Raubex Group Limited and its subsidiaries

Registration number: 2006/023666/06

ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

General information

Nature of business	Diversified construction and materials supply group
Directors	RJ Fourie (Chief Executive Officer) JF Gibson (Financial Director) NF Msiza (Governance, Compliance and Risk Director) F Kenney (Non-executive, Chairman) LA Maxwell (Lead Independent Non-executive) BH Kent (Independent Non-executive) SR Bogatsu (Independent Non-executive)
Secretary	GM Chemaly
Registered office	Building 1 Highgrove Office Park 50 Tegel Avenue Highveld 0169
Business address	Cleveley Kenneth Kaunda Road (Extension) Bloemfontein South Africa 9301
Postal address	PO Box 3722 Bloemfontein 9301
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Company registration number	2006/023666/06
Officer responsible for the preparation of the financial statements	JF Gibson
Designation	Financial Director
Qualification	Chartered Accountant (SA)

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

Index

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

Statement of responsibility by the board of directors for the year ended 28 February 2021

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the annual financial statements and group annual financial statements of Raubex Group Limited and its subsidiaries. The annual financial statements and directors' report are presented on pages 14 to 104 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 71 of 2008 of South Africa and the JSE Listings requirements, and include amounts based on judgements and estimates made by management. The directors are also responsible for the preparation of the other information included in the integrated report and for both its accuracy and its consistency with the annual financial statements.

The directors acknowledge that they are ultimately responsible for the process of risk management and the systems of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

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

The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. The impact of Covid-19 has been considered by the directors as part of their going concern assessment. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on its secured order book, available cash resources and forecasts. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who has been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s unmodified audit report is presented on page 5 to 10.

The financial statements were approved and authorised for issue by the board of directors on 5 May 2021 and signed on its behalf by:

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

Chief executive officer and financial director responsibility statement

In terms of section 3.84 (k) of the JSE Listings requirements, the directors, whose names are stated below, hereby confirm that;

(a) the annual financial statements set out on pages 14 to 104, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

Statement of compliance by the company secretary

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 71 of 2008, in respect of the year ended 28 February 2021, and that all such returns are true, correct and up to date.

GM Chemaly
Company secretary
5 May 2021

Independent auditor's report

To the Shareholders of Raubex Group Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Raubex Group Limited (the Company) and its subsidiaries (together the Group) as at 28 February 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Raubex Group Limited's consolidated and separate financial statements set out on pages 17 to 104 comprise:

- the group and holding company statements of financial position as at 28 February 2021;
- the group statement of profit or loss for the year then ended;
- the group and holding company statements of comprehensive income for the year then ended;
- the group and holding company statements of changes in equity for the year then ended;
- the group and holding company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

Overall group materiality

- Overall group materiality: R61.9 million, which represents 0.7% of consolidated revenue.

Group audit scope

- The consolidated financial statements comprise the Company and 119 components (which include subsidiaries, joint ventures, joint operations and associates). Full scope audits were performed at all financially significant components, and a combination of full scope audits, review procedures or analytical review procedures were performed over the remaining components, as well as in respect of the consolidation process, in order to gain sufficient evidence over the consolidated financial statements.

Key audit matter

- Significant estimates and judgements in the accounting for construction contracts.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R61.9 million.
How we determined it	0.7% of consolidated revenue.
Rationale for the materiality benchmark applied	We selected consolidated revenue as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business. We chose 0.7% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue to compute materiality, and taking into account the levels of debt within the Group.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured in three divisions: the Roads and Earthworks division, the Materials division and the Infrastructure division that are operating across 8 different geographical locations – South Africa, Botswana, Cameroon, Mozambique, Namibia, Zambia, Zimbabwe and Australia.

The consolidated financial statements comprise the Company and 119 components (which include subsidiaries, joint ventures, joint operations and associates). Full scope audits were performed at all financially significant components, and a combination of full scope audits, review procedures or analytical review procedures were performed over the remaining components, as well as in respect of the consolidation process, in order to gain sufficient appropriate audit evidence over the consolidated financial statements.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, and other component auditors from other PwC network firms as well as other audit firms, operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter below relates to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements of the Company to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Significant estimates and judgements in the accounting for construction contracts Refer to Notes 16 (Contract assets and liabilities) and 29 (Revenue) to the consolidated financial statements. Contracting revenue relating to construction contracts with customers, recognised at an amount of R6.7 billion as at 28 February 2021, contributes a significant portion of the Group's revenue. This revenue is recognised over time, measured at the fair value of the consideration received or receivable, and includes variations and claims. To determine the progress towards the satisfaction of the performance obligations on each contract, the Group uses an input method, measuring the costs incurred to date relative to the total estimated cost of the contract. Anticipated losses to completion are immediately recognised as an expense in contract costs.	We performed the following procedures on a sample of construction contracts: • We compared estimated total contract revenue as per management's calculations to relevant documentation as applicable, such as signed contracts, award letters, minutes of meetings with contract clients and signed variation orders. No material differences were noted; • We discussed the status of contracts with management, directors, finance and technical staff, and contract registers were scrutinised. In these discussions, which included consideration of profit margins, loss making contracts and contract assets and liabilities balances, specific emphasis was placed on uncertified contract revenue. We noted no matters in this regard requiring further consideration;

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue within the Group results from cost-plus, re-measurable and fixed price contracts. Revenue recognition from these types of contracts involve a high degree of estimation uncertainty and complexity. The assumptions and estimates used by management in the measurement and recognition of contract revenue include: • Estimated project costs; • The profit margins on the contracts; and • Any variable considerations, claims or uninstalled materials to be recognised, based on negotiations with the contract client. We considered this to be a matter of most significance to our current year audit due to the following: • Management's assessment involves making significant estimates in determining the contract revenue that should be recognised; and • Given the magnitude of the contract revenue and contract assets and liabilities balances, the accounting treatment of construction contracts has a significant impact on the consolidated financial statements.	• We tested a sample of costs incurred to date by agreeing it to underlying documentation. No material differences were noted; • We recalculated costs incurred to date relative to the total estimated construction costs and agreed it to management's calculations. No material differences were noted; • We agreed certified revenue recognised to work certified to date by contract engineering experts. No material differences were noted; • We assessed the competency of the contract engineering experts by obtaining evidence relating to their qualifications, experience and professional memberships; • We performed reasonability tests on the expected profit margins by comparing it to similar ongoing projects and contracts completed during the year. We tested profit margins from year to year on projects running over the financial year end. Deviations in margins were evaluated against explanations obtained from management and other relevant documentation (e.g. external factors such as rain delays). We found no aspects in this regard which required further consideration; • We recalculated the revenue per contract based on the input method calculations. Based on our recalculation, we agreed the adjustments between certified progress revenue and revenue recognised to the construction contract assets and liabilities in the consolidated financial statements. No material differences were noted; • We agreed the total revenue as per the respective contract schedules to revenue recorded in the accounting records. No material differences noted; and • We tested a sample of external contract documentation back to the contract schedules to assess whether the contracts are accounted for. No exceptions were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Raubex Group Limited and its subsidiaries Annual Financial Statements for the year ended 28 February 2021", which includes the Directors' Report, the Audit Committee Report and the Statement of Compliance by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Raubex Group Limited Integrated Report 2021", which is expected to be made available to us after that date.

The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Raubex Group Limited for 15 years.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc.
Director: CJ Hertzog
Registered Auditor
Bloemfontein, South Africa
7 May 2021

Audit committee report

The audit committee is pleased to present this report for the financial year ended 28 February 2021 in compliance with the Companies Act, 71 of 2008, and the recommendations of the King IV report on corporate governance.

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

Audit committee terms of reference

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

Audit committee members, meeting attendance and assessment

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

Name	Designation	Date appointed	Qualifications
Mr LA Maxwell	Independent non-executive (Chairman)	01/03/2007	BCom, CA(SA)
Mr BH Kent	Independent non-executive	24/02/2011	BCom, CA(SA), FCMA, HDip Tax, HDip Company Law
Ms SR Bogatsu	Independent non-executive	01/06/2017	BCom, MBA

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

During the year under review 5 meetings were held with the additional meeting in May due to the extension of time required to complete the audit of the results for the year ended 29 February 2020 as a result of the Covid-19 lockdowns. The meetings were attended as follows:

Name	06-May-20	27-May-20	24-Jul-20	03-Nov-20	24-Feb-21
Mr LA Maxwell	✔	✔	✔	✔	✔
Mr BH Kent	✔	✔	✔	✔	✔
Ms SR Bogatsu	✔	✔	✔	✔	✔

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 audit.

Statutory duties

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

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

External auditor appointment and independence

The audit committee has satisfied itself that the external auditors, PricewaterhouseCoopers Inc., are independent of the company and its subsidiaries ("the group") and have ensured that their appointment has complied with the Companies Act, 71 of 2008 of South Africa and the JSE Listings Requirements.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 28 February 2021.

JSE accreditation of auditors

The audit committee confirms that, based on the amended requirements for the JSE accreditation of auditors effective 15 October 2017, the committee is satisfied that:

- the audit firm PricewaterhouseCoopers Inc. has met all the criteria stipulated in the JSE Listings Requirements, including that the audit regulator has successfully completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
- the auditor has provided the audit committee with the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and
- both the audit firm and the engagement partner understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

Audit committee report (continued)

Statutory duties (continued)

Auditor suitability

The audit committee met with the external auditor on 4 May 2021 in order to consider the suitability for reappointment of the current audit firm PricewaterhouseCoopers Inc. and the designated engagement partner, as contemplated in terms of paragraph 22.15(h) of the JSE Listings Requirements. The committee considered the information in the document prepared and presented by the external auditor for this purpose. In light of the above, the committee is satisfied to recommend to shareholders the reappointment of the external auditor to act as independent auditor of the company until its next annual general meeting. Mr CJ Hertzog, having completed 5 consecutive years as engagement partner, is subject to statutory rotation and the committee is satisfied to recommend Mr L Rossouw as the engagement partner for the ensuing year.

Financial statements and accounting practices

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

The audit committee has also reviewed and considered the detailed findings and recommendations made in the JSE's report back on proactive monitoring of financial statements in 2020.

Internal financial controls

The audit committee has reviewed the process by which internal audit performs its assessment of the effectiveness of the group’s system of internal control, including internal financial controls. Nothing has come to the attention of the committee to indicate any material breakdown in the company’s system of internal financial control. The audit committee has further evaluated the chief executive officer and financial director responsibility statement on the annual financial statements and internal financial controls in terms of the new JSE Listings Requirement 3.84(k).

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 group’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 group 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 and information technology risks as it relates to financial reporting.

The Executive Committee ("Exco") fulfils the role of the information technology steering committee and assists the audit committee to fulfil their oversight role with regards to the governance of IT risks.

Internal audit

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

Evaluation of the expertise and experience of the financial director and finance function

The audit committee has satisfied itself that the financial director has appropriate expertise and experience.

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

Audit committee report (continued)

Comment on key audit matters reported in the external audit report

In order to provide stakeholders with further insights into the key audit matters reported by the external auditors, the committee wishes to elaborate on these important aspects as follows:

Accounting treatment of construction contracts
The group has significant construction contracts within all its reporting segments consisting of Cost-plus, Re-measurable and Fixed Price contracts. Recognising revenue on construction contracts is done in accordance with IFRS 15, where it is recognised over time, is measured at the fair value of the consideration received or receivable and includes variations and claims. Progress towards the satisfaction of performance obligations is determined using an input method which measures the costs incurred to date in relation to the total estimate cost of the contract.

This matter is considered material given the significant judgement involved in preparing suitable estimates of forecast costs and profit margins on these contracts.

The committee assessed the methodology and judgements applied by management in terms of the accounting treatment of construction contracts.

The committee has discussed the above mentioned matter with the external auditors to understand their related audit procedures and evidence to support the judgements and calculations.

The committee concluded that the methodology and judgements applied by management are in accordance with IFRS.

LAMaxwell

LA Maxwell
Chairman of the Audit Committee

5 May 2021

Directors' report

This report presented by the directors is a constituent document of the group consolidated financial statements at 28 February 2021.

Nature of business
Raubex Group Limited is an investment holding company listed on the Johannesburg Stock Exchange with interests in the Construction and Materials sectors. The company does not trade and all of its activities are undertaken through a number of subsidiaries and joint arrangements. Details of the major operating subsidiaries, associates, joint ventures and joint operations are disclosed in note 13, 43 and 44 of the group financial statements.

Group financial results
Revenues increased 1.4% to R8.85 billion (2020: R8.73 billion)
Operating profit decreased 24.1% to R364.46 million (2020: R480.46 million)
Profit before tax decreased 23.4% to R341.61 million (2020: R446.16 million)
Profit after tax decreased 32.6% to R203.01 million (2020: R301.35 million)

Group earnings attributable to owners of the parent for the year ended 28 February 2021 were R158.1 million (2020: R251.9 million), representing basic earnings per share of 87.4 cents (2020: 139.0 cents). Headline earnings per share were 81.9 cents (2020: 161.7 cents).

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

Share capital
No new shares were issued during the year (2020: nil).

Full details of the authorised and issued capital of the company at 28 February 2021 are set out in note 25 and 26 of these financial statements.

Employee Long Term Incentive Scheme
During the year 1 945 177 (2020: 2 083 602) performance shares were granted to directors and prescribed officers. Full details of the employee long term incentive scheme are set out in note 37 of these financial statements.

Cash and cash equivalents
Cash from operations increased 68.2% to R1 329.42 million (2020: R790.21 million).

Cash and cash equivalents amounted to R1.88 billion (2020: 1.01 billion). Full details are set out in note 18 of these financial statements.

Dividend
The following dividends were declared during the year ended 28 February 2021:

- Interim dividend number 26 declared on 7 December 2020 of 24 cents per ordinary share (2020: 22cps)

Due to Covid-19 cash preservation measures taken by the group, no final dividend was declared in respect of the year ended 29 February 2020. After consideration was given to the solvency and liquidity test of the group, a final dividend in respect of the year ended 28 February 2021 of 29 cents per share was proposed at the board of directors meeting on 5 May 2021 and declared on the release of the group's results. These financial statements do not reflect this dividend payable.

Business combinations
There were no material transactions concluded during the year.

Transactions with non-controlling interests
There were no material transactions concluded during the year.

Directors' report (continued)

Capital commitments
Details of capital commitments are set out in note 41 of these financial statements.

Property, plant and equipment
There have been no major changes in the nature of the assets of the group during the year or in the policy relating to their use. Capital expenditure for the year amounted to R417.2 million (2020: R581.5 million). No property, plant and equipment was acquired through the acquisition of subsidiaries during the year (2020: R0 million).

Contingencies
Details of contingencies are set out in note 42 of these financial statements.

Voluntary Rebuilding Programme
The group entered into a settlement agreement with the government of the Republic of South Africa (the Government) on 11 October 2016 , together with other construction companies, in an effort to address the Construction Companies' exposure to potential claims for damages from certain identified public entities arising primarily from the fast track settlement process launched by the South African Competition Authorities in February 2011, as well as to significantly advance the transformation of the South African construction sector. Further details can be found in note 22 of these financial statements.

Covid-19
In South Africa, a National State of Disaster was declared on 15 March 2020, followed by a 21-day national lockdown which commenced on 26 March 2020 and a further 14-day extension to 30 April 2020. All businesses other than those providing essential services as defined by legislation were required to be closed for the duration of the lockdown. On 23 April 2020, the government announced a risk adjusted strategy for a gradual and phased reopening of the economy.

The country moved from a level 5 to a level 4 lockdown status from 1 May 2020, allowing, inter alia, certain construction activities as well as mining operations to recommence under strict health and safety regulations. South Africa has now moved through the various lockdown levels, relaxing restrictions and is currently on a level 1 status. The majority of Raubex operations in South Africa were able to commence under level 4 lockdown status, with a gradual increase in efficiencies to near normal levels of operation towards the end of July 2020. All of the group's South African operations are now fully operational.

Internationally, in Western Australia, operations performed well during the period and were not materially impacted by Covid-19. In the rest of Africa, Botswana imposed a 48-day lockdown which ended on 20 May 2020, during which time all operations in the country were suspended, while in Mozambique and Namibia, materials handling and crushing operations experienced cross-border logistical issues which impacted production efficiencies during the period. In Cameroon, operations were more severely impacted by Covid-19 challenges, including travel restrictions and quarantine periods that personnel were required to comply with both in South African and Cameroonian jurisdictions.

The group's operations were impacted by the respective lockdowns during the first half of the financial year, however a good recovery was made in the second half of the year with all three divisions returning to normal levels of efficiency.

Events after the reporting period

Acquisition of associates

Bauba Resources Limited ("Bauba")
On 29 March 2021, the group, through its subsidiary Raubex (Pty) Ltd, acquired 147 811 073 shares of Bauba Resources Limited for R54,7 million. This acquisition amounts to a 23.08% shareholding of Bauba and represents a significant influence in terms of IAS 28 and the group's interest in Bauba will therefore be accounted for using the equity method. Bauba is a mining company listed on the JSE, with various mineral reserves under licence. This acquisition will afford the group the opportunity to participate in materials handling and processing opportunities for Bauba's open cast mining operations in the future.

No further material events after the reporting period occurred up to the date of preparation of these Group financial statements.

Directors' report (continued)

Special Resolutions
The following special resolutions were passed during the year:

Special resolution number one: Remuneration of non-executive directors
Resolved in terms of article 26.3.2 of the company's Memorandum of Incorporation and in accordance with sections 66(8) and 66(9) of the Companies Act, 71 of 2008, that the remuneration payable to the non-executive directors for 2021 financial year be as follows:

	Annual remuneration R
Chairman	1 139 990
Lead independent non-executive director	926 242
Non-executive director	712 495

Special resolution number two: General authority to repurchase shares
Resolved that the company or any of its subsidiaries be authorised by way of general authority to repurchase the company's own securities from time to time, upon such terms and conditions and in such amount as the directors of the company determine, but subject to the applicable requirements in the company's Memorandum of Incorporation, the Companies Act, 71 of 2008, and the JSE Listings Requirements.

Special resolution number three: Financial assistance to related or inter-related companies and corporations
Resolved that the directors may, subject to the provisions of sections 44 and 45 of the Companies Act, 71 of 2008, authorise the company to provide any direct or indirect financial assistance to or for the benefit of any company or corporation which is related or inter-related to the company for such amounts and on such terms and conditions as the board of the company may determine.

Directorate and secretary
The names of the directors and secretary are set out on page 1 of these financial statements.

Interests of directors in the share capital
Details of ordinary shares held directly and indirectly per individual director and details of performance shares granted to the directors are set out in note 39 of these financial statements.

Directorate changes
The group's financial director, JF Gibson tendered his resignation on 26 February 2021 effective 31 May 2021.

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 25 of these financial statements.

The shareholder spread is summarised as follows:

	Number of shares 2021	Number of shares 2020	% held 2021	% held 2020
Public shareholders	**169 822 339**	169 848 062	**93.4**	93.4
Non-public shareholders	**11 927 697**	11 901 974	**6.6**	6.6
Total shares	**181 750 036**	181 750 036	**100**	100

Non-public shareholders are summarised as follows:

	Number of shares 2021	Number of shares 2020	% held 2021	% held 2020
Directors of the company	**9 034 790**	9 034 790	**5.0**	5.0
Directors of subsidiaries	**1 987 370**	1 961 647	**1.1**	1.1
Treasury shares – Raubex (Pty) Ltd	**905 537**	905 537	**0.5**	0.5
Total shares	**11 927 697**	11 901 974	**6.6**	6.6

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares 2021	Number of shares 2020	% of shares in issue 2021	% of shares in issue 2020
Old Mutual Investment Group	**45 226 951**	32 909 086	**24.9**	18.1
Government Employee Pension Fund	**19 914 526**	20 677 038	**11.0**	11.4
PSG Asset Management	**14 373 758**	22 454 003	**7.9**	12.4
Total shares	**79 515 235**	76 040 127	**43.8**	41.9

Auditors
PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act, 71 of 2008. At the annual general meeting shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the group's auditors for the 2022 financial year.

Group statement of financial position

	Note	2021 R'000	2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**2 384 052**	2 451 516
Right-of-use assets	11	**295 030**	376 379
Intangible assets	12	**1 025 282**	1 028 427
Investment in associates and joint ventures	13	**51 152**	56 425
Investments in service concessions	14	**22 755**	-
Deferred income tax assets	24	**155 756**	131 890
Inventories	15	**58 163**	55 057
Trade and other receivables	17	**13 555**	26 393
Other financial assets	19	**188 236**	122 471
Total non-current assets		**4 193 981**	4 248 558
Current assets			
Inventories	15	**688 944**	586 642
Contract assets	16	**324 838**	323 654
Trade and other receivables	17	**1 358 746**	1 602 045
Other financial assets	19	**6 875**	187 000
Current income tax receivable		**21 536**	20 586
Cash and cash equivalents (excluding bank overdrafts)	18	**1 891 636**	1 013 556
Total current assets		**4 292 575**	3 733 483
Total assets		**8 486 556**	7 982 041
EQUITY			
Share capital	25	**1 817**	1 817
Share premium	25	**2 059 688**	2 059 688
Treasury shares	26	**(16 002)**	(16 002)
Other reserves	27	**(1 120 424)**	(1 141 844)
Retained earnings		**3 478 306**	3 352 698
Equity attributable to owners of the parent		**4 403 385**	4 256 357
Non-controlling interest	28	**270 839**	257 417
Total equity		**4 674 224**	4 513 774
LIABILITIES			
Non-current liabilities			
Borrowings	20	**397 022**	491 614
Lease liabilities	11	**350 353**	402 147
Provisions for liabilities and charges	21	**109 532**	108 316
Deferred income tax liabilities	24	**268 380**	280 057
Other financial liabilities	22	**101 540**	107 352
Total non-current liabilities		**1 226 827**	1 389 486
Current liabilities			
Trade and other payables	23	**1 435 652**	1 417 392
Contract liabilities	16	**666 620**	226 825
Borrowings	20	**398 173**	306 199
Lease liabilities	11	**31 527**	52 951
Current income tax liabilities		**32 650**	43 759
Provisions for liabilities and charges	21	**5 883**	8 686
Other financial liabilities	22	**15 000**	22 969
Total current liabilities		**2 585 505**	2 078 781
Total liabilities		**3 812 332**	3 468 267
Total equity and liabilities		**8 486 556**	7 982 041

The notes on pages 23 to 91 are an integral part of these financial statements.

Group statement of profit or loss

	Note	2021 R'000	2020 R'000
Revenue	29	**8 846 454**	8 734 896
Cost of sales	32	**(7 835 914)**	(7 643 854)
Gross profit		**1 010 540**	1 091 042
Other income	30	**17 251**	26 901
Other gains/(losses) - net	31	**13 146**	(57 424)
Administrative expenses	32	**(627 945)**	(543 559)
Net impairment losses on financial and contract assets	13,16,17	**(48 536)**	(36 502)
Operating profit		**364 456**	480 458
Finance income	33	**68 041**	49 150
Finance costs	33	**(90 021)**	(83 410)
Finance costs - net	33	**(21 980)**	(34 260)
Share of loss of equity accounted investments	13	**(864)**	(34)
Profit before income tax		**341 612**	446 164
Income tax expense	34	**(138 599)**	(144 813)
Profit for the year		**203 013**	301 351
Attributable to:			
Owners of the parent		**158 141**	251 904
Non-controlling interests	28	**44 872**	49 447
		203 013	301 351
Basic earnings per share (cents)	4	**87.4**	139.0
Diluted earnings per share (cents)	4	**86.9**	138.2

The notes on pages 23 to 91 are an integral part of these financial statements.

Group statement of comprehensive income

	Note	2021 R'000	2020 R'000
Profit for the year		**203 013**	301 351
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations		**1 320**	117
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	**27**	**12 222**	27 823
Other comprehensive income for the year, net of tax		**13 542**	27 940
Total comprehensive income for the year		**216 555**	329 291
Attributable to:			
Owners of the parent		**169 179**	279 170
Non-controlling interests	**28**	**47 376**	50 121
Total comprehensive income for the year		**216 555**	329 291

Raubex Group Limited and its subsidiaries
Annual financial statements for the year ended 28 February 2021

Group statement of changes in equity

	Share capital R'000	Share premium R'000	Treasury shares 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 28 February 2019	1 817	2 059 688	(1 218)	(1 177 135)	3 181 700	4 064 852	262 272	4 327 124
Changes in equity:								
Share option reserve	-	-	-	8 142	-	8 142	-	8 142
Acquisition of treasury shares	-	-	(14 784)	-	-	(14 784)	-	(14 784)
Acquisition of non-controlling interest	-	-	-	-	(1 268)	(1 268)	(16 531)	(17 799)
Profit for the year	-	-	-	-	251 904	251 904	49 447	301 351
Other comprehensive income for the year	-	-	-	27 149	117	27 266	674	27 940
Dividends paid	-	-	-	-	(79 755)	(79 755)	(38 445)	(118 200)
Total changes	-	-	(14 784)	35 291	170 998	191 505	(4 855)	186 650
Balance at 29 February 2020	1 817	2 059 688	(16 002)	(1 141 844)	3 352 698	4 256 357	257 417	4 513 774
Note	25	25	26	27			28	

The notes on pages 23 to 91 are an integral part of these financial statements.

