this ordinary resolution is proposed, if it/they is/are passed (in the case of ordinary and special resolutions) and registered by the Companies and Intellectual Property Commission, to the extent required.

15. **To transact such other business as may be transacted at an AGM of members.**

    Electronic participation at AGM
    Shareholders, or their proxies, who are entitled to attend the AGM may participate in the AGM via electronic communication. In this regard the company will arrange that video conferencing facilities will be available at the following location: Webber Wentzel Cape Town, Main Boardroom Number 14, 15th Floor, Convention Tower, Heerengracht, Foreshore, Cape Town. Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at the abovementioned location on the date of the AGM. The cost of the said video conferencing facilities will be for the account of the company.

    The AGM will also be available live on webcasting, by following the link provided for on the website: www.raubex.co.za. Please note that shareholders or their proxies will not be able to vote through the webcasting.

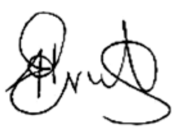
VOTING AND PROXIES

Proxies
A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the AGM of Raubex shareholders to be held at 10:00 on Friday, 7 October 2011, but wish to be represented thereat, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Wednesday, 5 October 2011.

Voting in respect of dematerialised shares
If you are a dematerialised Raubex shareholder and not an own name dematerialised Raubex shareholder and you wish to attend the AGM, then you must instruct your Central Securities Depository Participant (**CSDP**) or broker as to how you wish to cast your vote at the Raubex AGM in order for them to vote in accordance with your instructions. If you wish to attend the AGM in person, please request you CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Raubex shareholder (who is not an own name dematerialised Raubex shareholder) and the CSDP or broker.

By order of the board



Heike Elze Ernst
Company secretary

RE-ELECTION OF DIRECTORS – BRIEF BIOGRAPHIES

Executive directors

Rudolf Johannes Fourie – Chief executive director (45)
NDip Marketing Management
Rudolf joined the Raubex Group in 1997 as managing director of a newly formed company Roadmac Surfacing. Under his management, it has grown to be the leading surfacing company in South Africa. He has 21 years' experience in road surfacing and the bitumen industry. He became the chief executive officer on 1 March 2010. Prior to working for Raubex he worked as regional manager for the Colas Group until 1997 after he completed his studies in 1989.

Francois Diedrechsen – Finance and commercial director (39)
BCompt (Hons)
Francois joined Raubex in March 2004 after concluding Raubex's empowerment transaction with Matlapeng. He was appointed as a director of Raubex early in 2006 and has led the restructuring and strategic planning of Raubex with a view to the eventual listing. He has also led various mergers and acquisitions for the group since joining. Prior to Raubex, Francois was the chief executive officer of JIC Mining and Construction, a leading mining contracting firm in South Africa, where he had spent 12 years. After leaving JIC Mining and Construction, Francois established Matlapeng, where he was chief executive officer until accepting full-time employment at Raubex.

Non-executive directors

Marake Collin Matjila – Non-executive chairperson (50)
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 COSATO, in May 2000. Within the public sector portfolio positions held by Collin, he 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.

Jacobus (Koos) Essaias Raubenheimer – Non-executive director (68)
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 45 years of construction experience. Koos retired as chief executive officer at the end of the February 2010 financial year, but continues his involvement with Raubex as a non-executive director.

NOTICE OF ANNUAL GENERAL MEETING *continued*

Freddie Kenney – Non-executive director (57)
Freddie Kenney joined Raubex (Pty) Ltd as a director and shareholder in 2004, through the empowerment transaction with Kenworth. Freddie is widely regarded as a versatile and talented businessman in Bloemfontein, with interests in low-cost housing development, retail development and construction.

Leslie Arthur Maxwell – Independent non-executive director (64)
CA(SA)
Les joined Raubex as an independent non-executive director in 2007. He currently holds the position of Financial director of JCI Ltd, a position he was nominated for as a result of his extensive financial experience and strong grounding and knowledge of corporate governance. Les joined the board of JCI as an independent financial director to manage/effect the finalisation of the forensic and other financial investigations in progress, the implementation of decisions and settlements arising there from 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 (Pty) Ltd, where he held the position of Financial director.

Bryan Hugh Kent – Independent non-executive director (66)
BCom, FCMA, CA(SA), HDip (Tax), HDip (Company Law)
Bryan joined Raubex as an independent non-executive director in February 2011. He is an independent financial consultant and a director on the boards of Anchor Yeast, Cadiz, Country Bird, Emira Property Fund and Setpoint Technologies among others. Bryan was also a Partner at PricewaterhouseCoopers for 13 years where he managed the national tax practice and gained considerable experience in the areas of property matters, financial structuring, leverage buyouts, international taxation and listings.

Ntombi Felicia Msiza (36)
BCom HDip Taxation and Masters in Business Administration
Felicia joined Raubex as an independent non-executive director in February 2011. She currently holds the position of Head: Internal Audit at the IDT. She also served as a director at SizweNtsaluba VSP, heading up their Mpumalanga office. She served in various organisations among others, Group Five, SAPPI and National Treasury. Felicia has over 14 years' experience in the field of governance, including internal audit, external audit and risk management. Felicia also holds a directorship position within the Institute of Internal Auditors of South Africa (IIASA).