Group statement of changes in equity (continued)

	Share capital R'000	Share premium R'000	Treasury shares 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 29 February 2020	**1 817**	**2 059 688**	**(16 002)**	**(1 141 844)**	**3 352 698**	**4 256 357**	**257 417**	**4 513 774**
Changes in equity:								
Share option reserve	-	-	-	**11 702**	-	**11 702**	-	**11 702**
Disposal of shares to non-controlling interest	-	-	-	-	**9 550**	**9 550**	**(9 550)**	-
Disposal of subsidiary	-	-	-	-	-	-	**(308)**	**(308)**
Profit for the year	-	-	-	-	**158 141**	**158 141**	**44 872**	**203 013**
Other comprehensive income for the year	-	-	-	**9 718**	**1 320**	**11 038**	**2 504**	**13 542**
Dividends paid	-	-	-	-	**(43 403)**	**(43 403)**	**(24 096)**	**(67 499)**
Total changes	-	-	-	**21 420**	**125 608**	**147 028**	**13 422**	**160 450**
Balance at 28 February 2021	**1 817**	**2 059 688**	**(16 002)**	**(1 120 424)**	**3 478 306**	**4 403 385**	**270 839**	**4 674 224**
Note	25	25	26	27			28	

Group statement of cash flows

	Note	2021 R'000	2020 R'000
Cash flows from operating activities			
Cash generated from operations	38	1 329 416	790 205
Interest received	33	59 254	49 150
Interest paid	33	(77 682)	(71 062)
Income tax paid	38	(190 615)	(178 023)
Net cash generated from operating activities		1 120 373	590 270
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(417 155)	(581 535)
Proceeds from sale of property, plant and equipment	38	101 778	116 140
Proceeds on sale and leaseback transaction	19	180 125	-
Disposal of subsidiaries	6	280	-
Loans granted to associates and joint ventures	13	(1 091)	(13 893)
Net cash used in investing activities		(136 063)	(479 288)
Cash flows from financing activities			
Proceeds from borrowings	38.1	354 420	583 165
Repayment of borrowings	38.1	(363 165)	(454 387)
Repayment of lease liabilities (capital repayments)	11	(35 962)	(51 646)
Dividends paid to owners of the parent	5	(43 403)	(79 755)
Dividends paid to non-controlling interests	28	(24 096)	(38 445)
Acquisition of non-controlling interest		-	(17 600)
Acquisition of treasury shares	26	-	(14 784)
Net cash used in financing activities		(112 206)	(73 452)
Net increase in cash and cash equivalents		872 104	37 530
Cash and cash equivalents at the beginning of the year		1 006 268	962 611
Effects of exchange rates on cash and cash equivalents		5 319	6 127
Cash and cash equivalents at the end of the year	18	1 883 691	1 006 268

Notes to the group financial statements

1. Basis of preparation

The consolidated financial statements of Raubex Group Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations issued by the IFRS Interpretations Committee (IFRS IC), the JSE Listings Requirements and the Companies Act, 71 of 2008, of South Africa. The consolidated financial statements have been rounded to the nearest thousand rand and 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.

A number of International Financial Reporting Standards, Interpretations and amendments as issued by the International Accounting Standards Board (IASB) became applicable to the group, effective 1 March 2020. Refer to note 47 for details on new standards, interpretations and amendments that have been issued but which are not yet applicable to the group.

Except for those mentioned above or if otherwise stated, the principal accounting policies used in the preparation of these consolidated financial statements are consistent with those applied for the year ended 29 February 2020 in terms of IFRS.

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.

The operating cycle of contracts in progress, development land and retentions is considered to be more than 12 months. Accordingly the associated liabilities are classified as current as they are expected to be settled within the same operating cycle as contracts in progress and retentions.

The directors are of the view that no material uncertainties relating to the group's ability to continue as a going concern exist. The directors are also satisfied 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.

Covid-19

In South Africa, a national lockdown commenced on 26 March 2020 and all businesses other than those providing essential services as defined by legislation were required to be closed for the duration of the lockdown. The majority of Raubex operations in South Africa were able to commence from 1 May 2020, with a gradual increase in efficiencies to near normal levels of operation towards the end of July 2020. In the rest of Africa, operations in Botswana were also impacted by lockdowns, while in Mozambique and Namibia, materials handling and crushing operations experienced cross-border logistical issues which impacted production efficiencies during the period. In Cameroon, operations were more severely impacted by Covid-19 challenges, including travel restrictions and quarantine periods that personnel were required to comply with both in South African and Cameroonian jurisdictions which impacted the Douala Grand Mall project at a critical stage of completion. Operations in Western Australia performed well during the year and were not materially impacted by Covid-19.

Following the lockdowns experienced in the first half of the year, a good recovery was made in the second half of the year with operations reverting to normal levels of efficiency. There was also a significant increase in tender activity during the second half of the year, with some major construction contracts awarded to the group. These awards have increased the order book to a record level and a number of new bids are currently under adjudication.

The group has maintained a strong balance sheet throughout the year and experienced a significant increase in cash generated from operations. In light of the group's strong balance sheet and increase in order book together with the easing of lockdowns, the impending vaccines and the drive by the governments around the world, including South Africa, to stimulate their economies through infrastructure spend, the directors consider the adoption of the going concern basis in preparing these consolidated financial statements to be appropriate.

2. Significant estimates and judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the group's management to make estimates and judgements concerning the future that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follow:

Significant estimates:
- Estimates made in determining changes in estimated useful lives and residual value of property, plant and equipment (refer to note 10)
- Estimates regarding impairment of property, plant and equipment (refer to note 10)
- Estimated impairment of goodwill (refer to note 12)
- Contract revenue recognition and profit taking (refer to note 16 and 29)
  Each contract has specific estimates attributed to it regarding the estimated project costs, profit margins and variable considerations, claims or uninstalled materials. A meaningful sensitivity analysis on contract estimates is not practical. Contract revenue is also considered to be the most significant estimate for the group.
- Estimate of exposure and liabilities with regard to rehabilitation costs (refer to note 21)

3. Segmental Information

The group's operating segments reflect the management structure of the group and the manner in which performance is evaluated and resources allocated as managed by the group’s chief operating decision-maker, which is defined as the group's executive committee (Exco).

The group's operating segments are defined as follows:

- *Materials*
  The Materials division comprises three main disciplines, namely i) commercial quarries, ii) contract crushing and iii) materials handling and processing services for the mining industry.

- *Roads and earthworks*
  This division includes the road and civil infrastructure construction operations focused on the key areas of new road construction and road rehabilitation. The division further specialises in the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments and slurry seals and includes the operations of Tosas, a company specialising in the manufacture and distribution of value added bituminous products in South Africa, Namibia and Botswana.

- *Infrastructure*
  The Infrastructure division specialises in disciplines outside of the road construction sector, including energy (with a specific focus on renewable energy), rail, telecommunications, pipeline construction, housing infrastructure and commercial building projects.

Exco assesses the performance of the operating segments based on operating profit.

Exco also considers the business geographically, from a South African (local), African (Rest of Africa) and Australian perspective.

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

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

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

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

Segmental analysis

Operating segments	**Materials R'000**	**Roads and earthworks R'000**	**Infrastructure R'000**	**Other* R'000**	**Consolidated R'000**
For the year ended 28 February 2020					
Revenue	2 749 368	3 237 134	2 748 394	-	**8 734 896**
Operating profit	367 676	3 110	178 197	(68 525)	**480 458**
Finance income	16 869	28 737	3 544	-	**49 150**
Finance costs	(62 955)	(8 645)	(4 116)	(7 694)	**(83 410)**
Share of profit of investments accounted for using the equity method	-	(95)	61	-	**(34)**
Taxation	(95 375)	(6 990)	(57 514)	15 066	**(144 813)**
Profit for the year	**226 215**	**16 117**	**120 172**	**(61 153)**	**301 351**
Segment assets	3 393 412	2 610 900	1 384 760	592 969	**7 982 041**
Segment liabilities	1 345 343	859 725	817 368	445 831	**3 468 267**
Depreciation and amortisation	314 595	105 804	41 302	-	**461 701**
Capital expenditure	431 678	61 364	88 493	-	**581 535**
Inter segment revenue	98 525	83 129	25 533	-	**207 187**

Notes to the group financial statements (continued)

3. Segmental Information (continued)

Segmental analysis (continued)

Operating segments	Materials R'000	Roads and earthworks R'000	Infrastructure R'000	Other* R'000	Consolidated R'000
For the year ended 28 February 2021					
Revenue	**2 452 181**	**3 549 996**	**2 844 277**	**-**	**8 846 454**
Operating profit	**301 811**	**10 439**	**52 206**	**-**	**364 456**
Finance income	**26 594**	**33 006**	**8 441**	**-**	**68 041**
Finance costs	**(46 085)**	**(19 650)**	**(17 268)**	**(7 018)**	**(90 021)**
Share of profit of investments accounted for using the equity method	**-**	**(1 248)**	**384**	**-**	**(864)**
Taxation	**(98 642)**	**(13 545)**	**(26 412)**	**-**	**(138 599)**
Profit for the year	**183 678**	**9 002**	**17 351**	**(7 018)**	**203 013**
Segment assets	**2 925 231**	**3 885 986**	**1 535 087**	**140 252**	**8 486 556**
Segment liabilities	**1 308 576**	**1 510 940**	**912 847**	**79 969**	**3 812 332**
Depreciation and amortisation	**307 013**	**88 907**	**64 268**	**-**	**460 188**
Capital expenditure	**215 812**	**108 075**	**93 268**	**-**	**417 155**
Inter segment revenue	**109 146**	**44 155**	**82 636**	**-**	**235 937**

* *Other consists of amounts that cannot be allocated to specific segments, including the voluntary rebuilding programme detailed in note 22 together with the preference shares acquired in ABI, vendor loan and other receivable owed from ABI as detailed in note 19.*

Approximately 4.3% (2020: 1.9%) 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 operating segments.

Approximately 16.1% (2020: 14.0%) of total revenue is derived from South African local municipalities and provincial governments, these revenues are attributable to all the operating segments.

Additional voluntary disclosure: Geographical information

	South Africa R'000	Rest of Africa R'000	Australia R'000	Other* R'000	Consolidated R'000
For the year ended 28 February 2020					
Revenue	7 090 798	1 096 146	547 952	-	8 734 896
Operating profit	413 126	109 702	26 155	(68 525)	480 458
Finance income	47 839	1 211	100	-	49 150
Finance costs	(69 479)	(3 940)	(2 297)	(7 694)	(83 410)
Share of profit of investments accounted for using the equity method	(34)	-	-	-	(34)
Taxation	(80 889)	(52 796)	(11 128)	-	(144 813)
Profit for the year	310 563	54 177	12 830	(76 219)	301 351
Segment assets	6 450 726	679 141	259 205	592 969	7 982 041
Segment liabilities	2 460 531	435 780	126 125	445 831	3 468 267
Depreciation and amortisation	414 842	33 904	12 955	-	461 701
Capital expenditure	525 815	6 243	49 477	-	581 535
Inter segment revenue	242 414	7 715	-	-	250 129
For the year ended 28 February 2021					
Revenue	**7 183 346**	**564 871**	**1 098 237**	**-**	**8 846 454**
Operating profit	**302 974**	**(12 794)**	**74 276**	**-**	**364 456**
Finance income	**67 543**	**400**	**98**	**-**	**68 041**
Finance costs	**(78 253)**	**(860)**	**(3 890)**	**(7 018)**	**(90 021)**
Share of profit of investments accounted for using the equity method	**(864)**	**-**	**-**	**-**	**(864)**
Taxation	**(29 469)**	**(87 580)**	**(21 550)**	**-**	**(138 599)**
Profit for the year	**261 931**	**(100 834)**	**48 934**	**(7 018)**	**203 013**
Segment assets	**7 357 558**	**419 938**	**568 808**	**140 252**	**8 486 556**
Segment liabilities	**3 241 910**	**124 893**	**365 560**	**79 969**	**3 812 332**
Depreciation and amortisation	**403 696**	**35 530**	**20 962**	**-**	**460 188**
Capital expenditure	**344 370**	**3 244**	**69 541**	**-**	**417 155**
Inter segment revenue	**209 386**	**13 111**	**-**	**-**	**222 497**

* *Other consists of amounts that cannot be allocated to specific segments, including the voluntary rebuilding programme detailed in note 22 together with the preference shares acquired in ABI, vendor loan and other receivable owed from ABI as detailed in note 19.*

Revenues from the rest of Africa account for 6.4% (2020: 12.6%) of total group revenue and were generated from operations in Botswana, Cameroon, Mozambique, Namibia, Zambia and Zimbabwe. Revenues from Australia account for 12.4% (2020: 6.3%) of total group revenue and were generated from operations in western Australia.

Notes to the group financial statements (continued)

4. 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.

	2021 R'000	2020 R'000
Profit attributable to owners of the parent entity	**158 141**	251 904
Weighted average number of ordinary shares in issue*	**180 844**	181 276
Basic earnings per share (cents)	**87.4**	139.0

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.

	2021 R'000	2020 R'000
Profit attributable to owners of the parent entity	**158 141**	251 904
Weighted average number of ordinary shares in issue *	**180 844**	181 276
Adjustments for:		
Shares deemed issued for no consideration (share options)	**1 119**	1 030
Weighted average number of ordinary shares for diluted earnings per share	**181 963**	182 306
Diluted earnings per share (cents)	**86.9**	138.2

Headline

	2021	2020
Profit attributable to owners of the parent entity	**158 141**	251 904
Adjustments for:		
Profit on sale of property, plant and equipment (note 31)	**(14 537)**	(24 008)
Impairment of goodwill (note 31)	**-**	1 659
Loss on sale and leaseback transaction	**-**	68 525
Loss on disposal of subsidiary (note 31)	**15**	-
Add back: Non-controlling interests' portion of profit on sale of property, plant and equipment	**463**	4 710
Total tax effects of adjustments	**4 018**	(9 662)
Basic headline earnings	**148 100**	293 128
Weighted average number of shares*	**180 844**	181 276
Headline earnings per share (cents)	**81.9**	161.7
Headline earnings	**148 100**	293 128
Adjusted weighted average number of shares	**181 963**	182 306
Diluted headline earnings per share (cents)	**81.4**	160.8

** The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.*

5. Dividends per share

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.

The following dividends were approved and paid during the year:

	2021		2020	
	Number of shares ('000)	**Value R'000**	Number of shares ('000)	Value R'000
Previous year final dividend paid	**181 750**	**-**	181 750	39 985
Current year interim dividend paid	**181 750**	**43 620**	181 750	39 985
Dividends received on treasury shares	**(906)**	**(217)**	(906)	(215)
Total dividends paid		**43 403**		79 755

After consideration was given to the solvency and liquidity test of the group, a final dividend in respect of the year ended 28 February 2021 of R52.7 million (29 cents per share) amounting to a total dividend for the year of R96.3 million (53 cents per share) was proposed at the board of directors' meeting on 5 May 2021 and declared on the release of the group's results. These financial statements do not reflect this dividend payable.

Dividends Tax (DT)

DT is a tax imposed on shareholders at a rate of 20% on receipt of dividends. The DT is categorised as a withholding tax, as the tax is withheld and paid to the South African Revenue Services by the company paying the dividend or by a regulated intermediary and not the person liable for the tax.

6. Business combinations

Common control transactions

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

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

Subsidiaries

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

The group uses the acquisition method to account for business combinations. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. The group applied the non-controlling interest’s proportionate share of the acquiree’s net assets when recognising the non-controlling interest in the acquiree.

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

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

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

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in loss of control as equity transactions, that is, as transactions with the owners in their capacity as owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

Any difference between the purchase consideration and the carrying value of the net assets acquired is recognised in equity against retained earnings. The gains and losses on disposals to non-controlling interests are also recorded in equity against retained earnings.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Notes to the group financial statements (continued)

6. Business combinations (continued)

Disposals made during the financial period

Syiaka Specialised services (Pty) Ltd ("Syiaka)

On 30 October 2020, the group, through its subsidiary B&E International (Pty) Ltd, sold its 49% stake in Syiaka for R280 000.

Transactions with non-controlling interests

Disposals

Raubex Building Group (Pty) Ltd (previously Raubex Renovo (Pty) Ltd ("Raubex Building Group")

On 1 May 2020, the group disposed of 18% of its shares in Raubex Building Group as part of an internal restructuring exercise for no consideration to non-controlling shareholders. This transaction reduced the Group's shareholding from 100% to 82%.

Refer to note 43 - Interest in subsidiaries for the full list of subsidiaries, together with the aggregation of all subsidiaries with non-controlling interests in the group and the group's consideration of control.

Notes to the group financial statements (continued)

7. Financial instruments

Classification

Financial instruments are recognised when the entity becomes party to the contractual provisions of the instruments. The group classifies its financial instruments into the following categories depending on the purpose for which the instrument was acquired. Management determines the classification at the time of initial recognition:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI);
- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss (FVPL).

Financial instruments are recognised initially on transaction date at fair value. For financial instruments carried at fair value through profit and loss, transaction costs are recognised immediately in the consolidated statement of profit and loss. Refer to the relevant notes, referenced below, for the recognition and subsequent measurement principles of each of the group's financial instruments.

No financial instruments were designated as held at fair value through profit or loss during the year. All financial instruments held at fair value through profit and loss are default classifications in terms of IFRS 9.

The group has designated its investments in service concessions as held at fair value through other comprehensive income. The investments in service concessions are equity investments which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. Furthermore, these are strategic investments and the group considers this classification to be more relevant.

Derecognition

Financial instruments are derecognised when substantially all risks and rewards of ownership have been transferred.

Financial assets or a portion thereof are derecognised when the group`s contractual rights to the cash flows expire or when the group transfers all the risks and rewards related to the financial asset or when the group loses control of the financial asset. Financial liabilities or a portion thereof are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

Notes to the group financial statements (continued)

7. Financial instruments (continued)

Categories of financial instruments

Financial instruments comprise the following in the statement of financial position:

At 29 February 2020	**Note**	**Financial assets at amortised cost R'000**	**Financial assets at fair value through p/l R'000**	**Financial assets at fair value through oci R'000**	**Financial liabilities at amortised cost R'000**	**Financial liabilities at fair value through p/l R'000**	**Total carrying value R'000**
Loans to associates and joint ventures	13	55 314	-	-	-	-	55 314
Investment in service concessions	14	-	-	-	-	-	-
Non-current trade and other receivables	17	26 393	-	-	-	-	26 393
Other financial assets	19	268 443	41 028				309 471
Trade and other receivables	17	1 502 404	-	-	-	-	1 502 404
Cash and cash equivalents	18	1 013 556	-	-	-	-	1 013 556
Borrowings	20	-	-	-	(797 813)	-	(797 813)
Other financial liabilities	22	-	-	-	(87 951)	(42 370)	(130 321)
Trade and other payables	23	-	-	-	(1 310 687)	-	(1 310 687)
Total		2 866 110	**41 028**	-	(2 196 451)	(42 370)	668 317
At 28 February 2021							
Loans to associates and joint ventures	13	**50 904**	-	-	-	-	**50 904**
Investments in service concessions	14	-	-	**22 755**	-	-	**22 755**
Non-current trade and other receivables	17	**13 555**	-	-	-	-	**13 555**
Other financial assets	19	**150 199**	**44 912**	-	-	-	**195 111**
Trade and other receivables	17	**1 267 851**	-	-	-	-	**1 267 851**
Cash and cash equivalents	18	**1 891 636**	-	-	-	-	**1 891 636**
Borrowings	20	-	-	-	**(795 195)**	-	**(795 195)**
Other financial liabilities	22	-	-	-	**(79 969)**	**(36 571)**	**(116 540)**
Trade and other payables	23	-	-	-	**(1 372 706)**	-	**(1 372 706)**
Total		**3 374 145**	**44 912**	**22 755**	**(2 247 870)**	**(36 571)**	**1 157 371**

The trade and other receivables and trade and other payables disclosed in the above tables exclude the non-financial assets and liabilities carried on the statement of financial position.

The total value of non-financial assets excluded from trade and other receivables is R90.9 million (2020: R99.6 million) and the total value of non-financial liabilities excluded from trade and other payables is R62.9 million (2020: R106.7 million).

Notes to the group financial statements (continued)

7. Financial instruments (continued)

Categories of financial instruments (continued)

	Note	Total carrying value R'000	Total Fair value R'000	Explanation note
At 29 February 2020				
Loans to associates and joint ventures	13	55 314	55 314	a
Non-current trade and other receivables	17	26 393	26 393	c
Other financial assets	19	309 471	309 471	d
Trade and other receivables	17	1 502 404	1 502 404	c
Cash and cash equivalents	18	1 013 556	1 013 556	e
Borrowings	20	(797 813)	(797 813)	f
Other financial liabilities	22	(130 321)	(130 321)	g
Trade and other payables	23	(1 310 687)	(1 310 687)	h
Total		668 317	668 317	
At 28 February 2021				
Loans to associates and joint ventures	**13**	**50 904**	**50 904**	a
Investments in service concessions	**14**	**22 755**	**22 755**	b
Non-current trade and other receivables	**17**	**13 555**	**13 555**	c
Other financial assets	**19**	**195 111**	**195 111**	d
Trade and other receivables	**17**	**1 267 851**	**1 267 851**	c
Cash and cash equivalents	**18**	**1 891 636**	**1 891 636**	e
Borrowings	**20**	**(795 195)**	**(795 195)**	f
Other financial liabilities	**22**	**(116 540)**	**(116 540)**	g
Trade and other payables	**23**	**(1 372 706)**	**(1 372 706)**	h
Total		**1 157 371**	**1 157 371**	

a Loans to associates and joint ventures are carried at their present values and bear interest at market related rates, they therefore are deemed to approximate their fair value.

b Investments in service concessions are carried at fair value through other comprehensive income, refer to note 14 where any significant unobservable inputs have been disclosed in this regard.

c Non-current trade and other receivables relates to the non-current portion of receivables under finance leases. The carrying value of receivables under finance lease is deemed to approximate its fair value as the interest rate applicable to the lease is similar to that of current market rates. The carrying value of trade and other receivables approximates their fair value due to the short term nature of these instruments. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and are recognised initially at the amount of consideration that is unconditional.

d Other financial assets are either carried at fair value through profit and loss or at amortised cost, refer to note 19 where any significant unobservable inputs have been disclosed.

e Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, they therefore approximate fair value.

f Borrowings are made up of bank borrowings and unsecured loans.

Bank borrowings are held at amortised cost and calculated using the specific fixed terms of the agreements in place. Refer to note 20 for the average remaining loan term and interest rates applicable at year end. The carrying value of bank borrowings is deemed to approximate its fair value due to the fact that the interest rates applicable are similar to that of current market rates.

Unsecured loans are held at amortised cost, these loans are interest free and have no fixed terms of repayment. The effects of discounting are not significant if discounted using current market rates over a 12 month period. Therefore the carrying value is deemed to equal fair value.

g Other financial liabilities are either carried at fair value through profit and loss or at amortised cost, refer to note 22 where any significant unobservable inputs have been disclosed in this regard.

h Trade payables are held at amortised cost and the impact of discounting is deemed to not be significant based on their short term nature. Therefore the carrying value of trade and other payables is deemed to approximate its fair value.

Notes to the group financial statements (continued)

7. Financial instruments (continued)

Fair value estimation

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

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

The following table presents the group's financial assets and liabilities that are measured at fair value at 28 February 2021:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities				
At 29 February 2020				
Financial liabilities at fair value through profit or loss				
Contingent considerations	-	-	42 370	42 370
Total liabilities	-	-	42 370	42 370
At 28 February 2021				
Financial liabilities at fair value through profit or loss				
Contingent considerations	**-**	**-**	**36 571**	**36 571**
Total liabilities	**-**	**-**	**36 571**	**36 571**
Assets				
At 29 February 2020				
Financial assets at fair value through profit or loss				
Preference shares	-	-	41 028	41 028
Total assets	-	-	41 028	41 028
At 28 February 2021				
Financial assets at fair value through profit or loss				
Preference shares	**-**	**-**	**44 912**	**44 912**
Financial assets at fair value through other comprehensive income				
Investments in service concessions	**-**	**-**	**22 755**	**22 755**
Total assets	**-**	**-**	**67 667**	**67 667**

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

(a) Financial instruments in level 1
The group had no financial instruments measured at fair value according to level 1 at reporting date.

(b) Financial instruments in level 2
The group had no financial instruments measured at fair value according to level 2 at reporting date.

(c) Financial instruments in level 3
The following table presents the changes in Level 3 instruments for the year ended 28 February 2021:

Liabilities	Note	Contingent considerations R'000	Total R'000
Year ended 29 February 2020			
Opening balance		39 611	39 611
Finance costs recognised in profit or loss	33	2 759	2 759
Closing balance		42 370	42 370
Year ended 28 February 2021			
Opening balance		**42 370**	**42 370**
Fair value adjustment recognised in profit or loss	31	**(5 799)**	**(5 799)**
Closing balance		**36 571**	**36 571**

See note 22 for disclosures relating to the measurement of the contingent considerations.

Notes to the group financial statements (continued)

7. Financial instruments (continued)

Fair value estimation (continued)
(c) Financial instruments in level 3 (continued)

Assets	Note	Preference shares R'000	Total R'000
Year ended 29 February 2020			
Opening balance		-	-
Acquisition of financial assets	19	114 619	114 619
Loss as part of sale and leaseback transaction		(73 591)	(73 591)
Closing balance		41 028	41 028
Year ended 28 February 2021			
Opening balance		**41 028**	**41 028**
Fair value adjustment recognised in profit or loss	31	**3 884**	**3 884**
Closing balance		**44 912**	**44 912**

See note 19 for disclosures relating to the measurement of the preference shares.

8. Financial risk management

The group's activities expose it to a variety of financial risks, refer to the table below:

Risk	Exposure arising from	Measurement	Management
Market Risk - Foreign exchange	Financial assets and liabilities denominated in foreign currencies and transactions entered into by the group's foreign operations.	Sensitivity Analysis	Foreign exchange risk policies and forward contracts if required.
Market Risk - Cash flow interest rate	Long term borrowing at variable rates and interest bearing cash reserves.	Sensitivity Analysis	Pre-set borrowing targets.
Market Risk - Price	The group is not exposed to any price risk as it does not hold any publicly traded investments.	N/a	N/a
Credit risk	Cash and cash equivalents, Trade receivables, loans receivable and receivables under finance lease and contract assets.	Credit ratings Age analysis	Credit application controls in place. Only credible financial institutions are used, delayed payments are managed and payment guarantees are obtained.
Liquidity risk	Borrowings, lease liabilities and other liabilities.	Rolling cash flow forecasts	Overdraft and credit facilities available to the group. Excess cash balances are maintained above current trading requirements.

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

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The group operates across Sub-Saharan Africa and Australia and is exposed to foreign exchange risk arising from currency exposures. 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 foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group would consider using, if necessary, forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

Notes to the group financial statements (continued)

8. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at year end is as follows:

Year ended 29 February 2020	Note	South African Rand and Namibian Dollar* R'000	Australian Dollar R'000	Botswana Pula R'000	Central African Franc (Cameroon) R'000	Euro R'000	Mozambican Metical R'000	US Dollar R'000	Zambian Kwacha R'000	Total R'000
Non-current assets										
Trade and other receivables	17	26 393	-	-	-	-	-	-	-	26 393
Current assets										
Contract assets	16	268 991	15 072	-	22 051	-	17 540	-	-	323 654
Trade and other receivables	17	1 348 406	82 115	34 738	37 047	-	-	-	98	1 502 404
Cash and cash equivalents	18	876 007	73 460	65 457	105	(4 479)	1 797	946	263	1 013 556
Total monetary assets		2 519 797	170 647	100 195	59 203	(4 479)	19 337	946	361	2 866 007
Non-current liabilities										
Borrowings	20	435 668	52 970	2 976	-	-	-	-	-	491 614
Current liabilities										
Borrowings	20	276 001	23 945	3 459	2 794	-	-	-	-	306 199
Contract liabilities	16	209 158	17 667	-	-	-	-	-	-	226 825
Trade and other payables	23	1 114 766	96 389	43 145	50 296	-	5 074	203	814	1 310 687
Total monetary liabilities		2 035 593	190 971	49 580	53 090	-	5 074	203	814	2 335 325
Net monetary assets/(liabilities) at year end		484 204	(20 324)	50 615	6 113	(4 479)	14 263	743	(453)	530 682

** No exchange risk exists between the South African Rand and the Namibian Dollar, as the exchange rate is pegged at 1:1.*

Notes to the group financial statements (continued)

8. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at year end is as follows:

Year ended 28 February 2021	Note	South African Rand and Namibian Dollar* R'000	Australian Dollar R'000	Botswana Pula R'000	Central African Franc (Cameroon) R'000	Euro R'000	Mozambican Metical R'000	US Dollar R'000	Zambian Kwacha R'000	Total R'000
Non-current assets										
Trade and other receivables	17	**13 555**	-	-	-	-	-	-	-	**13 555**
Current assets										
Contract assets	16	**201 249**	**61 220**	-	-	-	**27 523**	**34 846**	-	**324 838**
Trade and other receivables	17	**1 126 326**	**116 176**	**22 477**	**849**	-	**39**	**1 943**	**41**	**1 267 851**
Cash and cash equivalents	18	**1 365 815**	**134 824**	**63 756**	**1 629**	**(7 584)**	**803**	**330 738**	**1 655**	**1 891 636**
Total monetary assets		**2 706 945**	**312 220**	**86 233**	**2 478**	**(7 584)**	**28 365**	**367 527**	**1 696**	**3 497 880**
Non-current liabilities										
Borrowings	20	**336 177**	**58 587**	**2 258**	-	-	-	-	-	**397 022**
Current liabilities										
Borrowings	20	**353 229**	**42 938**	**2 006**	-	-	-	-	-	**398 173**
Contract liabilities	16	**248 429**	**63 830**	-	-	-	-	**354 361**	-	**666 620**
Trade and other payables	23	**1 153 246**	**151 025**	**37 138**	**22 682**	-	**6 337**	**1 922**	**356**	**1 372 706**
Total monetary liabilities		**2 091 081**	**316 380**	**41 402**	**22 682**	-	**6 337**	**356 283**	**356**	**2 834 521**
Net monetary assets/(liabilities) at year end		**615 864**	**(4 160)**	**44 831**	**(20 204)**	**(7 584)**	**22 028**	**11 244**	**1 340**	**663 359**

** No exchange risk exists between the South African Rand and the Namibian Dollar, as the exchange rate is pegged at 1:1.*

The trade and other receivables and trade and other payables disclosed in the above tables exclude the non-financial assets and liabilities carried on the statement of financial position.

The total value of non-financial assets excluded from trade and other receivables is R90.9 million (2020: R99.6 million) and the total value of non-financial liabilities excluded from trade and other payables is R62.9 million (2020: R106.7 million).

8. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

A sensitivity analysis has been performed to monitor the financial effect of changes in foreign exchange rates. The analysis below depicts the impact of an appreciation and depreciation of 10% in the average value of the Rand for the year would have on the overall operating profit of the Group :

Year ended 29 February 2020	**Change in exchange rate**	**Increase/(decrease) in operating profit of the group due to a depreciation of the Rand R'000**	**Increase/(decrease) in operating profit of the group due to an appreciation of the Rand R'000**
Net increase/(decrease) in group operating profit		14 230	(14 230)
Australian Dollar	10%	2 675	(2 675)
Botswana Pula	10%	7 667	(7 667)
Central African Franc (Cameroon)	10%	(4 979)	4 979
Mozambique Metical	10%	(901)	901
US Dollar	10%	154	(154)
Zambian Kwacha	10%	9 614	(9 614)
Year ended 28 February 2021			
Net increase/(decrease) in group operating profit		**1 967**	**(1 967)**
Australian Dollar	10%	**7 428**	**(7 428)**
Botswana Pula	10%	**6 441**	**(6 441)**
Central African Franc (Cameroon)	10%	**(11 210)**	**11 210**
Mozambique Metical	10%	**(977)**	**977**
US Dollar	10%	**82**	**(82)**
Zambian Kwacha	10%	**203**	**(203)**

(ii) Price risk

The group is not exposed to any price risk as it does not hold any publicly traded investments.

(iii) Cash flow interest rate risk

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

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

Interest rate risk - Sensitivity analysis

Interest rate risk is presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expenses 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:

	2021		2020	
	1%	**-1%**	1%	-1%
	R'000	**R'000**	R'000	R'000
Cash and cash equivalents	**13 620**	**(13 620)**	7 298	(7 298)
Bank borrowings	**(5 650)**	**5 650**	(5 675)	5 675
Loans to Joint ventures and associates (note 13)	**367**	**(367)**	398	(398)
Increase/(decrease) in profitability	**8 337**	**(8 337)**	2 021	(2 021)

8. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial losses to the group. The group defines a default on a financial asset as being when the counterparty to the contract fails to make contractual payments within 30 days of when they fall due.

Although the Covid-19 lockdowns had a significant impact on the group's operations during the first half of the financial year, there was no material impact on the recovery of accounts receivable. Covid-19 continues to be monitored as part of the group's credit risk management procedures mentioned below.

Cash and cash equivalents - The group has policies that limit the amount of credit exposure to any financial institution and only creditable financial institutions are used.

Trade receivables (including receivables under finance lease) and contract assets - Credit risk is managed on a group basis. Credit risk is managed by performing credit checks on customers and setting credit limits where necessary. The financial position of customers is monitored on an ongoing basis and where appropriate, use is made of payment guarantees. 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.

Loans to associates and joint ventures - The group monitors its credit exposure to loans advanced to associates and joint ventures on an ongoing basis by assessing the associate or joint ventures financial position at reporting date. The group also assess the applicable forecasts and order books.

The group's customers are concentrated primarily in South Africa, but also exist in the rest of Africa and Australia (refer note 17). The majority of the customers are concentrated in the public, industrial and resource sector. Refer to the concentration of customers below:

Trade and other receivables	Gross carrying value R'000	Loss allowance R'000	Net carrying value R'000	% of total
For the year ended 29 February 2020				
South African National Road Agency	1 351	(21)	1 330	0.1
South African Provincial and Municipal Government	351 223	(10 580)	340 643	22.3
South African Private Sector	894 062	(61 267)	832 795	54.5
Rest of Africa Public sector	243 194	(157 964)	85 230	5.6
Rest of Africa Private sector	228 268	(7 575)	220 693	14.4
Australia Public Sector	40 492	(4)	40 488	2.6
Australia Private Sector	7 892	(274)	7 618	0.5
Total trade and other receivables (note 17)	1 766 482	(237 685)	1 528 797	100
For the year ended 28 February 2021				
South African National Road Agency	**130 816**	**(484)**	**130 332**	**10.2**
South African Provincial and Municipal Government	**299 493**	**(5 382)**	**294 111**	**23.0**
South African Private Sector	**731 931**	**(92 778)**	**639 153**	**49.9**
Rest of Africa Public sector	**127 917**	**(23 363)**	**104 554**	**8.2**
Rest of Africa Private sector	**30**	**-**	**30**	**0.0**
Australia Public Sector	**46 090**	**-**	**46 090**	**3.6**
Australia Private Sector	**67 136**	**-**	**67 136**	**5.2**
Total trade and other receivables (note 17)	**1 403 413**	**(122 007)**	**1 281 406**	**100**

The total value of non-financial assets excluded from trade and other receivables is R90.9 million (2020: R99.6 million).

Contract assets	Gross carrying value R'000	Loss allowance R'000	Net carrying value R'000	% of total
For the year ended 29 February 2020				
South African National Road Agency	6 209	(91)	6 118	1.9
South African Provincial and Municipal Government	73 758	(2 331)	71 427	22.1
South African Private Sector	158 702	(6 380)	152 322	47.1
Rest of Africa Public sector	16 285	(16 285)	-	-
Rest of Africa Private sector	78 884	(169)	78 715	24.3
Australia Public Sector	6 353	(1)	6 352	2.0
Australia Private Sector	8 724	(4)	8 720	2.7
Total contract assets (note 16)	348 915	(25 261)	323 654	100
For the year ended 28 February 2021				
South African National Road Agency	**43 868**	**(154)**	**43 714**	**13.5**
South African Provincial and Municipal Government	**95 335**	**(2 410)**	**92 925**	**28.6**
South African Private Sector	**77 378**	**(3 668)**	**73 710**	**22.6**
Rest of Africa Public sector	**-**	**-**	**-**	**-**
Rest of Africa Private sector	**61 619**	**(324)**	**61 295**	**18.9**
Australia Public Sector	**45 825**	**-**	**45 825**	**14.1**
Australia Private Sector	**7 369**	**-**	**7 369**	**2.3**
Total contract assets (note 16)	**331 394**	**(6 556)**	**324 838**	**100**

8. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Other financial assets only consist of South African and Rest of Africa private sector customers, refer to note 19 for further details.

Impairment of financial assets

The group's financial assets are subject to the expected credit loss model.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped together based on their similar credit risk characteristics and the days past due. The contract assets relate to retentions and unbilled work in progress on contracts with customers which have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the revenue payment profiles over the 12 month period before 1 March 2020 together with the corresponding historical credit losses experienced within these periods per customer classification. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP's, inflation rates, prime lending rates, US dollar exchange rates and the credit ratings of the countries in which it operates to be the most relevant factors, and has accordingly adjusted the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are credit impaired when factors and circumstances exist that have a detrimental impact on the estimated future cash flows of these financial assets. Such factors and circumstances include significant financial difficulty of a customer, breach of contract by a customer or for economic or contractual reasons relating to a customer's financial difficulty.

The expected credit losses on loans to associates and joint ventures are based on the associate or joint venture's ability to repay the loan on demand at the end of the reporting period, due to there being no fixed repayment terms on the loans. Should insufficient evidence support the repayment of the loan, a loss allowance is raised on the difference between the outstanding loan and the expected access to liquid capital.

In addition to the above, the group considers the impact of Covid-19 on its customer base and adjusts its expected credit loss rates where necessary. The group currently considers the risk to be low due to the limited impact on the recoverability of debtors over the last year. The level of risk is reassessed on a continuous basis.

The loss allowance for trade and other receivables and contract assets at year end reconcile to the opening loss allowances as follows:

Trade and other receivables	Current and past due R'000	Credit Impaired R'000	Total R'000
Opening balance at 1 March 2019	16 518	223 260	239 778
Exchange differences	14	(20 941)	(20 927)
Current year loss allowance	6 657	56 239	62 896
Amounts written off during the year as uncollectible	(793)	(10 694)	(11 487)
Unused amounts reversed	(6 689)	(25 885)	(32 574)
Closing balance at 29 February 2020 (refer to note 17)	15 707	221 979	237 686
Opening balance at 1 March 2020	**15 707**	**221 979**	**237 686**
Exchange differences	**12**	**91**	**103**
Current year loss allowance	**1 865**	**61 206**	**63 071**
Amounts written off during the year as uncollectible*	**(910)**	**(158 088)**	**(158 998)**
Unused amounts reversed	**(10 211)**	**(9 644)**	**(19 855)**
Closing balance at 28 February 2021 (refer to note 17)	**6 463**	**115 544**	**122 007**

** Loss allowance reversal relates to receivables of R161,1 million which were written off during the year and relates mainly to debt owed by the Zambian Roads Agency (Rest of Africa Public sector customer classification) for which a provision had previously been made.*

8. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Contract assets	**Current and past due R'000**	**Credit Impaired R'000**	**Total R'000**
Opening balance at 1 March 2019	1 344	6 250	7 594
Current year loss allowance	1 646	20 150	21 796
Amounts written off during the year as uncollectible	-	(39)	(39)
Unused amounts reversed	(551)	(3 539)	(4 090)
Closing balance at 29 February 2020 (refer to note 16)	2 439	22 822	25 261
Opening balance at 1 March 2020	**2 439**	**22 822**	**25 261**
Exchange differences	**(38)**	-	**(38)**
Current year loss allowance	**621**	**1 476**	**2 097**
Amounts written off during the year as uncollectible	**(87)**	**(16 285)**	**(16 372)**
Unused amounts reversed	**(1 929)**	**(2 463)**	**(4 392)**
Closing balance at 28 February 2021 (refer to note 16)	**1 006**	**5 550**	**6 556**

In determining the recoverability of trade and other receivables and contract assets, the group considers, amongst others, the frequency of payments, the financial performance of the relevant parties and any contractual agreements that might be in place. If there is no reasonable expectation of recovery then the trade receivable or contract asset is written off. Where receivables or contract assets are written off, it is group policy to continue to engage in enforcement activity in order to attempt to recover the receivable due. Refer to note 16 and 17 for amounts written off during the year. When recoveries are made, these are included in profit and loss.

For all other financial assets held at amortised cost there has been no significant increase in credit risk, therefore the ECL has been measured according to the 12 month expected credit loss which is considered immaterial.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset as disclosed in note 7.

Notes to the group financial statements (continued)

8. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash. The group does not make use of committed credit facilities.

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
Year ended 29 February 2020					
Non-derivative financial liabilities					
Bank borrowings	788 216	878 178	351 503	507 126	19 549
Unsecured loan	2 309	2 309	2 309	-	-
Lease liabilities	455 098	674 521	87 048	257 630	329 843
Other financial liabilities	130 321	167 841	22 969	99 872	45 000
Trade and other payables	1 310 687	1 310 687	1 310 687	-	-
Total	2 686 631	3 033 536	1 774 516	864 628	394 392
Year ended 28 February 2021					
Non-derivative financial liabilities					
Bank borrowings	**784 764**	**836 988**	**421 341**	**396 266**	**19 381**
Unsecured loan	**2 486**	**2 486**	**2 486**	**-**	**-**
Lease liabilities	**381 880**	**560 170**	**59 968**	**215 516**	**284 686**
Other financial liabilities	**116 540**	**143 460**	**15 000**	**98 460**	**30 000**
Trade and other payables	**1 372 706**	**1 372 706**	**1 372 706**	**-**	**-**
Total	**2 658 376**	**2 915 810**	**1 871 501**	**710 242**	**334 067**

* The amounts disclosed are the contractual undiscounted cash flows.

The trade and other payables disclosed in the table excludes the non-financial liabilities in trade and other payables carried on the statement of financial position at a value of R62.9 million (2020: R106.7 million).

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R3 156.7 million (2020: R1 929.5 million).

These guarantees have been excluded from the maturity analysis above as the issuer has no contractual obligation to make payment at the balance sheet date and the directors do not believe that any exposure to loss is likely.

Notes to the group financial statements (continued)

9. 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.

The group monitors capital on the basis of its 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:

	2021 R'000	2020 R'000
Total borrowings (refer note 20)	**795 195**	797 813
Less: cash and cash equivalents (refer note 18)	**(1 891 636)**	(1 013 556)
Net debt	**(1 096 441)**	(215 743)
Total equity	**4 674 224**	4 513 774
Total capital and net debt	**3 577 783**	4 298 031
Gearing ratio	**(30.6%)**	(5.0%)

The group's current banking facilities are subject to the group maintaining certain bank defined gearing ratio of not more than 1.25. The gearing ratios for purposes of the debt covenants are calculated below:

	2021 R'000	2020 R'000
Borrowings (refer note 20)	**795 195**	797 813
Lease liabilities (refer note 11)*	**381 880**	455 098
Other financial liabilities (refer note 22)	**116 540**	130 321
Trade and other payables (refer note 23)	**1 435 652**	1 417 392
Contract liabilities (refer note 16)	**666 620**	226 825
Current income tax liabilities	**32 650**	43 759
Defined debt/Total liabilities	**3 428 537**	3 071 208
Total equity	**4 674 224**	4 513 774
Less: Intangible assets (refer note 12)	**(1 025 282)**	(1 028 427)
Defined shareholders' funds	**3 648 942**	3 485 347
Bank defined debt covenant gearing ratios:		
Defined debt/Defined shareholders' funds	**0.94**	0.88
Total liabilities/Total equity	**0.73**	0.68

** Lease liabilities is required as part of the debt covenant calculations for the current year. Therefore it has also been included in the prior year calculations for illustrative and comparative purposes.*

In addition to the above gearing ratios, a portion of these facilities are also subject the group maintaining a total debt to EBITDA ratio of below 2.5. The EBITDA ratio for this purpose is calculated as follows:

Borrowings (refer note 20)	**795 195**	797 813
Lease liabilities (refer note 11)	**381 880**	455 098
Total debt	**1 177 075**	1 252 911
Operating profit	**364 456**	480 458
Add: Depreciation and amortisation	**460 188**	461 701
EBITDA	**824 644**	942 159
Total Debt/EBITDA	**1.43**	1.33

10. 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. After initial recognition, property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

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

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

- Buildings	50 years
- Mechanical workshops	10 - 20 years
- Plant and machinery	5 - 20 years
- Vehicles	3 - 8 years
- Furniture, fittings and equipment	2 - 8 years

Aircraft is split into the following three components; air frame, engine and avionics. These components are depreciated based on the number of flight hours flown during the period to the total estimated number of flight hours. Aircrafts are disclosed under vehicles in the table below.

Mechanical workshops are included under land and buildings.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date with reference to external valuations and confirmations supporting the reasonableness of estimates.

Impairment of property, plant and equipment

The group assesses the recoverability of property, plant and equipment when there is sufficient information to evidence an indicator of impairment. Expected cash flows are inherently uncertain and could change over time. They are affected by a number of factors including estimates of cost of production, sustaining capital expenditure and product markets. The assets were evaluated with reference to external market valuations, current economic conditions, current year similar asset disposal values and management estimates, including the cash flows expected to derive from these assets, if any, to support the reasonableness of carrying values as part of the assets' annual evaluation process. 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) – net' in the statement of profit or loss.

	Land and buildings R'000	Plant and machinery R'000	Vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
At 28 February 2019					
Cost	411 208	3 466 840	733 799	74 774	4 686 621
Accumulated depreciation	(16 187)	(1 720 046)	(361 740)	(53 069)	(2 151 042)
Net book amount	395 021	1 746 794	372 059	21 705	2 535 579
Year ended 29 February 2020					
Opening net book amount	395 021	1 746 794	372 059	21 705	2 535 579
Exchange differences	1 396	2 529	243	86	4 254
Additions	12 597	504 519	53 939	10 480	581 535
Loss of control of subsidiary (note 6)	(183 692)	-	-	-	(183 692)
Disposals	(17 865)	(57 145)	(16 651)	(471)	(92 132)
Depreciation	(5 136)	(332 590)	(47 274)	(9 028)	(394 028)
Reclassification	992	(17 314)	16 658	(336)	-
Closing net book amount	203 313	1 846 793	378 974	22 436	2 451 516
At 29 February 2020					
Cost	205 120	3 824 654	755 621	81 682	4 867 077
Accumulated depreciation	(1 807)	(1 977 861)	(376 647)	(59 246)	(2 415 561)
Net book amount	203 313	1 846 793	378 974	22 436	2 451 516

10. Property, plant and equipment (continued)

	Land and buildings R'000	Plant and machinery R'000	Vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
Year ended 28 February 2021					
Opening net book amount	**203 313**	**1 846 793**	**378 974**	**22 436**	**2 451 516**
Exchange differences	**5 907**	**3 815**	**1 215**	**242**	**11 179**
Additions	**17 566**	**356 349**	**36 668**	**6 572**	**417 155**
Disposal of subsidiary	**-**	**(4 202)**	**-**	**-**	**(4 202)**
Disposals	**-**	**(66 958)**	**(19 398)**	**(885)**	**(87 241)**
Depreciation	**(4 560)**	**(340 924)**	**(49 409)**	**(9 462)**	**(404 355)**
Reclassification	**3 330**	**4 456**	**(7 898)**	**112**	**-**
Closing net book amount	**225 556**	**1 799 329**	**340 152**	**19 015**	**2 384 052**
At 28 February 2021					
Cost	**231 986**	**3 946 392**	**719 593**	**82 538**	**4 980 509**
Accumulated depreciation	**(6 430)**	**(2 147 063)**	**(379 441)**	**(63 523)**	**(2 596 457)**
Net book amount	**225 556**	**1 799 329**	**340 152**	**19 015**	**2 384 052**

Aircraft with a book value of R56.7 million (2020: R55.7 million) have been included under vehicles.

Depreciation expense of R404.4 million (2020: R394.0 million) has been charged in cost of sales (refer note 32).

A register containing the information required by the Companies Act, 71 of 2008, is available for inspection at the registered office of the company. Bank borrowings are secured on property, plant and equipment for a book value of R1 014.3 million (2020: R1040.4 million).

A general notarial bond of R28.2 million (2020: R26.2 million) is registered over property with a carrying value of R52.7 million (2020: R46.2 million) as security for borrowing and asset finance facilities.

Lease rentals of R47.8 million (2020: R38.4 million) relating to the leasing of property, plant and equipment, are included in the statement of profit or loss (note 32).

Borrowings are disclosed in note 20 of these financial statements.

11. Leases

The statement of financial position reflects the following amounts relating to leases:

Right-of-use assets

	Land and buildings R'000	Plant and machinery R'000	Total R'000
Year ended 29 February 2020			
Opening net book value	-	-	-
Adoption of IFRS 16	41 408	201 959	243 367
Additions	286 996	64 609	351 605
Lease terminations	(1 903)	(157 831)	(159 734)
Depreciation	(12 817)	(46 313)	(59 130)
Modifications	271	-	271
Closing net book amount	313 955	62 424	376 379
At 29 February 2020			
Cost	326 133	82 804	408 937
Accumulated depreciation	(12 178)	(20 380)	(32 558)
Net book amount	313 955	62 424	376 379
Year ended 28 February 2021			
Opening net book value	**313 955**	**62 424**	**376 379**
Additions	**8 996**	**5 230**	**14 226**
Modifications	**266**	**-**	**266**
Reassessments	**5 545**	**-**	**5 545**
Lease terminations	**(1 607)**	**(52 488)**	**(54 095)**
Depreciation	**(36 629)**	**(10 662)**	**(47 291)**
Closing net book amount	**290 526**	**4 504**	**295 030**
At 28 February 2021			
Cost	**334 710**	**5 230**	**339 940**
Accumulated depreciation	**(44 184)**	**(726)**	**(44 910)**
Net book amount	**290 526**	**4 504**	**295 030**

11. Leases (continued)

Lease liabilities

	2021 R'000	2020 R'000
Opening balance	**455 098**	-
Adoption of IFRS 16	**-**	244 313
Opening balance	**455 098**	244 313
Additions	**14 226**	425 769
Interest	**32 164**	15 510
Lease payments	**(68 126)**	(67 156)
Lease terminations	**(57 286)**	(163 435)
Reassessments	**5 545**	
Modifications	**259**	97
Closing balance	**381 880**	455 098
Current	**31 527**	52 951
Non-current	**350 353**	402 147
	381 880	455 098

In the prior year, the lease liability additions exceed right-of-use asset additions due to the fact that the group entered into a sale and leaseback transaction with RPI, refer to note 19 for further details. The sale and leaseback transaction resulted in a right-of-use asset of R283.5 million and a lease liability of R357.9 million being recognised on 28 February 2020, which will be depreciated and amortised over the 12 year lease period. In terms of IFRS 16, the sale and leaseback transaction reduced the profit and related right-of-use asset recognised in the group based on the benefit retained in the underlying assets being leased back.