EXPLANATORY NOTES

Appointment of directors – ordinary resolution number one, two and three
In terms of section 68(2) of the Companies Act, unless the MOI provides otherwise, the election of directors is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy.

Election of the audit committee members – ordinary resolution number seven and eight
In terms of the Companies Act, the audit committee is no longer a committee of the board, but a committee elected by the shareholders at each AGM.

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

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

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

Both sections 44 and 45 of the Act provide, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

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

The directors, whose names are given on page 108 and 109 of the annual report in which this notice was included collectively and individually accept full responsibility for the accuracy of the information given in this notice 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 annual report and notice contains all information required by law and the Listings Requirements.

FORM OF PROXY

For use at the annual general meeting of Raubex Group Ltd ("the company") to be held at Glenhove Conference Centre, on Friday, 7 October 2011 at 10:00.

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

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

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

Please note the following:

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

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

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

I/We (block letter) ______________________________

Of ______________________________

Telephone: Work (   ) ______________________ Telephone: Home (   ) ______________________

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

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

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

My/our proxy may delegate to another person his/her authority to act on my behalf at the annual general meeting, provided that my/our proxy:

- may only delegate his/her authority to act on my behalf at the general meeting to a director of the company; and
- must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services (Pty) Ltd, of the delegation by my/our proxy of his/her authority to act on my behalf at the general meeting by no later than 10:00 on Wednesday, 5 October 2011, being 48 (forty-eight) hours before the general meeting to be held at 10:00 on Friday, 7 October 2011; and
- must provide to his/her delegee a copy of his/her authority to delegate his/her authority act on my behalf at the general meeting.

				Number of votes (one vote per ordinary share)
		For	**Against**	**Abstain**
Ordinary resolution number 1.a:	Re-election of Mr RJ Fourie as director			
Ordinary resolution number 1.b:	Re-election of Mr F Diedrechsen as director			
Ordinary resolution number 2.a:	Re-election of Mr MC Matjila as director			
Ordinary resolution number 2.b::	Re-election of Mr JE Raubenheimer			
Ordinary resolution number 2.c:	Re-election of Mr F Kenney as director			
Ordinary resolution number 2.d:	Re-election of Mr LA Maxwell as director			
Ordinary resolution number 3.a:	Confirming election of Mr BH Kent as director			
Ordinary resolution number 3.b:	Confirming election of Mrs NF Msiza as director			
Ordinary resolution number 4:	Approval of external auditor remuneration			
Ordinary resolution number 5:	Re-appointment of external auditor			
Special resolution number 1:	Remuneration of non-executive directors			
Ordinary resolution number 6:	General authority to issue shares for cash			
Ordinary resolution number 7:	Re-appointment of Mr LA Maxwell as audit committee member			
Ordinary resolution number 8.a:	Appointment of Mr BH Kent as audit committee member			
Ordinary resolution number 8.b:	Appointment of Mrs NF Msiza as audit committee member			
Ordinary resolution number 9:	Applicable limits to the Raubex Group Deferred Stock Scheme			
Special resolution number 2:	General authority to acquire shares			
Special resolution number 3:	Financial assistance to related and inter-related companies			
Ordinary resolution number 10:	Directors' authority to implement company special resolutions			

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

Signed at ______________________ on ______________________ 2011

Signature ______________________________

(Authority of signatory to be attached if applicable – see note 7)
Assisted by me (where applicable – see note 9) ______________________ Telephone number ______________________

SUMMARY OF SHAREHOLDERS RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE 2008 COMPANIES ACT

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

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

NOTES

1. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Proxy forms must be lodged at the registered office of the company, situated at Building 1, Highgrove Office Park, 50 Tegel Avenue, Highveld, Centurion, 0169, or lodged or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa).
6. Forms of proxy must be received or lodged by no later than 10:00 on Wednesday, 5 October 2011, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 10:00 on Friday, 7 October 2011.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company secretary or waived by the chairperson of the annual general meeting. CSDP's or brokers registered in the company's subregister voting on instructions from beneficial owners of shares registered in the company's subregister, are requested that they identify the beneficial owner in the subregister on whose behalf they are voting and return a copy of the instruction from such owner to the company secretary or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa), together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.

GENERAL INFORMATION

Nature of business and principal activities
Construction work, civil engineering and holding company

Directors
MC Matjila (Chairman non-executive)
RJ Fourie (Chief executive officer)
F Diedrechsen (Financial and commercial director)
JE Raubenheimer (Non-executive)
F Kenney (Non-executive)
LA Maxwell (Independent non-executive)
BH Kent (Independent non-executive)
NF Msiza (Independent non-executive)

Registered office
Building 1
Highgrove Office Park
50 Tegel Avenue
Highveld Park
Centurion
0169
Tel: +27 (0)12 648 9400

Business address
Cleveley
Eeufees Extension
Bloemfontein
9300
Tel: +27 (0)51 406 2000
Postal address
PO Box 3722
Bloemfontein
9300

Auditors
PricewaterhouseCoopers Inc
Registered Auditors

Secretary HE Ernst

Transfer secretary
Computershare Investor Services (Pty) Ltd

Investor relations
College Hill (Pty) Ltd
Tel: +27 (0)11 447 3030

Company registration number 2006/023666/06

Website www.raubex.co.za

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