The statement of profit and loss reflects the following amounts relating to leases:

	2021 R'000	2020 R'000
Included in cost of sales and administrative expenses:		
Depreciation on right-of-use assets	**47 291**	59 130
Expenses relating to short-term leases*	**43 812**	34 481
Expenses relating to low-value asset leases	**3 231**	2 481
Expenses relating to variable lease payments not included in lease liabilities	**730**	1 396
Included in finance costs		
Interest expense	**32 164**	15 510
The total cash outflow for leases during the year	**115 899**	105 514
Capital repayments on capitalised leases	**35 962**	51 646
Interest repayments on capitalised leases	**32 164**	15 510
Lease payments relating to short-term, low-value and variable leases not capitalised	**47 773**	38 358

** Short term leases relate largely to short term site accommodation.*

The group's leasing activities and how leases are accounted for

The Group leases various offices, land for construction site offices, land for quarrying activities, residential units for site accommodation, plant and machinery and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions as well as extension and termination options. Rental contracts vary in length, and range from month to month agreements up to 12 years.

The lease agreements do not impose any covenants on the Group.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any incentives receivable;
- variable lease payments that are based on an index or rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee’s incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

11. Leases (continued)

The group's leasing activities and how leases are accounted for (continued)

Right-of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs if applicable.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less at commencement date. Low value asset leases comprise small items of office equipment.

Extension and termination options

Extension and termination options are included in the majority of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option such as current market lease rates, availability and cost of similar assets. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of R181,3 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). R143.2 million of these potential future cash flows relate to leases with lease periods expiring more than 5 years after year end. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, a number of leases relating to plant and machinery were settled with suppliers in order to terminate the respective lease agreements earlier than contracted and take ownership of the underlying assets.

12. Intangible assets

Goodwill

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

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

Goodwill impairment reviews are undertaken annually, or more frequently, if events or changes in circumstances indicate a potential impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

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

Customer relationships

Separately acquired customer relationship intangibles are shown at historical cost. Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer relationships are amortised over a one year period.

Trademarks and licences

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

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

12. Intangible assets (continued)

Trademarks and licences (continued)

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

- Mining rights for commercial quarries 9 - 50 years

Impairment considerations

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

Intangible assets that have an indefinite useful life are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For management's purpose 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.

	Goodwill R'000	Customer Relationships R'000	Trademarks R'000	Mining rights R'000	Total R'000
At 1 March 2019					
Cost	920 927	3 763	21 053	192 184	1 137 927
Accumulated amortisation and impairment	(69 851)	(3 763)	-	(26 708)	(100 322)
Net book amount	851 076	-	21 053	165 476	1 037 605
Year ended 29 February 2020					
Opening net book amount	851 076	-	21 053	165 476	1 037 605
Impairment loss	(1 659)	-	-	-	(1 659)
Exchange differences	1 024	-	-	-	1 024
Amortisation charge	-	-	-	(8 543)	(8 543)
Closing net book amount	850 441	-	21 053	156 933	1 028 427
At 29 February 2020					
Cost	921 951	3 763	21 053	192 184	1 138 951
Accumulated amortisation and impairment	(71 510)	(3 763)	-	(35 251)	(110 524)
Net book amount	850 441	-	21 053	156 933	1 028 427
Year ended 28 February 2021					
Opening net book amount	**850 441**	**-**	**21 053**	**156 933**	**1 028 427**
Exchange differences	**5 397**	**-**	**-**	**-**	**5 397**
Amortisation charge	**-**	**-**	**-**	**(8 542)**	**(8 542)**
Closing net book amount	**855 838**	**-**	**21 053**	**148 391**	**1 025 282**
At 28 February 2021					
Cost	**927 348**	**3 763**	**21 053**	**192 184**	**1 144 348**
Accumulated amortisation and impairment	**(71 510)**	**(3 763)**	**-**	**(43 793)**	**(119 066)**
Net book amount	**855 838**	**-**	**21 053**	**148 391**	**1 025 282**

The goodwill relating to the acquisition of Donkerhoek Quarry (Pty) Ltd, in the materials division, was impaired during the prior year.

The impairment losses incurred have been included in other gains/losses (refer to note 31).

Amortisation of mining rights of R8.5 million (2020: R8.5 million) is included in cost of sales in the statement of profit or loss (refer note 32).

12. Intangible assets (continued)

An operating segment-level summary of the intangible asset allocation is presented below:

	Materials R'000	Roads and earthworks R'000	Infrastructure R'000	Total R'000
Goodwill				
Year ended 29 February 2020	588 185	219 392	42 864	850 441
Year ended 28 February 2021	**588 184**	**219 392**	**48 262**	**855 838**
Trademarks				
Year ended 29 February 2020	21 053	-	-	21 053
Year ended 28 February 2021	**21 053**	**-**	**-**	**21 053**
Mining rights				
Year ended 29 February 2020	156 933	-	-	156 933
Year ended 28 February 2021	**148 391**	-	-	**148 391**
Total intangible assets				
Year ended 29 February 2020	766 171	219 392	42 864	1 028 427
Year ended 28 February 2021	**757 628**	**219 392**	**48 262**	**1 025 282**

The recoverable amounts of all cash generating units are determined using value in use calculations covering a 5 year period which are based on financial budgets approved by management for the year ended 28 February 2022. Should the value in use calculation indicate any possible impairment, a fair value less cost to sell calculation is performed to determine the appropriate impairment amount if any. Pre-tax cash flows beyond those budgeted are extrapolated using estimated growth rates determined per CGU. These rates do not exceed the long term average growth rate of the construction industry. The period used is considered reasonable as the business units to which the goodwill and trademarks relate are considered to have indefinite lives.

The key assumptions used for recoverable amount calculations of goodwill were a long term growth rate of 3.1% and a pre-tax discount rate of 13.2%. The same key assumptions were used across operating segments based on the fact that they operate under similar coniditions.

For the purpose of sensitivity analysis, long-term average growth rates of between 1% and 5% were used with a pre-tax discount rate of between 10% and 15%. The pre-tax discount rates reflect market related rates, adjusted for specific risks relating to the entities within the Group and the countries in which they operate (if applicable).

The recoverable amounts of goodwill and trademarks, on all CGU's will still exceed their carrying values if the growth rate is 0% (2020: 0%). A rise in the pre-tax discount rate to 20% will not give rise to impairment and the carrying value will still exceed the recoverable amount.

Notes to the group financial statements (continued)

13. Investment in associates and joint ventures

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations (note 44).

Equity Method

Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Profits are then subsequently only recognised to the extent that these exceed previously unrecognised losses.

Intercompany transactions, balances and unrealised gains on transactions between the group and its associates and joint ventures are eliminated on consolidation to the extent of the group's interest. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with policies adopted by the group.

Loans to associates and joint ventures are initially assessed for impairment using the group's expected credit loss model in terms of IFRS 9, at each reporting date. Refer to the credit risk section of note 8 for further details in this regard. The group then also determines whether there is any objective evidence that the net investments in associates and joint ventures are impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in the statement of profit or loss.

The amounts recognised in the statement of financial position are as follows:	**2021** **R'000**	2020 R'000
Investment in associates	**270**	1 041
Loans to associates	**17 225**	22 726
Investment in joint ventures	**(22)**	70
Loans to joint ventures	**33 679**	32 588
	51 152	56 425

Loans are recognised at amortised cost less any expected credit losses and include accrued interest (where applicable).

The loans to associates and joint ventures bear interest at 9.00% (2020: 11.75%) with no fixed repayment terms.

13.1. 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 (refer above). The group's investment in associates includes goodwill identified on acquisition. Loans to associates are included in the investment in associates line in the statement of financial position.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates:

Carrying value at the beginning of the year	**23 767**	23 787
Loss allowance on loans to associate	**(5 500)**	-
Share of loss in associate	**(772)**	(20)
Carrying value at end of the year	**17 495**	23 767

The associates as listed below have share capital consisting solely of ordinary shares, which are held indirectly by the group; the country of incorporation or registration is also their principal place of business. The proportion of interest held is also the proportion of voting rights held.

Nature of investments in associates:

Name of entity	**Place of business/ country of incorporation**	**% of attributable interest 2021**	**% of attributable interest 2020**	**Nature of the relationship**	**Measurement method**
Lufhereng Development Company (Pty) Ltd ("Lufhereng ")	South Africa	25.34	25.34	Note 1	Equity
Centremark Roadmarking (Pty) Ltd ("Centremark")	South Africa	44	44	Note 2	Equity

Note 1: Lufhereng was established during 2015 to execute the project Lufhereng Mixed Integrated Development for the City of Johannesburg.

Note 2: Centremark specialises in line marking and the installation of road studs. Its services give the Group the ability to complete the full road construction cycle from start to finish.

Associates listed above are private companies and there are no quoted market prices available for their shares.

13. Investment in associates and joint ventures (continued)

13.1. Associates (continued)

Financial Information at 100%

	Lufhereng		Centremark	
	2021	2020	**2021**	2020
Statement of financial position	**R'000**	R'000	**R'000**	R'000
Assets				
Non-current assets	**9**	8	**9 026**	9 041
Current assets	**193 230**	130 038	**12 011**	15 824
Total Assets	**193 239**	130 046	**21 037**	24 865
Equity and liabilities				
Equity	**10 083**	8 207	**(5 196)**	(2 360)
Non-current liabilities	-	-	**1 515**	1 724
Current liabilities	**183 156**	121 839	**24 718**	25 501
Total equity and liabilities	**193 239**	130 046	**21 037**	24 865
Statement of profit or loss				
Revenue	**574 493**	387 416	**13 454**	27 036
Profit/(Loss)	**1 875**	295	**(2 835)**	(216)

13.2. Joint Ventures

Joint ventures are accounted for using the equity method. Loans to joint ventures are included in the investment in joint ventures line in the statement of financial position.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures:

	2021	2020
	R'000	R'000
Carrying value at the beginning of the year	**32 658**	18 779
Share of loss in joint ventures	**(92)**	(14)
Loans to joint ventures	**1 091**	13 893
Carrying value at end of the year	**33 657**	32 658

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the group.

Nature of investment in joint ventures:

Name of entity	**Place of business/ country of incorporation**	**% of attributable interest 2021**	**% of attributable interest 2020**	**Nature of the relationship**	**Measurement method**
Ndlu Housing (Pty) Ltd ("Ndlu Housing")	South Africa	33.34	33.34	Note 1	Equity
Waterfall George (Pty) Ltd ("Waterfall George")	South Africa	50	50	Note 2	Equity

Note 1: Ndlu Housing was established in order to execute work on the Lufhereng Mixed Integrated Development for the City of Johannesburg.

Note 2: Waterfall George was established during the prior year to develop strategically acquired land in the Western Cape.

All joint ventures listed above are private companies and there are no quoted market prices available for their shares.

Loans are recognised at amortised cost, less any expected credit losses, and include accrued interest (where applicable).

Notes to the group financial statements (continued)

13. Investment in associates and joint ventures (continued)

13.2. Joint Ventures (continued)

Financial Information at 100%

	Ndlu		Waterfall George	
	2021	2020	**2021**	2020
	R'000	R'000	**R'000**	R'000
Statement of financial position				
Assets				
Non-current assets	**8**	7	**93**	5
Current assets	**42 033**	40 371	**12 526**	12 650
Total Assets	**42 041**	40 378	**12 619**	12 655
Equity and liabilities				
Equity	**297**	287	**(240)**	**(51)**
Current liabilities	**41 744**	40 091	**12 860**	**12 706**
Total equity and liabilities	**42 041**	40 378	**12 620**	**12 655**
Statement of profit or loss				
Revenue	**86 867**	74 165	**-**	**-**
Profit/(Loss)	**9**	35	**(189)**	**(51)**

13.3. Reconciliation of carrying amounts of investments in associates and joint ventures:

	Net assets	**Group's share (%)**	**Group's share R'000**	**Loans to associates and Joint ventures R'000**	**Carrying amount R'000**
Ndlu Housing	287	33.34	95	20 000	20 095
Lufhereng	8 207	25.34	2 080	-	2 080
Centremark	(2 360)	44	(1 038)	22 726	21 688
Waterfall George	(51)	50	(26)	12 588	12 562
Carrying amount at 29 February 2020					56 425
Ndlu Housing	**297**	**33.34**	**99**	**20 995**	**21 094**
Lufhereng	**10 083**	**25.34**	**2 555**	**-**	**2 555**
Centremark	**(5 196)**	**44**	**(2 286)**	**17 225**	**14 939**
Waterfall George	**(240)**	**50**	**(120)**	**12 684**	**12 564**
Carrying amount at 28 February 2021					**51 152**

14. Investments in service concessions

The group's investments consist of interests in service concession projects over which the group has neither control nor significant influence. These investments are classified as financial assets designated at fair value through other comprehensive income and are initially recognised at fair value. Subsequently any changes in fair value are recognised in the statement of other comprehensive income.

Service concession projects generally consist of two phases, a construction phase and an operational phase. The fair value of investments in projects still under construction are considered to be the cost of the investment. This is due to the various uncertainties that exist around the future cash flows of the concession project while still under construction. Once projects are operational, the fair value of the group's investments are determined using the discounted cash flow method where anticipated cash flows are discounted at the appropriate rates that take into account the relevant market and project risks.

Where investments in service concessions are denominated in a currency other than the functional currency of the group, the investments are translated at year end spot rates, being the valuation date. These investments normally take the form of equity and subordinated shareholders' loans in the entity geared to undertake the concession project.

	2021	2020
	R'000	R'000
Balance at year end	**22 755**	-

Details of the groups investment are as follows:

Name of Concession	Country	Initial cost of investment ($'000)	% interest 2021	Concession period	Concession status	Concession details
Zimborders	Zimbabwe	1 500	2.82	17.5	Construction	Note 1

Note 1
The Beitbridge Border Post Modernisation Project, being the expansion, upgrade and improvement of the border post at Beitbridge in Zimbabwe was awarded by The Government of Zimbabwe to Andalusia Investments (Pvt) Ltd t/a Zimborders ("Zimborders"). Zimborders is required to implement, execute, finance and manage the project. The group's investment amounts to 2.82% in Zimborders Mauritius Limited, who owns 100% of Zimborders and is the funding company for the concession.

Notice to proceed with the construction phase of the project was received on 26 November 2020 and is anticipated to be completed by 31 May 2023 (30 months), while the operational phase of the concession is expected to start on 1 December 2022 with a 17.5 year term, ending 31 May 2040.

Due to the project still being in the construction phase at year end, the fair value amounts to the initial cost of the investment.

The initial investment was received through the equity settlement of prior works that were executed on the Zimborders contract prior to financial close to the value of $1.5 million.

15. Inventories

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

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

Aggregates and gypsum tonnes held in stockpile which exceeds the annual tonnes to be sold in the following operating cycle are classified as non-current in the statement of financial position.

Development land to be transferred after 12 months falls within the normal operating cycle of the group and is therefore classified as current.

Notes to the group financial statements (continued)

15. Inventories (continued)

	2021 R'000	2020 R'000
Crusher stone	**175 935**	151 137
Gypsum	**37 156**	42 383
Consumable stores	**126 068**	133 197
Development land	**191 676**	123 585
Other materials including bitumen, rubber and emulsions	**216 272**	191 397
	747 107	641 699
Less: non-current inventories	**(58 163)**	(55 057)
Total current inventories	**688 944**	586 642

Non-current inventories relate to the OMV acquisition and include the portions of the mine dumps in Stilfontein and the portions of the synthetic gypsum dump in Potchefstroom which are not expected to be utilised within the next operating cycle of the group. The mine dumps and gypsum dump have sufficient aggregate reserves to last 31 and 4 years respectively at current sales volumes.

The cost of inventories, together with the change in inventories for the year, recognised as expense and included in 'cost of sales' amounted to R2 037.7 million (2020: R2 349.4 million) (refer to note 32). No inventories are encumbered.

No write-offs of inventory to net realisable value were required during the current year.

16. Contract assets and liabilities

The group's construction activities, which result in contracting revenue being recognised over time from contracts with customers, give rise to contract assets and contract liabilities.

Contract assets and contract liabilities are determined on a contract by contract basis and represent the group's progress towards the satisfaction of the performance obligations stipulated in the terms of each of its construction contracts.

To determine the progress towards the satisfaction of our performance obligations on each contract, the group uses an input method, measuring the costs incurred to date relative to the total estimated cost of the contract.

This method requires the group to estimate the cost of construction services and activities performed to date as a proportion of the total cost of services and activities to be performed. The group considers this method to be the most faithful depiction of the transfer of goods and services to the customer as the group has a right to payment for performance to date which is most reliably measured using the costs incurred to date. In addition, judgements are required when recognising and measuring any variable considerations, claims or uninstalled materials on each contract. Refer to note 29 for further details on judgements required when recognising revenue.

The costs of construction services and activities are initially recognised as expenses at cost when incurred and include all costs that relate directly to the fulfilment of the specific contract, and allocated overheads relating to the fulfilment of contracts in general.

The group presents as a contract asset, the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within trade and other receivables and retentions are included in contracts in progress. The invoicing of progress billings is done either as costs are incurred on a monthly basis or to match major capital outlay or on the achievement of milestones, dependant on the arrangement with customers in terms of the contract.

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

When the outcome of a contract cannot be estimated reliably, at any stage, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a 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 using the above mentioned method to determine the progress towards the satisfaction of the group's performance obligations. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately to the extent that the remaining contracts costs are deemed to be unavoidable in terms of IAS 37.

Contract revenue within the Group results from "cost-plus", "re-measurable" and "fixed price" contracts.

Retentions

Retentions are common practice in the construction industry and are used to guarantee the performance of a contractor and safeguard against defects for an initial period after construction is complete. Retentions are generally withheld as work is certified over the course of the contract, in accordance with a specified percentage stipulated in the contract with the customer, alternatively some contracts allow for retention guarantees to be provided through financial institutions.

Retentions by their nature only become due once a project is complete and the contractual defects liability period has expired. Once retentions become due they are invoiced and allocated to trade receivables, where standard contractual payment terms apply.

16. Contract assets and liabilities (continued)

Contracts in progress and retentions are made up as follows:

	2021 R'000	2020 R'000
Costs incurred plus profits recognised, less recognised losses relating to contracts at year end	**7 637 408**	5 115 374
Less: progress billings	**(8 098 509)**	(5 115 732)
Net balance sheet position for ongoing contracts	**(461 101)**	(358)
Consisting of:		
Amounts due from customers for contract work	**206 190**	227 795
Less: loss allowance	**(671)**	(1 328)
Amounts due from customers for contract work - net	**205 519**	226 467
Amounts due to customers for contract work	**(666 620)**	(226 825)
Net balance sheet position for ongoing contracts	**(461 101)**	(358)
Retentions	**125 204**	121 120
Less: loss allowance	**(5 885)**	(23 933)
Retentions - net	**119 319**	97 187
Amounts due from customers for contract work	**205 519**	226 467
Retentions	**119 319**	97 187
Total contracts assets at reporting date	**324 838**	323 654
Amounts due to customers for contract work	**666 620**	226 825
Total contracts liabilities at reporting date	**666 620**	226 825

Retentions to be received after 12 months amounted to R38.7 million (2020: R34.1 million) and fall in the normal operating cycle of the group and are therefore classified as current.

Reconciliation of net amounts due from customers for contract work for the year:

	2021 R'000	2020 R'000
Balance at 1 March	**226 467**	148 303
Add: Exchange differences	**1 921**	-
Add: Contract assets recognised during the year on contracts started in the current year	**148 186**	146 274
Add: Contract assets recognised during the year on contracts started in prior years	**57 411**	81 520
Less: Contract assets reversed on contracts started in prior years	**(227 795)**	(148 302)
Balance before loss allowances	**206 190**	227 795
Loss allowance	**(671)**	(1 328)
Balance - net	**205 519**	226 467

Contract assets are reversed as the progress billings catch up with the costs incurred plus recognised profits over the period of the contract.

Reconciliation of net amounts due to customers for contract work for the year:

	2021 R'000	2020 R'000
Balance at 1 March	**226 825**	326 852
Add: Exchange differences	**2 438**	-
Add: Contract liabilities recognised during the year on contracts started in the current year	**468 749**	118 744
Add: Contract liabilities recognised during the year on contracts started in prior years	**195 433**	108 081
Less: Contract liabilities reversed on contracts started in prior years	**(226 825)**	(326 852)
Balance - net	**666 620**	226 825

Contract liabilities are reversed and recognised as revenue as costs incurred plus recognised profits catch up with the progress billings over the period of the contract.

Included in contract liabilities recognised during the year on contracts started in the current year is R354.4 million that relates to an advance payment received for mobilisation on the Beitbridge Border Post Project.

Other than the above and the fluctuations between amounts due from/to customers for contract work and progress billings on contracts there were no other significant factors that resulted in the changes in the contract asset and liabilities balances during the year.

Loss allowance on contract assets

	2021 R'000	2020 R'000
Balance at beginning of year	**25 261**	7 594
Exchange differences	**(38)**	-
Current year loss allowance for contract assets	**2 097**	21 796
Contract assets written off during the year as uncollectible*	**(16 372)**	(39)
Unused amounts reversed	**(4 392)**	(4 090)
Balance at the end of the year	**6 556**	25 261

** Loss allowance reversal relates to contract assets of R16,4 million which were written off during the year and relate mainly to a retention owed by the Zambian Roads Agency for which a provision had previously been made. The contract assets are still subject to enforceability.*

Notes to the group financial statements (continued)

17. Trade and other receivables

Initially trade and other receivables are recognised at fair value, unless otherwise stated, and are subsequently measured at amortised cost using the effective interest rate method, less any loss allowance. Refer to note 8 for further details on the group's impairment policies and the calculation of the loss allowances.

The group holds trade and other receivables with the objective to collect the contractual cash flows.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and are recognised initially at the amount of consideration that is unconditional. These are classified as current as the terms granted to customers facilitate the preparation of payments. The group therefore does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceed one year and no significant financing component is deemed to exist.

Receivables under finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The effective interest rate method is used to allocate rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the group's net investment in the lease.

	2021	2020
	R'000	R'000
Trade receivables	**1 083 643**	1 593 953
Receivables under finance leases	**43 463**	54 444
Prepayments	**53 749**	54 679
Value-added taxation	**37 146**	44 962
Receivables from related parties (note 39)	**248 799**	84 628
Loans to related parties (note 39)	**27 508**	33 457
Total trade and other receivables	**1 494 308**	1 866 123
Less: loss allowance	**(122 007)**	(237 685)
Total trade and other receivables - net	**1 372 301**	1 628 438
Less: Non-current trade and other receivables (receivables under finance leases)	**(13 555)**	(26 393)
Total current trade and other receivables - net	**1 358 746**	1 602 045

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

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

No trade and other receivables are pledged as security.

17. Trade and other receivables (continued)

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

	2021 R'000	2020 R'000
South African Rand	**1 176 109**	1 428 732
Australian Dollar	**133 117**	89 824
Botswana Pula	**25 085**	40 632
Central African Franc	**6 560**	38 287
US Dollar	**5 438**	-
Mozambican Metical	**10 558**	10 676
Namibian Dollar	**14 420**	17 939
Zambian Kwacha	**1 014**	2 189
Zimbabwean Dollar	**-**	159
	1 372 301	1 628 438

Loss allowance on trade and other receivables		
Balance at beginning of year	**237 686**	239 778
Exchange differences	**103**	(20 927)
Current year loss allowance for receivables	**63 071**	62 896
Receivables written off during the year as uncollectible*	**(158 998)**	(11 487)
Unused amounts reversed	**(19 855)**	(32 574)
Balance at the end of the year	**122 007**	237 686

** Loss allowance reversal relates to receivables of R161,1 million which were written off during the year and relates mainly to debt owed by the Zambian Roads Agency for which a provision had previously been made. The receivables are still subject to enforceability.*

Reconciliation between the gross investment in the lease and the present value of the minimum lease instalment receivable:

	2021 R'000	2020 R'000
Total gross investment in finance leases	**48 511**	62 630
No later than 1 year	**34 439**	34 381
Later than 1 year and no later than 5 years	**14 072**	28 249
Unearned finance income	**(5 048)**	(8 186)
Net investment in lease	**43 463**	54 444
Represented by:		
Present value of minimum lease instalments	**43 463**	54 444
No later than 1 year	**29 908**	28 050
Later than 1 year and no later than 5 years	**13 555**	26 394

The group offers lessor financing for manufactured plant over the period of the contract where the plant has been built by group entities. The interest rate applicable to the lease is similar to that of current market rates.

18. 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.

	2021 R'000	2020 R'000
Cash on hand	**3 640**	2 475
Bank balances	**678 499**	737 530
Investments on call	**1 209 497**	273 551
Total cash and cash equivalents	**1 891 636**	1 013 556
For purpose of the consolidated cash flow statement, cash and cash equivalents consist of:	**1 883 691**	1 006 268
Cash on hand	**1 891 636**	1 013 556
Bank overdrafts (note 20)	**(7 945)**	(7 288)

18. Cash and cash equivalents (continued)

The credit ratings breakdown of cash and cash equivalents is as follows:

	Rating	2021 R'000	2020 R'000
Cash and cash equivalents - Australia	AA	**134 824**	73 460
Cash and cash equivalents - Zambia	B	**-**	499
Cash and cash equivalents - Other	BB	**1 753 172**	937 122
Cash on hand	Not rated	**3 640**	2 475
		1 891 636	1 013 556

19. Other financial assets

Other financial assets consist of the following:

- Redeemable preference shares in ABI (Financial assets at fair value through profit and loss);
- A vendor loan receivable from ABI (Financial assets held at amortised cost); and
- Other receivable from ABI (Financial assets held at amortised cost); and
- Shareholders' loan receivable from Zimborders Mauritius (Financial asset held at amortised cost)

Initially other financial assets are recognised at fair value, unless otherwise stated, and are subsequently measured at either amortised cost using the effective interest rate method or at fair value through profit or loss.

Other financial assets consist of the following at year end:

	Shareholders' loan R'000	Vendor loan R'000	Preference shares R'000	Other* R'000	Total R'000
Year ended 29 February 2020					
Opening Balance	-	-	-	-	-
- Receivable from ABI and investment in ABI resulting from the disposal of Raubex Property Investments (Pty) Ltd	-	81 443	114 619	187 000	383 062
Charged to statement of profit or loss:					0
- Loss as part of sale and leaseback transaction	-	-	(73 591)	-	(73 591)
At 29 February 2020	-	81 443	41 028	187 000	309 471
Non-current	-	81 443	41 028	-	122 471
Current	-	-	-	187 000	187 000
	-	81 443	41 028	187 000	309 471
Year ended 28 February 2021					
Opening Balance	**-**	**81 443**	**41 028**	**187 000**	**309 471**
- Loan receivable (non-cash settlement)	**53 094**	**-**	**-**	**-**	**53 094**
- Payments received	**-**	**-**	**-**	**(180 125)**	**(180 125)**
Charged to statement of profit or loss:					
- Fair value adjustment			**3 884**		**3 884**
- Interest accrued	**1 765**	**7 022**		**-**	**8 787**
At 28 February 2021	**54 859**	**88 465**	**44 912**	**6 875**	**195 111**
Non-current	**54 859**	**88 465**	**44 912**	**-**	**188 236**
Current	**-**	**-**	**-**	**6 875**	**6 875**
	54 859	**88 465**	**44 912**	**6 875**	**195 111**

During the prior financial year the group, acting through its wholly owned subsidiary Raubex Roads and Earthworks Holdings Proprietary Limited (the "Seller"), entered into an agreement of sale on 27 February 2020, with Acorn Black Investments Proprietary Limited, acting through its wholly owned subsidiary, ABI 2 Proprietary Limited (the "Purchaser" or "ABI"), for the sale of 100% of the shares and loan claims the Seller holds in RPI (the "Transaction").

RPI owns a property portfolio which includes both commercial properties and residential units which were independently valued at R383 million (the "Properties"). RPI leases the Properties to the Raubex group as well as certain third parties on a market related triple net lease basis. The Properties are considered to be non-core assets of the Group and the group has entered into a 12-year, triple net lease with ABI based on an 8.75% yield. ABI is a South African based Black Women Owned Private Equity Investment company.

The Transaction constitutes a Qualifying Transaction as contemplated under Statement 102 of the of Broad-Based Black Economic Empowerment Codes. The Transaction was effected through the sale of 100% of the issued shares ("Sale Shares") and loan claims ("Loan Claims") in RPI, by the Seller, which owns and operates the RPI Business, to the Purchaser.

19. Other financial assets (continued)

The Purchase Price payable for the Sale Shares and Loan Claims was R383 million which consists of the following:
- R187 million was payable on the closing date, once all the necessary security was in place, including registration of first covering mortgage bonds over the properties in the portfolio;
- R81.4 million consists of a vendor loan which is repayable within 5 years bearing interest at 9.82% per annum; and
- R114.6 million consists of an equity preference share investment in ABI at zero coupon and redeemable at the election of ABI within 10 years through the payment of a preference share dividend of R114.6 million.

The financial assets are classified as follows:

Preference shares
The preference shares are redeemable at the election of ABI on payment of a R1 preferential dividend per share which is required to be paid within 10 years of the subscription date. The preference dividends shall accrue interest at a zero rate, with the exception only of default interest which shall accrue upon the issuer failing to declare all preference dividends within the stipulated 10 year period. Thereafter any outstanding preference dividends will bear interest at the prime rate, calculated from the day immediately following the due date for payment until the date of payment.

The preference shares were discounted on subscription date to fair value using a rate 10.82% being the similar lending rate applicable to the group on a similar transaction, plus a 1% risk premium for the private nature of the equity investment. The maximum 10 years available to the issuer was used as the investment term. No default interest has been included in the fair value of the preference shares as the occurrence of default on the preferential dividends is deemed to be highly unlikely at year end.

Vendor loan
The vendor loan of R81,4 million is repayable within 5 years, and bears interest at 9,82% per annum.

Other
The R187 million receivable from ABI was payable on closing date, once all the necessary security was in place, including registration of first covering mortgage bonds over the properties in the portfolio.

During the year R180.1 million was received, while R6.9 million remains outstanding due to the pending registration of one of the final properties. No fair value adjustment has been made as the condition for payment is expected to be met within the next financial year, therefore the financing component is deemed to be immaterial.

Shareholders loan
The shareholders' loan receivable from Zimborders Mauritius Limited is unsecured and bears interest at 13% nacq (nominal annual compound quarterly). The loan is denominated in US dollars and has been pledged as security to the senior lender group responsible for financing the construction phase of the Zimborders project. Subject to the financing agreements and any statutory requirements of Zimborders Mauritius, the shareholders loan will be repaid from distributable reserves over the duration of the concession period. The shareholder loan was received in settlement of prior works that were executed on the Zimborders contract prior to the financial close of the project to the value of $3.5 million

Sensitivity Analysis - Significant unobservable inputs (Level 3)

Below is a sensitivity analysis with regards to the significant unobservable inputs, used to calculate the at acquisition fair value ("FV") of the other financial assets held at fair value through profit and loss:

	Discount rate used to establish FV at acquisition date	Effect on FV, if discount rate was 2.5% higher at acquisition date R'000	Effect on FV, if discount rate was 2.5% lower at acquisition date R'000
Preference shares	**10.82%**	**(8 204)**	**10 516**

20. Borrowings

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

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

Instalment sales agreements where the group is the borrower are recognised as assets and liabilities in the statement of financial position at the agreement's commencement at the amounts equal to the fair value of the property, plant and equipment or, if lower, the present value of the minimum instalments. The bank borrowings consist of mortgage loans and instalment sale agreements.

The discount rate used in calculating the present value of the minimum instalments is the interest rate implicit in the agreement.

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

	2021 R'000	2020 R'000
Non-current		
Bank borrowings	**397 022**	491 614
Total non-current borrowings	**397 022**	491 614
Current		
Bank borrowings	**387 742**	296 602
Unsecured loans	**2 486**	2 309
Bank overdrafts	**7 945**	7 288
Total current borrowings	**398 173**	306 199
Total borrowings	**795 195**	797 813

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R1 014.3 million (2020: R1040.4 million) and repayable in monthly instalments of R35.8 million (2020: R42.3 million) with an effective interest rate ranging between 2.99% and 7.98% per annum (2020: 4.17% and 10.05%). Bank borrowings mature September 2026.

A general notarial bond of R28.2 million (2020: R26.2 million) is registered over property with a carrying value of R52.7 million (2020: R46.2 million) as security for borrowing and asset finance facilities.

In addition, the group has unutilised facilities for asset backed finance of R531.5 million (2020: R386.0 million). The facilities are subject to annual review.

20. Borrowings (continued)

Gross future minimum payments on bank borrowings are as follows:

	2021 R'000	2020 R'000
No later than 1 year	**421 341**	351 503
Later than 1 year and no later than 5 years	**396 266**	507 126
Later than 5 years	**19 381**	19 549
	836 988	878 178
Future finance charges on bank borrowings	**(52 224)**	(89 962)
Present value of bank borrowings	**784 764**	788 216

The current banking facilities are subjected to the group maintaining a bank defined gearing ratio of not more than 1.25. The gearing ratio for purposes of the debt covenants is calculated in note 9 – capital risk management.

Unsecured loans	2021 R'000	2020 R'000
Independent Family Trust (note 39)	**2 486**	2 309
Total unsecured loans	**2 486**	2 309

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

21. Provisions for liabilities and charges

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

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

The provisions are made up as follows:

	Materials provision R'000	Rehabilitation provision R'000	Post-employment benefits R'000	Total R'000
At 1 March 2019	11 359	102 526	3 099	116 984
Charged to statement of profit or loss:				
- Additional provision	17 311	238	-	17 549
- Unwinding of discount (note 33)	-	4 096	-	4 096
- Provisions utilised	(20 105)	(1 360)	-	(21 465)
- Current service cost	-	-	36	36
- Interest expense	-	-	341	341
- Expected employer benefit payments	-	-	(113)	(113)
- Past service cost gain	-	-	(264)	(264)
Actuarial gain for the year	-	-	(162)	(162)
At 29 February 2020	8 565	105 500	2 937	117 002
Charged to statement of profit or loss:				
- Additional provision	**4 000**	**324**	**-**	**4 324**
- Unwinding of discount (note 33)	**-**	**4 320**	**-**	**4 320**
- Provisions utilised	**(6 725)**	**(1 673)**	**-**	**(8 398)**
- Current service cost	**-**	**-**	**31**	**31**
- Interest expense	**-**	**-**	**383**	**383**
- Expected employer benefit payments	**-**	**-**	**(200)**	**(200)**
- Past service cost gain	**-**	**-**	**(214)**	**(214)**
Actuarial gain for the year	**-**	**-**	**(1 833)**	**(1 833)**
At 28 February 2021	**5 840**	**108 471**	**1 104**	**115 415**

Notes to the group financial statements (continued)

21. Provisions for liabilities and charges (continued)

Analysis of total provisions:	**2021**	2020
	R'000	R'000
Non-current		
Rehabilitation provision	**108 471**	105 500
Post-employment benefits	**1 061**	2 816
Total non-current provisions	**109 532**	108 316
Current		
Materials provision	**5 840**	8 565
Post-employment benefits	**43**	121
Total current provisions	**5 883**	8 686
Total provisions	**115 415**	117 002

The additional provisions have been included in other operating expenses in the statement of profit or loss (refer to note 32).

Rehabilitation provision:

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.

In terms of Section 41 (3) of the Mineral and Petroleum Resources Development Act, the holder of a mining right must annually assess their environmental liability with regards to the site over which the right is held and increase their financial provision to the satisfaction of the minister. The group's rehabilitation provisions are assessed annually and calculations are based on guidelines set out by the Department of Mineral Resources. The provision is measured at the present value of the expected future cash flows that will be required to rehabilitate the site to the standard required by the Department of Mineral Resources.

The 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.

A risk free rate of 3.90% (2020: 6.05%) and an average inflation rate of 5.13% (2020: 4.19%) were used in the calculation of the estimated net present value of the rehabilitation provision. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

Below is a sensitivity analysis with regards to the discount rate used to calculate the present value of expected expenditure ("PV") of the rehabilitation provisions:

	Discount rate used to establish PV at reporting date	**Effect on PV, if discount rate was 2.5% higher at reporting date R'000**	**Effect on PV, if discount rate was 2.5% lower at reporting date R'000**
Rehabilitation provision	**3.90%**	**(1 541)**	**1 617**

21. Provisions for liabilities and charges (continued)

Post-employment benefits:

One of the subsidiaries in the group i.e. Tosas (Pty) Ltd provides post-retirement healthcare benefits to certain of their retirees, employed prior to 1 January 1998 who retire and satisfy the necessary requirements of the medical fund. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

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

	2021 R'000	2020 R'000
Non-current present value of unfunded obligations	**1 061**	2 816
Current present value of unfunded obligations	**43**	121
Balance at the end of the year	**1 104**	2 937
Consisting of:		
Retirement Benefits	**776**	658
Death-In-Service Benefits	**36**	40
Continuation Members Benefits	**292**	2 239
Balance at the end of the year	**1 104**	2 937

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

The most significant assumptions used for the current and previous valuations are outlined below:

	2021	2020
Discount rate	**13.5%**	11.7%
Healthcare cost inflation	**10.1%**	8.9%
Expected retirement age	**59**	59

The weighted average duration of the post-retirement healthcare benefit is 17.2 years (2020: 16.0 years).

The expected maturity analysis of undiscounted benefit payments:

At 29 February 2020	Less than a year R'000	Between 1 - 5 years R'000	Between 6 - 10 years R'000	Between 11 – 15 years R'000
Benefit payments	127	622	1 174	2 410

At 28 February 2021	Less than a year R'000	Between 1 - 5 years R'000	Between 6 - 10 years R'000	Between 11 – 15 years R'000
Benefit payments	**46**	**212**	**469**	**1 336**

Projection of results of the valuation as at 28 February 2021 to 28 February 2022 is set out below.

	Post-employment benefit liability R'000
As at 28 February 2021	**1 104**
Current service cost	**31**
Interest expense	**146**
Expected employer benefit payments	**(46)**
As at 28 February 2022	**1 235**

Risks to this valuation include the risk that future CPI inflation and healthcare cost inflation are higher than expected. The impact of this is not considered to be material to the group due to the low number of employees to which these benefits are provided.

22. Other financial liabilities

Other financial liabilities consist of the following:

- Contingent considerations (Financial liabilities at fair value through profit and loss); and
- Voluntary rebuilding programme settlement liability (Financial liability held at amortised cost).

Contingent considerations have originated from the acquisition of business combinations. Additional contingent considerations are payable by the group dependant on the acquired company's earnings over a period in the future. Contingent considerations are recognised initially at fair value. When the financial liability is recognised initially, its fair value is included in the consideration transferred by the group in the business combination. Subsequently, the contingent consideration is measured at fair value. Gains and losses arising from changes in the fair value of the liability are included in profit or loss.

	Contingent considerations R'000	**Voluntary rebuilding programme R'000**	**Total R'000**
At 1 March 2019	39 611	95 257	134 868
Charged to statement of profit or loss:			
- Unwinding of discount (note 33)	2 759	7 694	10 453
Expiry/Settlement of financial liabilities:			
- Voluntary Rebuilding Programme Settlement	-	(15 000)	(15 000)
At 29 February 2020	42 370	87 951	130 321
Non-current	34 401	72 951	107 352
Current	7 969	15 000	22 969
	42 370	87 951	130 321
At 1 March 2020	**42 370**	**87 951**	**130 321**
Charged to statement of profit or loss:			
- Unwinding of discount (note 33)	**-**	**7 018**	**7 018**
- Fair value adjustments (note 31)	**(5 799)**	**-**	**(5 799)**
Settlement of financial liabilities:			
- Voluntary Rebuilding Programme Settlement	**-**	**(15 000)**	**(15 000)**
At 28 February 2021	**36 571**	**79 969**	**116 540**
Non-current	**36 571**	**64 969**	**101 540**
Current	**-**	**15 000**	**15 000**
	36 571	**79 969**	**116 540**

Sensitivity Analysis - Significant unobservable inputs (Level 3)

Below is a sensitivity analysis with regards to the discount rate used to calculate the at acquisition fair value ("FV") of the other financial liabilities held at fair value through profit and loss:

	Discount rate used to establish FV*	**Effect on FV, if discount rate was 2.5% higher R'000**	**Effect on FV, if discount rate was 2.5% lower R'000**
Metadynamics – Contingent Consideration	**3.40%**	**(431)**	**452**
Transkei – Contingent Consideration	**3.40%**	**(855)**	**920**

** The discount rate change from the prior year is due to the change in market rate.*

Refer to the transaction descriptions below for further details relating to the other unobservable inputs inherent in the financial liabilities held at fair value through profit and loss.

22. Other financial liabilities (continued)

Metadynamics (Pty) Ltd ("Metadynamics") – Contingent Consideration

The contingent consideration arrangement requires the group to pay, in cash, to the former owners, an additional amount limited to a maximum undiscounted amount of R59,15 million based on the average profit after tax achieved over the 4 year period from 1 March 2018 to 28 February 2022.

The fair value of the contingent consideration has been determined using an income approach and a discount rate of 3.4% (2020: 6.4%), which is the significant unobservable input. Significant increases (decreases) in the discount rate would result in a lower (higher) fair value measurement, refer to sensitivity analysis above.

Transkei Quarries (Pty) Ltd ("Transkei") – Contingent Consideration

The contingent consideration arrangement requires the group to pay, in cash, to the former owners, an additional amount, based on Transkei's enterprise value exceeding R100 million over a 4 year measurement period. The maximum amount payable is limited to R19.6 million based on a limited enterprise value of R140 million. During the year the measurement period was amended to 1 March 2019 to 29 February 2024.

The fair value of the contingent consideration has been determined using an income approach and a discount rate of 3.4% (2020: 6.4%), which is the significant unobservable input. Significant increases (decreases) in the discount rate would result in a lower (higher) fair value measurement, refer to sensitivity analysis above.

Voluntary rebuilding programme settlement liability

The group entered into a settlement agreement with the government of the Republic of South Africa (the Government) on 11 October 2016, together with other construction companies, in an effort to address the construction companies' exposure to potential claims for damages from certain identified public entities arising primarily from the fast track settlement process launched by the South African Competition Authorities in February 2011, as well as to significantly advance the transformation of the South African construction sector.

The settlement agreement stipulates that over a 12 year period, from the effective date, the group will be required to make an annual payment of R15 million into a fund which will be used to implement initiatives that will develop and enhance the construction industry, in conformity with the Government's transformation objectives and promote the development of emerging contractors and suppliers in South Africa.

As a result, any claims or potential claims for damages that certain, identified public entities have made, or may be entitled to make, against the group in relation to projects primarily arising from the Fast Track Settlement Process, will be settled.

The settlement liability is held at amortised cost and has been discounted at the incremental borrowing rate of 8.6%.

23. Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The obligation arising is expected to be settled within 12 months of the reporting date.

	2021 R'000	2020 R'000
Trade payables	**644 021**	462 679
Payables due to related parties (note 39)	**59 328**	31 262
Loans from related parties (note 39)	**18 214**	36 563
Advance payments received	**-**	9 295
Value-added taxation	**62 946**	97 410
Accruals and other payables	**651 143**	780 183
Total trade and other payables	**1 435 652**	1 417 392

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

24. Deferred income tax

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

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

The group assesses the underlying economic circumstances of all deferred tax assets recognised on tax losses in order to ensure that future taxable profits are probable.

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

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

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

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

Notes to the group financial statements (continued)

24. Deferred income tax (continued)

	2021 R'000	2020 R'000
Deferred tax assets		
Non-current	**(155 756)**	(131 890)
Deferred tax liabilities		
Non-current	**268 380**	280 057
Deferred tax liabilities (net)	**112 624**	148 167

A net deferred tax asset amount of R61.2 million is expected to be recovered over the next 12 months.

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

	2021	2020
Balance at beginning of year	**148 167**	197 705
Exchange differences	**4 793**	(1 583)
Disposal of subsidiary	**(361)**	-
Charged to statement of profit or loss	**(40 488)**	(48 001)
Charged to comprehensive income	**513**	46
Balance at year end	**112 624**	148 167

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

Deferred tax liabilities	**Accelerated depreciation R'000**	**Construction contracts R'000**	**Other R'000**	**Total R'000**
At 1 March 2019	451 549	28 297	1 284	481 130
Charged to statement of profit or loss	15 436	562	-	15 998
At 29 February 2020	466 985	28 859	1 284	497 128
Exchange differences	**(587)**	**(60)**	**-**	**(647)**
Disposal of subsidiary	**(417)**	**-**	**-**	**(417)**
Charged to statement of profit or loss	**(3 547)**	**(3 435)**	**-**	**(6 982)**
At 28 February 2021	**462 434**	**25 364**	**1 284**	**489 082**

Deferred tax assets	**Provisions R'000**	**Tax losses R'000**	**Other R'000**	**Total R'000**
At 1 March 2019	(152 019)	(106 996)	(24 410)	(283 425)
Exchange differences	(1 671)	-	88	(1 583)
Charged to statement of profit or loss	6 737	(29 053)	(41 683)	(63 999)
Charged to comprehensive income	46	-	-	46
At 29 February 2020	(146 907)	(136 049)	(66 005)	(348 961)
Exchange differences	**(388)**	**2 903**	**2 925**	**5 440**
Disposal of subsidiary	**56**	**-**	**-**	**56**
Charged to statement of profit or loss	**15 042**	**(53 994)**	**5 446**	**(33 506)**
Charged to comprehensive income	**513**	**-**	**-**	**513**
At 28 February 2021	**(131 684)**	**(187 140)**	**(57 634)**	**(376 458)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable. Deferred income tax assets to the value R14.6 million in respect of tax losses carried forward were not recognised in the group at year end due to the uncertainty pertaining to future taxable profits.

Included in “Other” deferred tax assets is a deferred tax asset relating to the loss recognised in the prior year on the sale and leaseback transaction of R15.6 million and a deferred tax asset relating to the net lease liability arising from the sale and leaseback transaction of R23.6 million.

Notes to the group financial statements (continued)

25. Share capital and premium

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.

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
At 1 March 2019	181 750	1 817	2 059 688	2 061 505
At 29 February 2020	181 750	1 817	2 059 688	2 061 505
At 28 February 2021	**181 750**	**1 817**	**2 059 688**	**2 061 505**

No new shares were issued during the year (2020: nil).

The total authorised number of ordinary shares is 500 million shares (2020: 500 million) with a par value of 1 cent per share (2020: 1 cent per share). All issued shares are fully paid.

26. Treasury shares

Where any group company acquires its own equity instruments (Treasury Shares), the consideration paid, including any directly attributable incremental cost (net of income taxes) 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. Any difference between the carrying amount and the consideration received, if reissued, is recognised in equity attributable to the company's equity shareholders. Dividends received on treasury shares are eliminated on consolidation. The cost of treasury shares held is determined using the weighted average cost basis.

	2021 R'000	2020 R'000
Treasury Shares held by Raubex (Pty) Ltd	**16 002**	16 002
Total	**16 002**	16 002

Treasury Shares are shares in Raubex Group Limited that are held by group companies. During the prior year the company acquired an additional 835,399 of its own shares through purchases on the JSE . The total amount paid to acquire the shares was R14,8 million and has been deducted from shareholders' equity. The related weighted average share price at the time of purchase was R17,67.

The weighted average share price of the remaining treasury shares held at year end is R17,67.

Analysis of movement in treasury shares:	**Number of shares**	**Value R'000**
At 28 February 2019	70 138	1 218
Treasury shares acquired by Raubex (Pty) Ltd	835 399	14 784
At 29 February 2020	905 537	16 002
At 28 February 2021	**905 537**	**16 002**

Notes to the group financial statements (continued)

27. Other reserves

	Foreign currency translation reserve R'000	Common control reserve R'000	Equity settled share based payment R'000	Total R'000
At 1 March 2019	(8 742)	(1 175 298)	6 905	(1 177 135)
Translation difference of foreign subsidiaries	27 823	-	-	27 823
Non-controlling interests' portion of translation difference of foreign subsidiaries	(674)	-	-	(674)
Performance shares granted to employees (note 37)	-	-	8 142	8 142
At 29 February 2020	18 407	(1 175 298)	15 047	(1 141 844)
Translation difference of foreign subsidiaries	**12 222**	-	-	**12 222**
Non-controlling interests' portion of translation difference of foreign subsidiaries	**(2 504)**	-	-	**(2 504)**
Performance shares granted to employees (note 37)	-	-	**11 702**	**11 702**
At 28 February 2021	**28 125**	**(1 175 298)**	**26 749**	**(1 120 424)**

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

28. Non-controlling interest

	2021 R'000	2020 R'000
Balance at beginning of year	**257 417**	262 272
Profit attributable to non-controlling interest	**44 872**	49 447
FCTR attributable to non-controlling interest	**2 504**	674
Disposal of non-controlling interest	**(9 550)**	-
Disposal of subsidiary	**(308)**	-
Acquisition of non-controlling interest	**-**	(16 531)
Dividends paid to non-controlling interest	**(24 096)**	(38 445)
Balance at end of year	**270 839**	257 417

Refer to note 43 for a breakdown of non-controlling interest percentages per subsidiary.

Notes to the group financial statements (continued)

29. Revenue

Revenue is recognised at the amount that reflects the consideration to which the group expects to be entitled for transferring goods or services to its customers based on the satisfaction of performance obligations, either over time or at a point in time, in the normal course of business. Revenue is recognised net of value added tax and inter-company revenues are eliminated on consolidation.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Although in most instances contracts are expected to last more than 12 months, the terms granted to customers facilitate the preparation of payments and the group does not normally expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceed one year. The group has applied the 12 month financing practical expedient in terms of IFRS 15 where applicable. For all other circumstances where the period exceeds one year, the group recognises the significant financing component applicable to contract as part of finance cost, refer to note 33.

Contract assets and liabilities

Contract assets and liabilities arise due to a number of different factors during the execution of contracts with customers. Contract assets represent the group's right to consideration for services provided to customers but which have not yet been certified or invoiced. Contract liabilities arise where payment is received prior to work being completed. Refer to note 16, contract assets and liabilities, for further details in this regard.

Revenue is recognised from the group’s activities, as described below:

Contracting revenue

The Group recognises revenue over time by measuring the progress towards the satisfaction of performance obligations stipulated in its contracts with customers for the construction of assets. Progress is measured using the costs incurred to date over the total estimated construction cost of the contract. Refer to note 16 for further guidance.

Commercial quarry aggregates and gypsum revenue

The Group recognises revenue at a point in time, being when the customer takes possession of the goods.

Bitumen and emulsion products

The Group recognises revenue at a point in time, being when the customer takes possession of the bitumen and emulsion products.

Asphalt supply revenue

The Group recognises revenue at a point in time, being when the customer takes possession of the asphalt.

Plant hire revenue

The Group recognises revenue over time by measuring the progress towards the satisfaction of performance obligations. Progress is measured using operating hours for which the customer has received and consumed the benefits provided.

Property sales, property rentals and development fees

Revenue from property sales are recognised at a point in time, once legal ownership of the property has transferred to the customer.

Revenue from property rentals and development fees are recognised over time based on the satisfaction of performance obligations stipulated in the contracts with customers. Progress is measured using the costs incurred to date over the total cost of the contract.

Notes to the group financial statements (continued)

29. Revenue (continued)

Revenue generated per activity is as follows:	**2021**	2020
	R'000	R'000
Contracting revenue	**6 665 038**	6 084 060
Commercial quarry aggregates and gypsum revenue	**1 107 148**	1 111 402
Bitumen and emulsion products	**296 156**	580 884
Asphalt supply revenue	**323 262**	281 646
Plant hire revenue	**352 180**	473 329
Property sales, property rentals and development fees	**102 670**	203 575
Total revenue	**8 846 454**	8 734 896

Disaggregation of revenue

Disaggregation of revenue by activity and segment	**Materials R'000**	**Roads and earthworks R'000**	**Infrastructure R'000**	**Consolidated R'000**
For the year ended 29 February 2020				
Contracting revenue	1 164 637	2 374 604	2 544 819	6 084 060
Commercial quarry aggregates and gypsum revenue	1 111 402	-	-	1 111 402
Bitumen and emulsion products	-	580 884	-	580 884
Asphalt supply revenue	-	281 646	-	281 646
Plant hire revenue	473 329	-	-	473 329
Property sales, property rentals and development fees	-	-	203 575	203 575
Total revenue for the year	2 749 368	3 237 134	2 748 394	8 734 896
For the year ended 28 February 2021				
Contracting revenue	**992 853**	**2 930 578**	**2 741 607**	**6 665 038**
Commercial quarry aggregates and gypsum revenue	**1 107 148**	**-**	**-**	**1 107 148**
Bitumen and emulsion products	**-**	**296 156**	**-**	**296 156**
Asphalt supply revenue	**-**	**323 262**	**-**	**323 262**
Plant hire revenue	**352 180**	**-**	**-**	**352 180**
Property sales, property rentals and development fees	**-**	**-**	**102 670**	**102 670**
Total revenue for the year	**2 452 181**	**3 549 996**	**2 844 277**	**8 846 454**

Disaggregation of revenue by activity and geography	**South Africa R'000**	**Rest of Africa R'000**	**Australia R'000**	**Consolidated R'000**
For the year ended 29 February 2020				
Contracting revenue	4 850 717	685 391	547 952	6 084 060
Commercial quarry aggregates and gypsum revenue	940 479	170 923	-	1 111 402
Bitumen and emulsion products	374 517	206 367	-	580 884
Asphalt supply revenue	248 181	33 465	-	281 646
Plant hire revenue	473 329	-	-	473 329
Property sales, property rentals and development fees	203 575	-	-	203 575
Total revenue for the year	7 090 798	1 096 146	547 952	8 734 896
For the year ended 28 February 2021				
Contracting revenue	**5 325 125**	**241 676**	**1 098 237**	**6 665 038**
Commercial quarry aggregates and gypsum revenue	**910 101**	**197 047**	**-**	**1 107 148**
Bitumen and emulsion products	**198 086**	**98 070**	**-**	**296 156**
Asphalt supply revenue	**295 184**	**28 078**	**-**	**323 262**
Plant hire revenue	**352 180**	**-**	**-**	**352 180**
Property sales, property rentals and development fees	**102 670**	**-**	**-**	**102 670**
Total revenue for the year	**7 183 346**	**564 871**	**1 098 237**	**8 846 454**

Disaggregation of revenue by customer sector and geography	**South Africa R'000**	**Rest of Africa R'000**	**Australia R'000**	**Consolidated R'000**
For the year ended 29 February 2020				
Public sector	1 502 522	43 827	180 813	1 727 162
Private sector	5 588 276	1 052 319	367 139	7 007 734
Total revenue for the year	7 090 798	1 096 146	547 952	8 734 896
For the year ended 28 February 2021				
Public sector	**1 989 167**	**505**	**792 890**	**2 782 562**
Private sector	**5 194 179**	**564 366**	**305 347**	**6 063 892**
Total revenue for the year	**7 183 346**	**564 871**	**1 098 237**	**8 846 454**

Notes to the group financial statements (continued)

30. Other income

	2021 R'000	2020 R'000
Income received under finance leases	**3 114**	10 106
Insurance recoveries	**6 329**	3 497
Interest on accounts receivable	**1 921**	6 357
Seta recoveries	**1 053**	2 024
Bad debts recovered	**4 834**	4 917
Total other income	**17 251**	26 901

31. Other gains/(losses)

	2021 R'000	2020 R'000
Profit on sale of fixed assets	**14 537**	24 008
Gain/(loss) on exchange differences	**(14 257)**	(15 788)
Loss on disposal of subsidiary	**(15)**	-
Impairment of goodwill (note 12)	**-**	(1 659)
Loss on sale and leaseback transaction	**-**	(68 525)
Gain on early termination of leases	**3 198**	4 540
Gain on fair value adjustments of contingent considerations (note 22)	**5 799**	-
Gain on fair value adjustment of preference shares (note 19)	**3 884**	-
Total other gains/(losses)	**13 146**	(57 424)

32. Expenses by nature

	2021 R'000	2020 R'000
Changes in inventories (note 15)	**105 409**	123 953
Subcontractors	**2 456 668**	2 038 570
Raw materials and consumables (note 15)	**1 932 317**	2 225 458
Employee benefit expense (note 36)	**2 281 912**	2 132 426
Depreciation and amortisation (note 10, 11 and 12)	**460 188**	461 701
Short-term, low-value and variable lease payments (note 11)	**47 773**	38 358
Repairs and maintenance	**477 882**	514 713
Other operating expenses	**701 710**	652 234
Total cost of sales and administrative expenses	**8 463 859**	8 187 413
Total cost of sales	**7 835 914**	7 643 854
Total administrative expenses	**627 945**	543 559
Total cost of sales and administrative expenses	**8 463 859**	8 187 413

Notes to the group financial statements (continued)

33. Finance income and costs

Interest is recognised on a time-proportion basis using the effective interest rate method.

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

Finance income:	2021 R'000	2020 R'000
Cash finance income		
Interest income on cash resources	**51 867**	45 701
Other interest	**7 387**	3 449
Non-cash finance income		
Accrued interest (note 19)	**8 787**	-
Total finance income	**68 041**	49 150

Finance costs:

Cash finance costs		
Bank borrowings	**(44 163)**	(54 452)
Interest expense on lease liabilities	**(32 164)**	(15 510)
Other interest	**(1 355)**	(1 100)
Non-cash finance costs		
Unwinding of discount - rehabilitation provision (note 21)	**(4 320)**	(4 096)
Unwinding of discount - contingent consideration liability (note 22)	**-**	(2 759)
Unwinding of discount - voluntary rebuilding programme (note 22)	**(7 018)**	(7 694)
Unwinding of discount - retentions	**1 580**	2 201
Significant financing component on advance payment	**(2 581)**	-
Total finance costs	**(90 021)**	(83 410)
Net finance costs	**(21 980)**	(34 260)

34. Income tax expense

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

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

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

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

Notes to the group financial statements (continued)

34. Income tax expense (continued)

	2021 R'000	2020 R'000
South African normal taxation		
Current tax		
Current period	**118 915**	109 661
Adjustments for current tax of prior periods	**824**	3 167
Capital gains tax	**1 057**	18 745
Total South African normal taxation	**120 796**	131 573
Deferred tax		
Originating and reversing temporary differences	**(91 326)**	(50 685)
Total South African deferred taxation	**(91 326)**	(50 685)
Total South African taxation	**29 470**	80 888
Foreign taxation		
Current tax		
Current period	**59 619**	61 216
Adjustments for current tax of prior periods	**(1 328)**	25
Total foreign normal tax	**58 291**	61 241
Deferred tax		
Originating and reversing temporary differences	**50 838**	2 684
Total foreign deferred tax	**50 838**	2 684
Total foreign taxation	**109 129**	63 925
Total income tax expense	**138 599**	144 813

Reconciliation between applicable and effective tax rate:

	%	%
Applicable tax rate	**28.00**	28.00
Goodwill written off	**-**	0.10
Expenses attributable to exempt income	**0.32**	0.27
Capital gains tax	**(0.17)**	(1.18)
Tax losses not recognised as deferred tax assets	**4.85**	(0.88)
Impairment of loan accounts	**0.45**	0.50
Current tax recognised in prior periods	**(0.15)**	0.72
Disallowed charges - other	**0.27**	0.68
Disallowed charges - share options	**0.96**	0.51
Disallowed charges - VRP settlement agreement and unwinding of discount	**0.10**	0.66
Special allowances	**(0.46)**	(0.47)
Loss on sale and leaseback transaction	**-**	0.92
Tax at rates in foreign countries	**2.73**	1.01
Withholding tax on dividends	**3.67**	1.62
	40.57	32.46

Notes to the group financial statements (continued)

34. Income tax expense (continued)

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

	2021			2020		
	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	**12 222**	**-**	**12 222**	27 823	-	27 823
Actuarial (loss)/gain on post-employment benefit obligations	**1 833**	**513**	**1 320**	163	46	117
Other comprehensive income	**14 055**	**513**	**13 542**	27 986	46	27 940

35. Auditors' remuneration

	2021 R'000	2020 R'000
Fees	**12 806**	12 333
Prior year under provision	**760**	483
Tax and non-audit services	**1 376**	193
Total auditors remuneration	**14 942**	13 009

36. Employee benefit expense

Pension obligations (Retirement fund contributions)

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

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

Other post-employment obligations

One company in the group provides post-retirement healthcare benefits to their retirees. Refer to note 21 for detailed disclosure.

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.

The employee benefit expense for the year is made up as follows:

	2021 R'000	2020 R'000
Wages and salaries	**2 055 330**	1 911 328
Performance shares granted to employees (note 37)	**11 702**	8 142
Long term incentive bonus provision (cash retention scheme)	**13 589**	15 376
Retrenchment and termination cost	**12 475**	10 348
Retirement fund contributions	**89 724**	91 347
Medical aid contributions	**43 203**	40 778
Other post-employment benefits	**214**	-
Other contributions and accruals	**55 675**	55 107
Total employee benefit expense	**2 281 912**	2 132 426

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.

37. Employee Long-term Incentive Scheme

The group's long term incentive ("LTI") scheme is an equity-settled share-based compensation plan awarded to selected employees in the full time employ of the group. The scheme allows for a rolling award of performance shares (Raubex Group Limited ordinary Shares) for full value with no consideration payable by the employee.

The scheme was approved by the board and shareholders at the AGM on 27 July 2018 and will continue for a period of 5 years.

The purpose of the LTI scheme is for the Group to retain and incentivise selected high performing employees and those with critical and scarce skills, whose performance contributes to the sustainability of the business of the Group, by granting them the opportunity to earn long term incentive bonuses, settled in ordinary shares of the Company and encouraging their continued service with the Group. The scheme is further intended to promote alignment of the interests of the employees and shareholders of the company.

LTI Scheme summary:

The vesting of performance shares granted is subject to both performance conditions and employment conditions being met:

- Performance conditions are measured over a performance period of 3 years from 1 March of the year the performance shares are awarded; and
- Employment conditions are measured from grant date and require the continued employment of the participant for the duration of the employment period

The employment period in relation to the LTI Scheme is 3 years from grant date in order to qualify for 50% of the performance shares awarded and four years from grant date in order to qualify for the remaining 50% of the performance shares granted.

Provided the performance conditions and employment conditions are met, 50% of the performance shares awarded vest after 3 years of service with the balance vesting after 4 years of service from the grant date.

Performance conditions comprise of KPI’s and targets which are determined by the remuneration committee ("remco") and take into consideration the group's strategic objectives and shareholder interests.

The vesting of shares awarded under the LTI scheme is subject the following performance conditions:

LTI Scheme 2018:

- Average ROICE relative to the WACC of the Raubex group
- Total Shareholder Return (“TSR”) relative to the following seven peer group companies listed under the construction and materials sector on the JSE:
  Afrimat, Aveng, Basil Read, CalgroM3, Group Five, Stefanutti Stocks and WBHO

LTI Scheme 2019 and 2020:

- Average ROICE relative to the WACC of the Raubex group
- Total Shareholder Return (“TSR”) relative to the following seven peer group companies listed under the construction and materials sector on the JSE:
  Afrimat, Balwin, CalgroM3, PPC, Sephaku, Stefanutti Stocks and WBHO

The performance conditions carry an equal weighting and have participation hurdles comprising Threshold, Target and Stretch granting 50%, 100% and 150% participation respectively.

The following table sets out a summary of the long term incentive KPI targets and weighting

LTI Scheme 2018:

KPI's	**Weight**	**Threshold = 50% participation**	**Target = 100% participation**	**Stretch = 150% participation**
Average ROICE > WACC	50%	WACC minus 3%	WACC	WACC plus 3%
Total Shareholder Return (TSR) > peer group	50%	Raubex > median TSR of peer group	Raubex > median TSR of peer group plus 2%	Raubex > median TSR of peer group plus 4%

Notes to the group financial statements (continued)

37. Employee Long-term Incentive Scheme (continued)

LTI Scheme 2019 and 2020:

KPI's	**Weight**	**Threshold = 50% participation**	**Target = 100% participation**	**Stretch = 150% participation**
Average ROICE > WACC	50%	WACC	WACC plus 1%	WACC plus 3%
Total Shareholder Return (TSR) > peer group	50%	Raubex > median TSR of peer group	Raubex > median TSR of peer group plus 2%	Raubex > median TSR of peer group plus 4%

ROICE, WACC and TSR are defined in the Company's remuneration policy as follows:

ROICE	NOPAT /(Total borrowings + total equity)
NOPAT	Profit after tax + net finance charges after tax
WACC	WACC formula= (E/V * Ke) + [(D/V* Kd)* (1 - tax rate)] E = Market value of equity V = Total market value of equity and debt Ke = Cost of equity D = Market value of debt Kd = Cost of debt Tax rate = Corporate tax rate
TSR	TSR = (change in market price per share over the performance period + dividends received per share)/market price per share at the beginning of performance period* *Market price to be determined on a 20 business-day VWAP basis prior to the start and end of the performance period.*

Under the LTI scheme, the fair value of the employee services received in exchange for the grant of the performance shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the performance shares granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. At each reporting date, the entity revises its estimate of the number of performance shares that are expected to vest. It recognises the impact of the revision to original estimates, in the statement of profit or loss, with a corresponding adjustment to equity. When the performance shares vest, the company issues either new shares or treasury shares held whichever is deemed to be in the best interest of the group.

The fair value of the performance shares is determined using a combination of the Monte Carlo model and the spot rate of the performance shares at grant date. Refer below for the significant inputs used to determine the fair value of the performance shares awarded:

Arrangement	**a) LTI Scheme 2018 (ROICE)**	**b) LTI Scheme 2018 (TSR)**	**c) LTI Scheme 2019 (ROICE)**	**d) LTI Scheme 2019 (TSR)**	**e) LTI Scheme 2020 (ROICE)**	**f) LTI Scheme 2020 (TSR)**
Nature of arrangement	Performance shares granted	Performance shares granted	Performance shares granted	Performance shares granted	Performance shares granted	Performance shares granted
Options approved	911 188	911 188	1 041 801	1 041 801	972 589	972 589
Number of options granted	911 188	911 188	1 041 801	1 041 801	972 589	972 589
Number of options outstanding	740 187	740 187	773 072	773 072	727 737	727 737
Exercise price	R nil	R nil	R nil	R nil	R nil	R nil
Date of grant	1 August 2018	1 August 2018	1 August 2019	1 August 2019	1 August 2020	1 August 2020
Share price at the date of grant	R 19.85	R 19.85	R 19.24	R 19.24	R 24.96	R 24.96
Contractual life	4 years	4 years	4 years	4 years	4 years	4 years
Vesting conditions	Refer to LTI summary above	Refer to LTI summary above	Refer to LTI summary above	Refer to LTI summary above	Refer to LTI summary above	Refer to LTI summary above
Performance period:	1 Mar 2018 to 28 Feb 2021	1 Mar 2018 to 28 Feb 2021	1 Mar 2019 to 28 Feb 2022	1 Mar 2019 to 28 Feb 2022	1 Mar 2020 to 28 Feb 2023	1 Mar 2020 to 28 Feb 2023
Employment period (1st 50%):	1 Aug 2018 to 31 Jul 2021	1 Aug 2018 to 31 Jul 2021	1 Aug 2019 to 31 Jul 2022	1 Aug 2019 to 31 Jul 2022	1 Aug 2020 to 31 Jul 2023	1 Aug 2020 to 31 Jul 2023
Employment period (remaining 50%):	1 Aug 2018 to 31 Jul 2022	1 Aug 2018 to 31 Jul 2022	1 Aug 2019 to 31 Jul 2023	1 Aug 2019 to 31 Jul 2023	1 Aug 2020 to 31 Jul 2024	1 Aug 2020 to 31 Jul 2024
Settlement	Shares	Shares	Shares	Shares	Shares	Shares
Expected volatility	n/a	33.8%	n/a	33.4%	n/a	38.1%

37. Employee Long-term Incentive Scheme (continued)

Arrangement	a) LTI Scheme 2018 (ROICE)	b) LTI Scheme 2018 (TSR)	c) LTI Scheme 2019 (ROICE)	d) LTI Scheme 2019 (TSR)	e) LTI Scheme 2020 (ROICE)	f) LTI Scheme 2020 (TSR)
Expected option life at grant date	1st 50% of performance shares - 3 years	1st 50% of performance shares - 3 years	1st 50% of performance shares - 3 years	1st 50% of performance shares - 3 years	1st 50% of performance shares - 3 years	1st 50% of performance shares - 3 years
	2nd 50% of performance shares - 4 years	2nd 50% of performance shares - 4 years	2nd 50% of performance shares - 4 years	2nd 50% of performance shares - 4 years	2nd 50% of performance shares - 4 years	2nd 50% of performance shares - 4 years
Risk free interest rate	7.84%	7.84%	6.99%	6.99%	4.11%	4.11%
Expected dividend yield	3.10%	3.10%	2.00%	2.00%	2.00%	2.00%
Expected departures (grant date)	0%	0%	0%	0%	0%	0%
Expected outcome of meeting performance criteria (grant date)	0%	150%	0%	100%	100%	100%
Fair value of options determined at the grant date	R 17.77	R 22.97	R 17.98	R 21.66	R 24.96	R 34.36
Valuation model	Spot rate at grant date	Monte - Carlo	Spot rate at grant date	Monte - Carlo	Spot rate at grant date	Monte - Carlo

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

29 February 2020			
	Number of shares	Weighted average remaining life (yrs.)	
LTI	**('000)**	**Expected**	**Contractual**
a and b 1st 50%	**911 188**	1.4	1.4
a and b 2nd 50%	**911 188**	2.4	2.4
c and d 1st 50%	**1 041 801**	2.4	2.4
c and d 2nd 50%	**1 041 801**	3.4	3.4

28 February 2021			
	Number of shares	Weighted average remaining life (yrs.)	
LTI	**('000)**	**Expected**	**Contractual**
a and b 1st 50%	**740 187**	0.4	0.4
a and b 2nd 50%	**740 187**	1.4	1.4
c and d 1st 50%	**773 072**	1.4	1.4
c and d 2nd 50%	**773 072**	2.4	2.4
e and f 1st 50%	**727 737**	2.4	2.4
e and f 2nd 50%	**727 737**	3.4	3.4

A reconciliation of movements in the number of performance shares can be summarised as follows:

	2021		2020	
	Number of shares	**Exercise price**	Number of shares	Exercise price
Outstanding at beginning of year	**3 905 977**	**R 0.00**	1 822 375	R 0.00
Performance shares granted	**1 945 177**	**R 0.00**	2 083 602	R 0.00
Performance shares forfeited	**(1 369 163)**	**R 0.00**	-	R 0.00
Performance shares exercised	**-**	**R 0.00**	-	R 0.00
Outstanding at end of year	**4 481 991**	**R 0.00**	3 905 977	R 0.00
Exercisable at end of year	**-**	**R 0.00**	-	R 0.00

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

	2021	2020
Expense – equity settled arrangements	**R'000**	R'000
Employee long term incentive (note 36)	**11 702**	8 142
Total equity settled share based payment expense	**11 702**	8 142

38. Cash generated from operations

	2021 R'000	2020 R'000
Profit before income tax	**341 612**	446 164
Adjustment for:		
Depreciation (note 10)	**404 355**	394 028
Depreciation on right-of-use assets (note 11)	**47 291**	59 130
Amortisation (note 12)	**8 542**	8 543
Goodwill Impairment (note 12)	**-**	1 659
Profit on sale of assets (note 31)	**(14 537)**	(24 008)
Interest received (note 33)	**(68 041)**	(49 150)
Interest paid (note 33)	**90 021**	83 410
Foreign exchange (gains)/losses - unrealised	**599**	5 995
Provisions (note 21)	**(1 587)**	18
Share of loss of equity accounted investments (note 13)	**864**	34
Performance shares granted to employees (note 36)	**11 702**	8 142
Gain on early termination of leases	**(3 198)**	(4 540)
Loss on disposal of subsidiary (note 31)	**15**	-
Loss on sale and leaseback transaction	**-**	68 525
Impairment on loans to associates (note 13)	**5 500**	-
Non cash settlement of prior works relating to Zimborders contract (note 14 and 19)	**(75 849)**	-
Gain on fair value adjustment of contingent considerations (note 22)	**(5 799)**	-
Gain on fair value adjustment of preference share (note 19)	**(3 884)**	-
Changes in working capital		
Inventories	**(105 409)**	12 332
Trade and other receivables	**249 272**	(126 067)
Contract assets	**(1 184)**	(29 661)
Contract liabilities	**439 795**	(100 027)
Trade and other payables	**24 336**	50 678
Changes in other financial liabilities		
Voluntary rebuilding programme payment (note 22)	**(15 000)**	(15 000)
Net cash generated from operations	**1 329 416**	790 205

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2021 R'000	2020 R'000
Net book amount (note 10)	**87 241**	92 132
Profit on disposal of property, plant and equipment (note 31)	**14 537**	24 008
Proceeds from disposal of property, plant and equipment	**101 778**	116 140

In the statement of cash flows taxation paid is calculated as follows:

	2021 R'000	2020 R'000
Balance due/(receivable) at beginning of the year	**23 173**	8 382
Add: current year tax charge (note 34)	**179 087**	192 814
Less: Disposal of subsidiary	**(531)**	-
Add: balance (payable)/receivable at end of the year	**(11 114)**	(23 173)
Taxation paid	**190 615**	178 023

38.1. Cash flow from financing activities

An analysis of movements in liabilities arising from financing activities for each period has been presented below:

	Contingent considerations R'000	**Lease Liabilities R'000**	**Borrowings - Unsecured Loans R'000**	**Borrowings - Bank Borrowings R'000**
Balance at 28 February 2019	39 611	-	3 564	658 183
Recognised on adoption of IFRS 16	-	244 313	-	-
Balance at 1 March 2019	39 611	244 313	3 564	658 183
Repayments of financial liabilities	-	(67 156)	(1 255)	(453 132)
Proceeds from financial liabilities	-	-	-	583 165
Unwinding of discount	2 759	-	-	-
Interest accrued on leases	-	15 510	-	-
Acquisition of leases	-	425 886	-	-
Termination of leases	-	(163 455)	-	-
Balance at 29 February 2020	42 370	455 098	2 309	788 216
Note	22	11	20	20

38.1. Cash flow from financing activities (continued)

	Contingent considerations R'000	Lease Liabilities R'000	Borrowings - Unsecured Loans R'000	Borrowings - Bank Borrowings R'000
Balance at 1 March 2020	**42 370**	**455 098**	**2 309**	**788 216**
Repayments of financial liabilities	**-**	**(68 126)**	**-**	**(363 165)**
Proceeds from financial liabilities	**-**	**-**	**177**	**354 243**
Fair value adjustments	**(5 799)**	**-**	**-**	**-**
Interest accrued on leases	**-**	**32 164**	**-**	**-**
Acquisition of leases	**-**	**14 226**	**-**	**-**
Termination of leases	**-**	**(57 286)**	**-**	**-**
Lease modifications and reassessments	**-**	**5 804**	**-**	**-**
Disposal of subsidiary	**-**	**-**	**-**	**(5 169)**
Foreign exchange differences	**-**	**-**	**-**	**10 639**
Balance at 28 February 2021	**36 571**	**381 880**	**2 486**	**784 764**
Note	22	11	20	20

39. Related parties

Relationships

Associates and joint ventures	Refer to note 13
Joint Operations	Refer to note 44

Companies and trusts controlled by directors and directors of subsidiaries:
Bridgetown Dolomite Mine Joint Venture
Corpclo 851 CC
Independent Family Trust
Klaas en Ellie Beleggings (Pty) Ltd
Lemati Developers (Pty) Ltd
Mamiki Capital Investments (Pty) Ltd
MD Dikoko
NFG Property Sales (Pty) Ltd
Oranje Mynbou en Vervoer (Pty) Ltd
Rapid River Developments (Pty) Ltd
Raubex Eiendomme (Pty) Ltd
RJ Fourie Boerdery
The Burger Family Trust
Verdino 192 (Pty) Ltd
Waalprop Commercial (Pty) Ltd

Related party balances

	2021 R'000	2020 R'000
Amounts included in trade receivables regarding related parties		
Centremark Roadmarking (Pty) Ltd	**234**	-
Lufhereng Development Company (Pty) Ltd	**70 332**	-
Ndlu Housing (Pty) Ltd	**13 372**	-
Phoenix Highway Joint Operation	**5 164**	1 142
Rau-Mon Joint Operation	**42 437**	31 363
Raubex/Nodoli Construction Joint Operation	**31 952**	19 347
Raubex/Enza Joint Operation	**13 505**	20 281
Raubex/Enza/RB Joint Operation	**1 562**	3 565
Raubex/Umso Joint Operation	**14 223**	-
Raubex Building/Enza Construction Joint Operation	**13 106**	-
Raubex Infra/Enza Joint Operation	**6 671**	-
RJ Fourie Boerdery	**2**	4
Sacyr Westforce Joint Operation	**-**	106
Vasse Joint Operation	**11 875**	-
Vharanani/Raubex Joint Operation	**24 364**	8 820
Receivables from related parties (refer to note 17)	**248 799**	84 628

	2021 R'000	2020 R'000
Amounts included in trade payables regarding related parties		
Centremark Roadmarking (Pty) Ltd	**633**	-
Ndlu Housing (Pty) Ltd	**1 844**	-
Rau-Mon Joint Operation	**56 851**	31 262
Payables due to related parties (refer to note 23)	**59 328**	31 262

Notes to the group financial statements (continued)

39. Related parties (continued)

	2021	2020
Loans to related parties	**R'000**	R'000
Kentha/Raumix Joint Operation	**1 142**	1 489
MD Dikoko	**187**	187
Oranje Mynbou en Vervoer (Pty) Ltd	**-**	1 850
Phoenix Highway Joint Operation	**4 112**	2 219
Raubex/Enza/RB Joint Operation	**928**	2 177
Raubex/Enza Joint Operation	**11 976**	17 362
Raubex/Moloto Joint Operation	**953**	937
Raubex/Umso Joint Venture	**778**	-
Raubex/WBHO Joint Venture	**2**	2
Raubex Building/Enza Construction Joint Operation	**336**	-
Roadmac Surfacing/Enza Joint Operation	**-**	1
Sacyr Westforce Joint Operation	**-**	5 629
Vasse Joint Operation	**7 094**	-
Verdino 192 (Pty) Ltd	**-**	1 604
Loans to related parties (refer to note 17)	**27 508**	33 457

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

	2021	2020
Loans to entities controlled by key management:		
At beginning of year	**3 642**	7 036
Loans advanced during the year	**-**	-
Loan repayments received	**(3 455)**	(3 394)
At end of year	**187**	3 642
Loans to joint operations:		
At beginning of year	**29 815**	10 683
Loans advanced during the year	**8 208**	23 785
Loan repayments received	**(10 702)**	(4 653)
At end of year	**27 321**	29 815
Total loans to related parties:		
At beginning of year	**33 457**	17 719
Loans advanced during the year	**8 208**	23 785
Loan repayments received	**(14 157)**	(8 047)
At end of year (refer to note 17)	**27 508**	33 457

	2021	2020
Loans from related parties		
Included in trade payables (note 23):		
Akasia/Actophambili Joint Operation	**-**	225
Klaas en Ellie Beleggings (Pty) Ltd	**501**	3 651
Raubex Building/Umso Construction Joint Operation	**7 427**	30 058
Roadmac Surfacing/RTH Joint Operation	**-**	577
Sacyr Westforce Joint Venture	**5 800**	-
Vharanani/Raubex Joint Operation	**4 486**	2 052
Included in borrowings (note 20):		
Independent Family Trust	**2 486**	2 309
Loans from related parties	**20 700**	38 872
Loans from entities controlled by key management:		
At beginning of year	**5 960**	9 456
Loans received during the year	**176**	-
Loan repayments made	**(3 150)**	(3 496)
At end of year	**2 986**	5 960
Loans from joint operations:		
At beginning of year	**32 912**	4 264
Loans received during the year	**8 234**	28 681
Loan repayments made	**(23 432)**	(33)
At end of year	**17 714**	32 912
Total loans from related parties:		
At beginning of year	**38 872**	13 720
Loans received during the year	**8 410**	28 681
Loan repayments made	**(26 582)**	(3 529)
At end of year (refer to note 20 and note 23)	**20 700**	38 872

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

Notes to the group financial statements (continued)

39. Related parties (continued)

Subcontractors’ fees received from/ (paid to) related parties	2021 R'000	2020 R'000
Lemati Developers (Pty) Ltd	-	(88)
Phoenix Highway Joint Operation	42 192	8 917
Rau-Mon Joint Operation	(17 731)	(7 649)
Raubex/Enza Joint Operation	184 756	235 556
Raubex/Enza/RB Joint Operation	23 970	27 932
Raubex/Moloto Joint Operation	-	26
Raubex/Nodoli Construction Joint Operation	98 798	40 791
Raubex /Umso Joint Operation	26 478	-
Raubex Building/Enza Construction Joint Operation	11 400	-
Raubex Building/Umso Construction Joint Operation	59 413	64 618
Raubex Infra/Enza Construction Joint Operation	59 575	-
Roadmac Surfacing/Enza Joint Operation	-	410
Sacyr Westforce Joint Operation	75 339	32 861
Vasse Joint Operation	40 209	-
Vharanani/Raubex Joint Operation	92 475	122 452
	696 874	525 826

Rental of equipment and premises paid to related parties

Kentha/Raumix Joint Operation	(1 525)	(1 525)
NFG Property Sales (Pty) Ltd	(468)	(438)
Rapid River Developments (Pty) Ltd	-	(143)
Waalprop Commercial (Pty) Ltd	(152)	-
	(2 145)	(2 106)

Other fees received from/ (paid to) related parties

RJ Fourie Boerdery	22	45
	22	45

Related party transactions with directors and prescribed officers

Directors' emoluments

2020	Directors fees R'000	Salaries R'000	Incentive Bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total Emoluments R'000
Executive						
RJ Fourie	-	3 507	4 167	345	333	8 352
JF Gibson	-	2 581	2 880	238	37	5 736
NF Msiza	-	2 658	1 504	245	6	4 413
Total emoluments	-	8 746	8 551	828	376	18 501
Non-executive						
F Kenney	1 056	-	-	-	-	1 056
LA Maxwell	858	-	-	-	-	858
BH Kent	660	-	-	-	-	660
SR Bogatsu	660	-	-	-	-	660
Total emoluments	3 234	-	-	-	-	3 234

Notes to the group financial statements (continued)

39. Related parties (continued)

Related party transactions with directors and prescribed officers (continued)

Directors emoluments (continued)

2021	Directors fees R'000	Salaries R'000	Incentive Bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total Emoluments R'000
Executive						
RJ Fourie	-	**3 503**	**6 752**	**343**	**284**	**10 882**
JF Gibson	-	**2 578**	**4 677**	**237**	**33**	**7 525**
NF Msiza	-	**2 655**	**4 786**	**244**	-	**7 685**
Total emoluments	-	**8 736**	**16 215**	**824**	**317**	**26 092**
Non-executive						
F Kenney	**1 113**	-	-	-	-	**1 113**
LA Maxwell	**904**	-	-	-	-	**904**
BH Kent	**696**	-	-	-	-	**696**
SR Bogatsu	**696**	-	-	-	-	**696**
Total emoluments	**3 409**	-	-	-	-	**3 409**

Prescribed officers emoluments 2020	Salaries R'000	Incentive Bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total Emoluments R'000
LJ Raubenheimer	2 496	3 011	251	329	6 087
IJM van Niekerk	2 420	1 387	223	241	4 271
RL Shedlock	3 608	1 830	440	544	6 422
DC Lourens	2 328	1 331	215	254	4 128
JA Louw	1 649	1 027	152	198	3 026
GM Chemaly	1 505	227	139	12	1 883
Total emoluments	14 006	8 813	1 420	1 578	25 817

Prescribed officers emoluments 2021	Salaries R'000	Incentive Bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total Emoluments R'000
LJ Raubenheimer	**2 485**	**5 693**	**250**	**315**	**8 743**
IJM van Niekerk*	**1 219**	**5 255**	**123**	**513**	**7 110**
RL Shedlock	**3 558**	**6 164**	**478**	**567**	**10 767**
DC Lourens	**2 470**	**5 331**	**226**	**253**	**8 280**
JA Louw	**1 639**	**2 873**	**151**	**210**	**4 873**
GM Chemaly	**1 582**	**839**	**147**	**13**	**2 581**
Total emoluments	**12 953**	**26 155**	**1 375**	**1 871**	**42 354**

** Resigned effective 30 September 2020*

Performance shares granted to directors and prescribed officers

Performance shares 2020	Shares outstanding at 1 March 2019	Shares granted during the year	Shares exercised during the year	Shares outstanding at 29 February 2020	Strike price
Executive directors					
RJ Fourie	395 149	442 372	-	837 521	R 0.00
JF Gibson	273 142	306 331	-	579 473	R 0.00
NF Msiza	139 816	156 723	-	296 539	R 0.00
Prescribed officers					
LJ Raubenheimer	291 315	325 476	-	616 791	R 0.00
IJM van Niekerk	205 431	231 126	-	436 557	R 0.00
RL Shedlock	212 737	243 301	-	456 038	R 0.00
DC Lourens	189 319	226 048	-	415 367	R 0.00
JA Louw	95 466	107 515	-	202 981	R 0.00
GM Chemaly	20 000	44 710	-	64 710	R 0.00

The performance shares granted to directors and prescribed officers during the prior year are in terms of the long term incentive scheme, details of which are set out in note 37 to these group financial statements.

39. Related parties (continued)

Related party transactions with directors and prescribed officers (continued)
Performance shares granted to directors and prescribed officers (continued)

Performance shares 2021	Shares outstanding at 1 March 2020	Shares granted during the year	Shares forfeited during the year	Shares exercised during the year	Shares outstanding at 28 February 2021	Strike price
Executive directors						
RJ Fourie	**837 521**	**352 376**	**-**	**-**	**1 189 897**	**R 0.00**
JF Gibson*	**579 473**	**244 082**	**(686 984)**	**-**	**136 571**	**R 0.00**
NF Msiza	**296 539**	**166 477**	**-**	**-**	**463 016**	**R 0.00**
Prescribed officers						
LJ Raubenheimer	**616 791**	**259 390**	**-**	**-**	**876 181**	**R 0.00**
IJM van Niekerk**	**436 557**	**245 622**	**(682 179)**	**-**	**-**	**R 0.00**
RL Shedlock	**456 038**	**258 143**	**-**	**-**	**714 181**	**R 0.00**
DC Lourens	**415 367**	**257 282**	**-**	**-**	**672 649**	**R 0.00**
JA Louw	**202 981**	**114 304**	**-**	**-**	**317 285**	**R 0.00**
GM Chemaly	**64 710**	**47 501**	**-**	**-**	**112 211**	**R 0.00**

** Tendered resignation as financial director on 26 January 2021 effective 31 May 2021 with employment to 31 July 2021*
*** Resigned effective 30 September 2020*

The performance shares granted to directors and prescribed officers during the year are in terms of the long term incentive scheme, details of which are set out in note 37 to these group financial statements.

Interests of directors in the share capital
Details of ordinary shares held directly and indirectly per individual director are listed below as at 28 February 2021.

	2021 Number of shares	2020 Number of shares
Beneficial		
Direct and Indirect		
RJ Fourie	**4 603 676**	4 603 676
JF Gibson	**365 730**	365 730
F Kenney	**4 065 384**	4 065 384

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

40. Directors', prescribed officers and key management emoluments

Executive	**2021 R'000**	2020 R'000
For services as directors of the company	**26 092**	18 501
For services as prescribed officers of the company	**42 354**	25 817
For services as key management	**91 873**	89 730

Prescribed officers of the company consist of the company secretary and executive committee members who are not directors of the company.

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

Key management emoluments 2020	Salaries R'000	Incentive Bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total Emoluments R'000
	52 225	22 616	6 558	8 331	89 730

Key management emoluments 2021	Salaries R'000	Incentive Bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total Emoluments R'000
	53 100	**25 095**	**6 025**	**7 653**	**91 873**

Notes to the group financial statements (continued)

41. Commitments

Capital commitments

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

	2021 R'000	2020 R'000
Property, plant and equipment	**3 224**	**29 752**
Total capital commitments	**3 224**	29 752

Voluntary rebuilding programme commitment

The future voluntary rebuilding programme commitment, consisting of the 7 remaining payments of R15 million per annum to be settled on 1 July each year, amounts to the following at year end:

	2021 R'000	2020 R'000
Voluntary rebuilding programme (refer to note 22)	**105 000**	120 000

42. Contingencies

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R3 156.7 million (2020: R1 929.5 million). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R4 900.3 million (2020: R4 712.7 million).

The financial institution backed contract guarantee provided to third parties and the total available facility are subject to the group maintaining certain gearing and EBITDA ratios. The ratios for purposes of these debt covenants are calculated in note 9 – capital risk management.

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

Notes to the group financial statements (continued)

43. Interest in subsidiaries

		Country of incorporation and place of business	Issued share capital	Effective % held by the group	Effective % held by the group	Effective % held by non-controlling interests	Effective % held by non-controlling interests	Shares at cost	Shares at cost
				2021	2020	2021	2020	2021	2020
			Shares	%	%	%	%	R'000	R'000
Direct									
Raubex (Pty) Ltd	H	South Africa	300	100	100	-	-	2 018 163	2 018 163
Raubex FIC (Pty) Ltd	H	South Africa	200	100	100	-	-	75 127	75 127
Raubex Foreign Holdings (Pty) Ltd	H	South Africa	100	100	100	-	-	-	-
L & R Civils (Pty) Ltd	I	South Africa	300	80	80	20	20	-	-
Indirect									
Akasia Road Surfacing (Pty) Ltd	A	South Africa	100	100	100	-	-	120 796	120 796
Aliwal Dolorite Quarry (Pty) Ltd	Q	South Africa	100	74	74	26	26	7 619	7 619
B&E International - North (Namibia) (Pty) Ltd	P	Namibia	100	100	100	-	-	-	-
B&E International (Botswana) (Pty) Ltd	D	Botswana	10 000	74	74	26	26	-	-
B&E International (Foreign) (Pty) Ltd	C	South Africa	100	100	100	-	-	-	-
B&E International (Namibia) (Pty) Ltd	C	Namibia	200	74	74	26	26	-	-
B&E International (Pty) Ltd	C	South Africa	1 000	100	100	-	-	473 844	473 844
B&E International Mining (Pty) Ltd	C	South Africa	100	100	49	-	51	-	-
B&E International Mozambique Limitada	C	Mozambique	16 835	100	100	-	-	-	-
B&E International Swaziland (Pty) Ltd	C	Eswatini	100	100	100	-	-	-	-
Belabela Asphalt (Pty) Ltd	A	Botswana	100	49	49	51	51	1	1
Belabela Quarries (Pty) Ltd	Q	Botswana	1 660 000	74	74	26	26	-	-
Burma Plant Hire (Pty) Ltd	P	South Africa	100	100	100	-	-	11 532	11 532
Burma Plant Hire and Mining (Pty) Ltd	P	South Africa	100	74	100	26	-	-	-
Burma Plant Hire (Namibia) (Pty) Ltd	P	Namibia	100	100	100	-	-	-	-
Canyon Rock (Pty) Ltd	Q	South Africa	120	74	74	26	26	46 294	46 294
Cloetesdal Developments (Pty) Ltd	I	South Africa	100	74	74	26	26	-	-
Comar Plant Design and Manufacturing (Pty) Ltd	P	South Africa	1 000	100	100	-	-	3 000	3 000
Crushco (Pty) Ltd	Q	South Africa	100	74	74	26	26	-	-
Donkerhoek Quarry (Pty) Ltd	Q	South Africa	200	70	70	30	30	-	-
Donkerhoek Quartzite (Pty) Ltd	Q	South Africa	4 000	74	74	26	26	-	-
Empa Plant (Pty) Ltd	D	South Africa	400	70	70	30	30	23 527	23 527
Empa Structures (Pty) Ltd	I	South Africa	100	70	70	30	30	4 099	4 099
Forte Demolition Solutions (Pty) Ltd	T	South Africa	100	49	49	51	51	-	-
Forward Infra (Pty) Ltd	M	South Africa	100	49	100	51	-	-	-
Greenmined Environmental (Pty) Ltd	E	South Africa	1 000	100	100	-	-	-	-
Harding Quarry (Pty) Ltd	Q	South Africa	870 000	74	74	26	26	-	-
Howard Quarry (Pty) Ltd	Q	South Africa	100	70	70	30	30	-	-
Inzalo Crushing and Aggregates (Pty) Ltd	Q	South Africa	10 000	74	74	26	26	9	9
Komani Quarry (Pty) Ltd	Q	South Africa	100	70	70	30	30	-	-
Lime Sales Ltd	Q	South Africa	100	74	74	26	26	37 000	37 000

Notes to the group financial statements (continued)

43. Interest in subsidiaries (continued)

		Country of incorporation and place of business	Issued share capital	Effective % held by the group	Effective % held by the group	Effective % held by non-controlling interests	Effective % held by non-controlling interests	Shares at cost	Shares at cost
			Shares	2021	2020	2021	2020	2021	2020
				%	%	%	%	R'000	R'000
Indirect (continued)									
Malmesbury Sand (Pty) Ltd	Q	South Africa	4 000	100	100	-	-	10 600	10 600
Matlosana Industries (Pty) Ltd	Q	South Africa	100	60	60	40	40	-	-
Metadynamics (Pty) Ltd	G	South Africa	120	49	49	51	51	-	-
Middelburg Quarry (Pty) Ltd	Q	South Africa	100	74	74	26	26	2 300	2 300
Milling Techniks (Pty) Ltd	R	South Africa	100	100	100	-	-	15 000	15 000
MRCN (Pty) Ltd t/a Westforce Construction	I	Australia	4 000	70	70	30	30	64 035	66 238
Muscle Construction (Pty) Ltd	D	South Africa	100	26	26	74	74	-	-
Narindonde Construction (Pty) Ltd	C	Namibia	100	74	74	26	26	-	-
National Asphalt (Pty) Ltd	A	South Africa	100	100	100	-	-	-	-
National Cold Asphalt (Pty) Ltd	D	South Africa	100	100	100	-	-	1 124	1 124
OMV (Pty) Ltd	Q	South Africa	800	70	70	30	30	54 452	54 452
OMV Kimberley (Pty) Ltd	Q	South Africa	800	100	100	-	-	37 500	37 500
OMV Kimberley Mining (Pty) Ltd	Q	South Africa	100	74	74	26	26	-	-
OMV Mining (Pty) Ltd	Q	South Africa	100	74	74	26	26	-	-
OMV Stilfontein (Pty) Ltd	D	South Africa	800	70	70	30	30	34 706	34 706
Petra Quarry (Pty) Ltd	Q	South Africa	100	74	74	26	26	3 849	3 849
Phuhlisa Development Solutions (Pty) Ltd	F	South Africa	1 000	80	80	20	20	418	418
Pietermaritzburg Quarry (Pty) Ltd	Q	South Africa	100	70	-	30	-	-	-
Queenstown Quarry (Pty) Ltd	Q	South Africa	100	74	74	26	26	21 929	21 929
Raubex (Pty) Ltd	H	Australia	7 000	100	100	-	-	-	-
Raubex Building (Pty) Ltd	I	South Africa	100	82	82	18	18	31 200	27 700
Raubex Building Group (Pty) Ltd (Formerly Raubex Renovo (Pty) Ltd)	I	South Africa	1 000	82	100	18	-	-	-
Raubex Construction (Pty) Ltd	R	South Africa	1 000	100	100	-	-	87 301	87 301
Raubex Construction (Pty) Ltd	R	Australia	100	68	68	32	32	-	-
Raubex Construction (Mauritius) Ltd	I	Mauritius	100	100	100	-	-	1	1
Raubex Construction Namibia (Pty) Ltd	D	Namibia	100	49	49	51	51	-	-
Raubex Construction Zambia Ltd	R	Zambia	5 000 000	100	100	-	-	6 009	6 009
Raubex Construction Zimbabwe (Pvt) Ltd	I	Zimbabwe	1 400	65	65	35	35	1	1
Raubex Infra (Pty) Ltd	I	South Africa	900	100	100	-	-	40 224	40 224
Raubex Infrastructure Holdings (Pty) Ltd	H	South Africa	100	100	100	-	-	-	-
Raubex KZN (Pty) Ltd	R	South Africa	100	100	100	-	-	43 907	43 907
Raubex Lesotho (Pty) Ltd	R	Lesotho	100	100	100	-	-	-	-
Raubex Ltd	I	Cameroon	1 000 000	100	100	-	-	-	-

43. Interest in subsidiaries (continued)

		Country of incorporation and place of business	Issued share capital Shares	Effective % held by the group 2021 %	Effective % held by the group 2020 %	Effective % held by non-controlling interests 2021 %	Effective % held by non-controlling interests 2020 %	Shares at cost 2021 R'000	Shares at cost 2020 R'000
Indirect (continued)									
Raubex Materials Holdings (Pty) Ltd (Formerly Raubex Civil (Pty) Ltd)	H	South Africa	100	100	100	-	-	14 999	14 999
Raubex Mining (Pty) Ltd	Q	South Africa	100	70	70	30	30	-	-
Raubex REI Holdings (Pty) Ltd	H	South Africa	100	100	100	-	-	-	-
Raubex Roads and Earthworks Holdings (Pty) Ltd (formerly Roadmac Holdings (Pty) Ltd)	H	South Africa	100	100	100	-	-	84 550	84 550
Raudev (Pty) Ltd	I	South Africa	100	80	80	20	20	8 084	8 084
Raumix Aggregates (Pty) Ltd	Q	South Africa	916	100	100	-	-	-	-
Raumix Holdings (Pty) Ltd	H	South Africa	100	100	100	-	-	23 674	23 674
Raumix Mining (Pty) Ltd	Q	South Africa	100	100	49	-	51	-	-
Roadmac Chip and Seal (Pty) Ltd	R	Namibia	100	49	50	51	50	-	-
Roadmac Surfacing (Pty) Ltd	R	South Africa	100	100	100	-	-	20 000	20 000
Roadmac Surfacing Cape (Pty) Ltd	R	South Africa	200	100	100	-	-	24 299	24 299
Shisalanga Construction (Pty) Ltd	A	South Africa	100	76	76	24	24	48 300	48 300
SPH Sand (Pty) Ltd	Q	South Africa	100	74	74	26	26	-	-
SPH Kundalila (Pty) Ltd (SPH Group)	C	South Africa	100	100	100	-	-	111 336	111 336
SPH Kundalila Mining (Pty) Ltd	Q	South Africa	100	49	49	51	51	-	-
Strata Civils (Pty) Ltd	I	South Africa	500	100	100	-	-	-	-
Syiaka Specialised Services (Pty) Ltd	C	South Africa	100	-	49	-	51	-	-
Tosas (Pty) Ltd	H	South Africa	100	100	100	-	-	120 000	-
Tosas Eastern Cape (Pty) Ltd	B	South Africa	100	50	50	50	50	-	-
Tosas Botswana (Pty) Ltd	B	Botswana	134	100	100	-	-	-	-
Tosas Namibia (Pty) Ltd	B	Namibia	100	100	90	-	10	-	-
Transkei Quarries (Pty) Ltd	Q	South Africa	100	49	49	51	51	-	-
Turnkey Real Estate Company (Pty) Ltd	I	South Africa	100	82	82	18	18	1	1
Verlesha (Pty) Ltd	Q	South Africa	100	74	74	26	26	-	-
Westforce Hire (Pty) Ltd	I	Australia	100	70	70	30	30	-	-
Willows Quarries (Pty) Ltd	Q	South Africa	100	74	74	26	26	-	-
Zisena (Pty) Ltd	R	South Africa	100	49	49	51	51	-	-

100% owned dormant entities have not been disclosed in the table above.

Notes to the group financial statements (continued)

43. Interest in subsidiaries (continued)

Nature of business:

A	Asphalt production
B	Manufacturing and distribution of value added bituminous products
C	Contract Crushing and material handling
D	Dormant entity
E	Application for water permits, mining licenses and environmental control
F	Professional consulting firm - Engineering and project management services
G	Gypsum calcining and milling entity
H	Investment and holding company
I	Infrastructure
M	Road marking
P	Plant hire, plant manufacture and plant design
Q	Commercial quarrying
R	Rehabilitation of roads, civil and general construction work
T	Turnkey demolition, remediation and asbestos abatement solutions entity

Roadmac Surfacing (Pty) Ltd operates through a branch registered in Namibia.
Raubex (Pty) Ltd operates through branches registered in Namibia and Zimbabwe.
Raubex Construction (Pty) Ltd operates through a branch registered in Botswana.
B&E International (Foreign) (Pty) Ltd operates through a branch registered in Zimbabwe.

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

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

Management has assessed that, in terms of IFRS 10, the group is considered to exercise control over these entities through its ability to affect returns and direct the entities relevant activities, despite owning less that 50% of the issued shares. Thus the group has power over and is exposed to, or has rights to, variable returns from its involvement with these entities:

- Belabela Asphalt (Pty) Ltd
- Forte Demolition Solutions (Pty) Ltd
- Forward Infra (Pty) Ltd
- Metadynamics (Pty) Ltd
- Muscle Construction (Pty) Ltd
- Raubex Construction Namibia (Pty) Ltd
- Roadmac Chip and Seal (Pty) Ltd
- Transkei Quarries (Pty) Ltd
- Zisena (Pty) Ltd

Management considered the following factors in determining control:

- The involvement of the group in decision-making over significant transactions and/or investments;
- The involvement of the group in determining the policies and processes in place at these entities;
- The number of directors the group has on the boards of these entities;
- The relation of the other shareholders of these entities to the group; and
- The dependence of these entities on the group and/or its subsidiaries.

Raubex Renovo (Pty) Ltd changed its name to Raubex Building Group (Pty) Ltd during the financial year.

No group companies were deregistered during the year.

All subsidiaries in the group have the same year ends. The group maintains a register of all subsidiaries for inspection at the registered office of Raubex Group Limited.

Significant restrictions

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

Notes to the group financial statements (continued)

43. Interest in subsidiaries (continued)

Set out below is the aggregate of all subsidiaries with non-controlling interests in the group:

At 28 February 2020	Total comprehensive income for the period R'000	Dividends paid to non-controlling interest R'000	Total assets R'000	Total liabilities R'000	Net increase/ (decrease) in cash and cash equivalents R'000
Aggregate of all subsidiaries with non-controlling interests in the group*	353 122	(38 445)	2 516 417	1 514 011	57 166
Total	353 122	(38 445)	2 516 417	1 514 011	57 166
At 28 February 2021					
Aggregate of all subsidiaries with non-controlling interests in the group*	**245 748**	**(24 096)**	**2 789 614**	**1 767 252**	**112 674**
Total	**245 748**	**(24 096)**	**2 789 614**	**1 767 252**	**112 674**

At 28 February 2020	Non-controlling interest balance at the beginning of the year R'000	Total comprehensive income attributable to non-controlling interest R'000	Non-controlling interest on acquisition of subsidiary R'000	Disposal and acquisition of non-controlling interests R'000	Dividends paid to non-controlling interest R'000	Non-controlling interest balance at the end of the year R'000
Aggregate of all subsidiaries with non-controlling interests in the group*	262 272	50 121	-	(16 531)	(38 445)	257 417
Total	262 272	50 121	-	(16 531)	(38 445)	257 417
At 28 February 2021						
Aggregate of all subsidiaries with non-controlling interests in the group*	**257 417**	**47 376**	**-**	**(9 858)**	**(24 096)**	**270 839**
Total	**257 417**	**47 376**	**-**	**(9 858)**	**(24 096)**	**270 839**

* *Refer to the table at the beginning of note 43 for the full list of subsidiaries with non-controlling interest in the group. None of these individual subsidiaries are material to the group.*

Notes to the group financial statements (continued)

44. Interest in joint operations

Joint operations are those entities in which the group has joint control. The group recognises its direct right to assets, liabilities, revenue and expenses and its share of any jointly held or incurred assets, liabilities, revenue and expenses of joint operations in the consolidated financial statements.

Joint Operations	Country	Nature of business	Interest held 2021 (%)	Interest held 2020 (%)
Kentha / Raumix Joint Operation	South Africa	Aggregates	49%	49%
Phoenix Highway Joint Operation	South Africa	Road construction	60%	60%
Rau-Mon Joint Operation	South Africa	Infrastructure	87%	87%
Raubex / Enza / Joint Operation	South Africa	Road construction	80%	80%
Raubex / Enza / RB Joint Operation	South Africa	Road construction	40%	40%
Raubex / Moloto Joint Operation	South Africa	Road Construction	80%	80%
Raubex / Nodoli Joint Operation	South Africa	Infrastructure	50%	50%
Raubex / Sakula Joint Operation	South Africa	Infrastructure	75%	75%
Raubex / Umso Joint Operation	South Africa	Road Construction	60%	0%
Raubex / WBHO Joint Operation	South Africa	Road Construction	50%	50%
Raubex Building / Enza Construction Joint Operation	South Africa	Infrastructure	50%	0%
Raubex Building / Umso Construction Joint Operation	South Africa	Infrastructure	70%	70%
Raubex Infra / Enza Joint Operation	South Africa	Infrastructure	50%	0%
Roadmac Surfacing / Actophambili Joint Operation	South Africa	Road surfacing	60%	60%
Roadmac Surfacing / Enza Joint Operation	South Africa	Road surfacing	40%	40%
Roadmac Surfacing / KYK Joint Operation	South Africa	Road surfacing	60%	60%
Roadmac Surfacing / RTH Joint Operation	South Africa	Road surfacing	40%	40%
Sacyr Westforce Joint Operation	Australia	Infrastructure	50%	50%
Vasse Joint Operation	Australia	Infrastructure	67%	0%
Vharanani / Raubex Joint Operation	South Africa	Road surfacing	49%	49%

FINANCIAL INFORMATION: **Statement of financial position** (Recognised in proportion to interest in assets and liabilities)	**2021** **R'000**	2020 R'000
Assets		
Current assets	**341 751**	212 503
Non - current assets	**2 461**	3 169
Total Assets	**344 212**	215 672
Equity and liabilities		
Equity	**-**	79
Current liabilities	**342 237**	213 186
Non - current liabilities	**1 975**	2 406
Total equity and liabilities	**344 212**	215 671
Statement of profit or loss (Recognised in proportion to interest in assets and liabilities)		
Revenue	**889 304**	551 716
Profit/(Loss) attributable to group	**17 249**	-

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

Parties collectively control the arrangements and decisions about relevant activities that require unanimous consent.

Notes to the group financial statements (continued)

45. Events after the reporting period

Acquisition of associates

Bauba Resources Limited ("Bauba")

On 29 March 2021, the group, through its subsidiary Raubex (Pty) Ltd, acquired 147 811 073 shares of Bauba Resources Limited for R54,7 million. This acquisition amounts to a 23.08% shareholding of Bauba and represents a significant influence in terms of IAS 28 and the group's interest in Bauba will therefore be accounted for using the equity method. Bauba is a mining company listed on the JSE, with various mineral reserves under licence. This acquisition will afford the group the opportunity to participate in materials handling and processing opportunities for Bauba's open cast mining operations in the future.

No other material events after the reporting period occurred up to the date of preparation of these Group financial statements.

46. Translation of foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. 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 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 statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

Notes to the group financial statements (continued)

47. Standards, interpretations and amendments to published standards

New and amended standards adopted by the group:

A number of International Financial Reporting Standards, Interpretations and amendments have become effective for the first time for the year ended 28 February 2021.

None of the standards and amendments had a significant effect on the results of operations, the financial position of the group and the current presentation and layout of the financial statements.

New standards and interpretations not yet adopted by the group:

A number of International Financial Reporting Standards, Interpretations and amendments have been issued during the year but are not yet effective for the year ended 28 February 2021 and have not been early adopted by the group.

None of the standards and amendments are expected to have a significant effect on the results of operations, the financial position of the group and the current presentation and layout of the financial statements.

Holding company statement of financial position

	Note	2021 R'000	2020 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	4.1	**2 243 097**	2 233 745
Loans to group companies	4.2	**182 564**	184 560
Total non-current assets		**2 425 661**	2 418 305
Current assets			
Trade and other receivables	5	**223**	172
Cash and cash equivalents	6	**9**	149
Total current assets		**232**	321
Total assets		**2 425 893**	2 418 626
EQUITY			
Ordinary shares	7	**1 817**	1 817
Share premium	7	**2 059 776**	2 059 776
Reserves		**26 749**	15 047
Retained income		**337 110**	341 550
Total equity		**2 425 452**	2 418 190
LIABILITIES			
Current liabilities			
Trade and other payables	8	**441**	426
Current income tax payable		**-**	10
Total current liabilities		**441**	436
Total liabilities		**441**	436
Total equity and liabilities		**2 425 893**	2 418 626

The notes on pages 96 to 104 are an integral part of these financial statements.

Holding company statement of comprehensive income

	Note	2021 R'000	2020 R'000
Revenue	**9**	**43 620**	79 970
Other gains/(losses) - net	**10**	**(2 350)**	335 233
Administrative expenses		**(2 091)**	(2 540)
Operating profit		**39 179**	412 663
Finance income	**11**	**1**	73
Profit before income tax		**39 180**	412 736
Income tax expense	**12**	**-**	(20)
Profit for the year		**39 180**	412 716
Other comprehensive income		**-**	-
Total comprehensive income for the year		**39 180**	412 716

The notes on pages 96 to 104 are an integral part of these financial statements.

Holding company statement of changes in equity

	Share capital	Share premium	Reserves for own shares/ share repurchase reserve	Retained earnings	Total equity
	R'000	R'000	R'000	R'000	R'000
Balance at 1 March 2019	1 817	2 059 776	6 905	8 804	2 077 302
Changes in equity:					
Share option reserve (note 4.1)	-	-	8 142	-	8 142
Total comprehensive income for the year	-	-	-	412 716	412 716
Dividends paid	-	-	-	(79 970)	(79 970)
Total changes	-	-	8 142	332 746	340 888
Balance at 29 February 2020	1 817	2 059 776	15 047	341 550	2 418 190
Changes in equity:					
Share option reserve (note 4.1)	**-**	**-**	**11 702**	**-**	**11 702**
Total comprehensive income for the year	-	-	-	**39 180**	**39 180**
Dividends paid	-	-	-	**(43 620)**	**(43 620)**
Total changes	-	-	**11 702**	**(4 440)**	**7 262**
Balance at 28 February 2021	**1 817**	**2 059 776**	**26 749**	**337 110**	**2 425 452**
Note	7	7			

Holding company statement of cash flows

	Note	2021 R'000	2020 R'000
Cash flow from operating activities			
Cash used in operations	**13**	**(2 127)**	(2 462)
Dividends received	**9**	**43 620**	79 970
Interest received	**11**	**1**	73
Taxation paid	**13**	**(10)**	13
Net cash generated from operating activities		**41 484**	77 594
Cash flows from investing activities			
Loans advanced to group companies		**(74 918)**	(56 085)
Loans repaid by group companies		**76 914**	58 436
Net cash generated from investing activities		**1 996**	2 351
Cash flows from financing activities			
Dividends paid		**(43 620)**	(79 970)
Net cash used in financing activities		**(43 620)**	(79 970)
Net decrease in cash and cash equivalents		**(140)**	(25)
Cash and cash equivalents at the beginning of the year		**149**	174
Cash and cash equivalents at the end of the year	**6**	**9**	149

The notes on pages 96 to 104 are an integral part of these financial statements.

Holding company notes to the financial statements

1. Summary of significant accounting policies

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

After making enquiries and taking the uncertainties created by Covid-19 into consideration, the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.1 Investments in subsidiaries

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

The recoverable amount of the company's investments in subsidiaries are calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

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

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

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

Non-current loans have no set terms and are intended to provide the subsidiary with a long term source of additional capital. As a result, the loans are considered to be an interest in the subsidiary. The loans are accounted for under IFRS 9 and are carried at cost.

1.2 Financial instruments

Financial instruments are recognised when the entity becomes party to the contractual provisions of the instruments. The company classifies its financial instruments into the following categories depending on the purpose for which the instrument was acquired. Management determines the classification at the time of initial recognition:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI);
- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss (FVPL).

Financial instruments are recognised initially on transaction date at fair value. For financial instruments carried at fair value through profit and loss, transaction costs are recognised immediately in the statement of comprehensive income.

Financial instruments are recognised initially on transaction date at fair value. For financial instruments carried at fair value through profit and loss, transaction costs are recognised immediately in the consolidated statement of profit and loss. Refer to the relevant notes, referenced below, for the recognition and subsequent measurement principles of each of the company's financial instruments.

No financial instruments were designated as held at fair value through profit or loss during the year. All financial instruments held at fair value through profit and loss are default classifications in terms of IFRS 9.

Holding company notes to the financial statements (continued)

1.2 Financial instruments (continued)

Financial assets held at amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Amortised cost is calculated using the effective interest rate method.

Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

The company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the asset that can be reliably estimated.

A loss allowance in respect of financial assets held at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Financial assets held at amortised cost on the face of, or included in the notes to, the statement of financial position includes:

(a) 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.

(b) Cash and cash equivalents and bank overdrafts

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

Impairment of financial assets held at amortised cost

The company's financial assets are subject to the expected credit loss model.

The company applies IFRS 9's simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the revenue payment profiles over a 12 month period before 1 March 2020 together with the corresponding historical credit losses experienced within these periods per customer classification. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP, inflation rates, prime lending rates and the credit ratings of South Africa in which it operates to be the most relevant factors, and has accordingly adjusted the historical loss rates based on expected changes in these factors.

For all other financial assets held at amortised cost, no significant expected credit loss was noted during the year. The company applies the measurement provisions of IFRS 9, including those relating to impairment allowances on financial assets at amortised cost, to all financial instruments within the measurement scope of IFRS 9. The company's impairment methodology relating to financial assets at amortised cost is detailed in note 4.2 of the company annual financial statements.

In determining the recoverability of trade and other receivables, the company considers, amongst others, the frequency of payments, the financial performance of the relevant parties and any contractual agreements that might be in place. If there is no reasonable expectation of recovery then the trade receivable is written off. Where receivables are written off, it is company policy to continue to engage in enforcement activity in order to attempt to recover the receivable due. When recoveries are made, these are included in profit and loss.

Financial liabilities held at amortised cost

These instruments include trade payables, accruals, bank overdrafts and contingent consideration liabilities and are carried at amortised cost. Financial liabilities shown on the face of, or included in notes to, the statement of financial position include:

(a) Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The obligation arising is expected to be settled within 12 months of the reporting date.

Holding company notes to the financial statements (continued)

1.2 Financial instruments (continued)

Derecognition

Financial instruments are derecognised when substantially all risks and rewards of ownership have been transferred.

Financial assets or a portion thereof are derecognised when the company's contractual rights to the cash flows expire or when the company transfers all the risks and rewards related to the financial asset or when the company loses control of the financial asset. Financial liabilities or a portion thereof are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

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.

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 an equity-settled share-based compensation plan, where it grants rights over its equity instruments to the employees of its subsidiary.

The grant by the company of performance shares over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity. When the shares are issued, the company either issues new shares or uses treasury shares held within the group. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium or other reserves dependent on whether new shares or treasury shares are used.

Holding company notes to the financial statements (continued)

1.5 Revenue recognition

The company's only revenue stream is dividend income which is measured at the fair value of the consideration received.

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

1.6 Group restructuring transactions

The company recognises the profit or loss arising on any group restructuring transactions in other gains or losses. The profit or loss recognised is the difference between the cost of the investment disposed of and the proceeds received.

1.7 Standards, interpretations and amendments to published standards

New and amended standards adopted by the company:

A number of International Financial Reporting Standards, Interpretations and amendments have become effective for the first time for the year ended 28 February 2021. None of these standards interpretations or amendments have a significant effect on the company's financial reporting.

New standards and interpretations not yet adopted by the company:

There are no new International Financial Reporting Standards, Interpretations and amendments that have been issued during the year but are not yet effective for the year ended 28 February 2021 and have not been early adopted by the company that are considered to have a significant effect on the company's financial reporting.

Holding company notes to the financial statements (continued)

2. Financial instruments and financial risk management

Overview

The Company's activities expose it to a variety of financial risks: market risk (including 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 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.

Categories of financial instruments

	Note	Financial assets held at amortised cost R'000	Financial liabilities held at amortised cost R'000	Total carrying value R'000
At 29 February 2020				
Loans to group companies	4.2	184 560	-	184 560
Trade and other receivables	5	172	-	172
Cash and cash equivalents	6	149	-	149
Trade and other payables	8	-	(426)	(426)
Total		184 881	(426)	184 455
At 28 February 2021				
Loans to group companies	4.2	**182 564**	-	**182 564**
Trade and other receivables	5	**223**	-	**223**
Cash and cash equivalents	6	**9**	-	**9**
Trade and other payables	8	-	**(441)**	**(441)**
Total		**182 796**	**(441)**	**182 355**

The trade and other receivables and trade and other payables disclosed in the above tables exclude the non financial assets and liabilities carried on the statement of financial position.

Financial risk factors

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

Interest rate risk - Sensitivity analysis

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

	2021		2020	
	1%	**-1%**	1%	-1%
	R'000	**R'000**	R'000	R'000
Cash and cash equivalents	-	-	1	(1)
Increase/(decrease) in profitability	-	-	1	(1)

Holding company notes to the financial statements (continued)

2. Financial instruments and financial risk management (continued)

(b) Credit risk

Cash and cash equivalents - The Company has policies that limit the amount of credit exposure to any financial institution and only creditable financial institutions are used.

Loans to group companies - The Company monitors its credit exposure to loans advanced to group companies on an ongoing basis by assessing the applicable company's financial position, forecasts and order books where applicable, at reporting date. Loss allowances are raised where applicable based on expected credit losses.

		2021	2020
Concentration of credit risk	Rating	**R'000**	R'000
Cash and cash equivalents	BBB	**9**	149
Total cash and cash equivalents (refer to note 6)		**9**	149
Current trade and other receivables	Not rated	**223**	172
Total current trade and other receivables (refer to note 5)		**223**	172

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 R0.2 million (2020: R0.3 million).

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

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash. The group operates a treasury function where all surplus cash is transferred to Raubex (Pty) Ltd.

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:

Year ended 29 February 2020	**Carrying amount R'000**	**Contractual cash flows R'000**	**Within 1 year R'000**	**2 to 5 years R'000**
Non-derivative financial liabilities				
Trade and other payables	426	426	426	-
Total	426	426	426	-

Year ended 28 February 2021	**Carrying amount R'000**	**Contractual cash flows R'000**	**Within 1 year R'000**	**2 to 5 years R'000**
Non-derivative financial liabilities				
Trade and other payables	**441**	**441**	**441**	-
Total	**441**	**441**	**441**	-

Trade payables are held at amortised cost and the impact of discounting is deemed to not be significant based on their short term nature. Therefore the carrying value of trade and other payables is deemed to approximate its fair value.

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. 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:

	2021	2020
	R'000	R'000
Cash and cash equivalents (refer note 6)	**(9)**	(149)
Net debt	**(9)**	(149)
Total equity	**2 425 452**	2 418 190
Total capital and net debt	**2 425 443**	2 418 041
Gearing ratio	**(0.00%)**	(0.01%)

Holding company notes to the financial statements (continued)

4.1 Investment in subsidiaries

	2021 R'000	2020 R'000
Name of company		
Direct investment at cost*		
Raubex (Pty) Ltd	**2 018 163**	2 018 163
Raubex FIC (Pty) Ltd	**75 127**	75 127
Total direct investment in subsidiaries	**2 093 290**	2 093 290
Indirect investment on issue of share options to employees of subsidiaries		
Akasia Road Surfacing (Pty) Ltd	**-**	52
B&E International (Pty) Ltd	**13 940**	13 940
Burma Plant Hire (Pty) Ltd	**778**	778
Milling Techniks (Pty) Ltd	**3 739**	3 739
National Asphalt (Pty) Ltd	**10 496**	10 496
Phambili Road Surfacing (Pty) Ltd	**-**	190
Raubex (Pty) Ltd	**101 326**	89 624
Raubex Construction (Pty) Ltd	**2 057**	2 057
Raubex KZN (Pty) Ltd	**2 104**	2 104
Raumix Aggregates (Pty) Ltd	**1 707**	1 707
Roadmac Surfacing (Pty) Ltd	**3 178**	3 178
Roadmac Surfacing Cape (Pty) Ltd	**1 058**	1 058
Roadmac Surfacing KZN (Pty) Ltd	**-**	2 108
SPH Kundalila (Pty) Ltd	**9 424**	9 424
Total indirect investment in subsidiaries	**149 807**	140 455
Total investment in subsidiaries	**2 243 097**	2 233 745

** Disclosure table excludes investments directly held by the company with a cost of less than R450.*

The carrying amounts of investment in subsidiaries are shown net of impairment losses. During the year, the company impaired indirect investments on issue of share options to employees of subsidiaries to the value of R2.4 million, refer to note 10. These investments relate to Akasia Road Surfacing (Pty) Ltd, Phambili Road Surfacing (Pty) Ltd and Roadmac Surfacing KZN (Pty) Ltd which are now dormant entities in the group. Refer to note 1.2 for further details on the company's impairment policy.

Details of the group's employee performance share scheme are disclosed in note 37 to the group financial statements.

During the prior year, the group undertook a restructuring exercise, which resulted in the sale of a number of investments in subsidiaries to its 100% owned subsidiary, Raubex (Pty) Ltd. The restructuring transaction was done at market value and the company received shares in Raubex (Pty) Ltd in exchange for the investments. The profit on sale of these investments is included in other gains/(losses), refer to note 10.

4.2 Loans to group companies

	2021 R'000	2020 R'000
Raubex (Pty) Ltd	**105 222**	140 018
Raubex FIC (Pty) Ltd	**46 349**	13 550
Raumix Aggregates (Pty) Ltd	**30 993**	30 992
Total loans to group companies	**182 564**	184 560
Non-current assets	**182 564**	184 560
Total loans to group companies	**182 564**	184 560

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

The company provides for loss allowances on loans to subsidiaries equal using the 12-month expected credit loss approach unless there has been a significant increase in credit risk since initial recognition of the loan. Where there has been a significant increase in credit risk since initial recognition, loss allowances are adjusted to equal the lifetime expected credit losses on these loans. At 28 February 2021 the loss allowances relating to loans to subsidiaries were not significant on account of the loan counterparties’ holdings of highly liquid assets and cash/short-term cash investment balances. These holdings by the counterparties significantly exceed their obligations, including their liabilities towards the company, and accordingly mitigate the credit risk arising from these loans significantly.

The loans to group companies have been classified as non-current assets as settlement is expected to occur after a period of 12 months. The loans to group companies are measured at amortised cost. The fair value of these loans approximate the carrying amount as the difference between these values are immaterial.

Holding company notes to the financial statements (continued)

5. Trade and other receivables

	2021 R'000	2020 R'000
Prepayments	**223**	172
Total trade and other receivables	**223**	172

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

Prepayments	**223**	172
Total trade and other receivables	**223**	172

As of 28 February 2021, no receivables were neither past due nor impaired.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balance	**9**	149
Total cash and cash equivalents	**9**	149

7. Share capital and share premium

	Number of shares	**Ordinary shares R'000**	**Share premium R'000**	**Total R'000**
At 1 March 2019	181 750	1 817	2 059 776	2 061 593
At 29 February 2020	181 750	1 817	2 059 776	2 061 593
At 28 February 2021	**181 750**	**1 817**	**2 059 776**	**2 061 593**

The total authorised number of ordinary shares is 500 million shares (2020: 500 million) with a par value of 1 cent per share (2020: 1 cent per share). All issued shares are fully paid.

8. Trade and other payables

	2021 R'000	2020 R'000
Trade payables	**55**	54
Accrued expenses	**386**	372
Total trade and other payables	**441**	426

9. Revenue

Dividends received from subsidiaries	**43 620**	79 970
Total revenue	**43 620**	79 970

10. Other gains/(losses)

Impairment of investments in subsidiaries (note 4)	**(2 350)**	-
Profit on sale of investments (note 4)	**-**	335 233
Total other gain/(losses)	**(2 350)**	335 233

Proceeds on sale of investments are made up as follows:

Net carrying value of interest in subsidiaries	**-**	**681 310**
Profit on disposal	**-**	**335 233**
Non-cash proceeds received	**-**	**(1 016 543)**
Net proceeds	**-**	-

11. Finance income and costs

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

Finance income:

Interest income on cash resources	**1**	73
Total finance income	**1**	73
Net finance income	**1**	73

Holding company notes to the financial statements (continued)

12. Income tax expense

	2021 R'000	2020 R'000
South African normal taxation		
Current tax		
Current period	-	20
Total South African normal taxation	-	20

Reconciliation between applicable tax rate and effective tax rate:

	%	%
Applicable tax rate	**28.00**	28.00
Exempt income - dividends received	**(31.17)**	(5.43)
Exempt income - profit on sale of investments	-	(22.74)
Disallowed charges - loss on impairment of investments	**1.68**	-
Disallowed charges - other	**1.49**	0.17
Effective tax rate	**0.00**	0.00

13. Cash generated from/(used in) operations

	2021	2020
Profit before income tax	**39 180**	412 736
Adjustments for:		
Other gains/(losses)	**2 350**	(335 233)
Interest received	**(1)**	(73)
Dividends received	**(43 620)**	(79 970)
Changes in working capital		
Trade and other receivables	**(51)**	(9)
Trade and other payables	**15**	87
Net cash used in operations	**(2 127)**	(2 462)

In the cash flow statement taxation paid is calculated as follows:

	2021	2020
Balance payable/(receivable) at beginning of year	**10**	(23)
Add: current year tax charge (note 12)	-	20
Add: balance receivable/(payable) at end of the year	-	(10)
Net tax paid/(received)	**10**	(13)

14. Related parties

Relationship

Subsidiaries — Refer to note 43 of the group financial statements

Related party balances	2021 R'000	2020 R'000
Loans to related parties (note 4.2)		
At beginning of year	**184 560**	186 911
Loans advanced during the year	**74 918**	56 085
Loan repayments received	**(76 914)**	(58 436)
At year end	**182 564**	184 560
Other fees paid to related parties		
Raubex (Pty) Ltd	**3**	3

15. Directors' emoluments

Refer to note 39 of the group financial statements where the directors' emoluments have been disclosed.

16. Events after the reporting period

No material events after the reporting period occurred up to the date of preparation of these financial statements.