AFRIMAT®
LIMITED

Integrated Annual Report **2013**

Contents

Afrimat continued to generate considerable cash and maintained a strong balance sheet in line with the group's strategy.

CEO's **report and strategy** **Page 18**

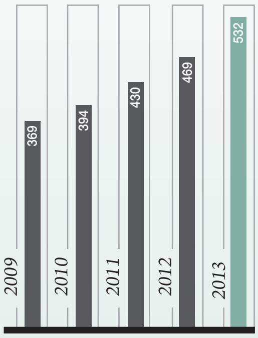
Definitions

'ASPASA'	Aggregate and Sand Producers Association of South Africa
'B-BBEE'	Broad-Based Black Economic Empowerment
'board'	Board of directors of Afrimat Limited
'CEO'	Chief executive officer
'Clinker Group'	SA Block (Pty) Limited and its 100%-owned subsidiary Clinker Supplies (Pty) Limited, acquired by Afrimat 1 March 2012
'Codes'	Department of Trade and Industry's B-BBEE Codes of Good Practice
'COLTO'	Committee of Land Transport Officials
'company' or 'Afrimat'	Afrimat Limited
'DIFR'	Disabling injury frequency rate
'DMR'	Department of Mineral Resources
'EMP'	Environmental management programme
'EXCO'	Executive Committee
'FD'	Financial director
'Glen Douglas'	Glen Douglas Dolomite (Pty) Limited, acquired by Afrimat 1 January 2011
'group'	Afrimat Limited, its subsidiaries and associate companies
'HEPS'	Headline earnings per ordinary share
'HIRA'	Hazard identification and risk assessments
'IFRS'	International Financial Reporting Standards
'Infrasors'	Infrasors Holdings Limited, acquired by Afrimat 1 March 2013
'JSE'	JSE Limited
'King III Report'	King Report on Governance for South Africa 2009
'LUPO'	Land Use Planning Ordinance
'NEMA'	National Environmental Management Act
'previous/ prior year or FY2012'	Year ended 29 February 2012
'SABS'	South African Bureau of Standards
'SENS'	Stock Exchange News Service
'SARMA'	South African Readymix Association
'SHE'	Safety, health and environment
'year' or 'year under review' or 'FY2013'	Year ended 28 February 2013

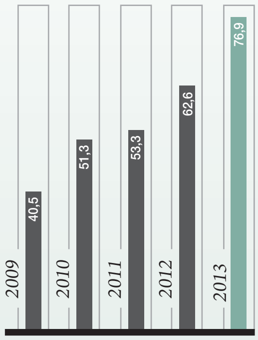
Performance **highlights**

Afrimat's pursuit of responsible growth is demonstrated throughout this year's report.

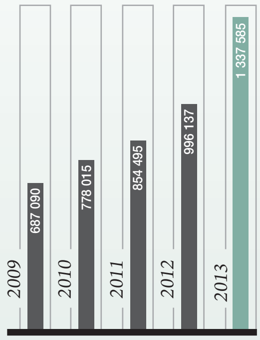
Net asset value per share (cents)



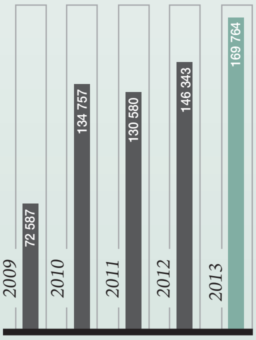
HEPS (cents)



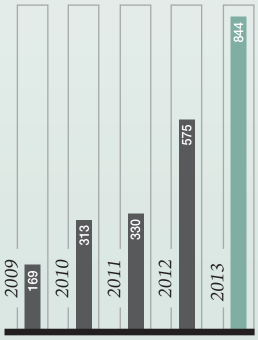
Revenue (R'000)



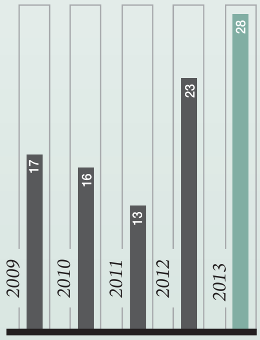
Net cash from operating activities (R'000)



Share price at year-end (cents per share)



Dividends (cents per share)



- **Revenue** up **34,3%**
- **HEPS** up **22,8%** to **76,9** cents
- **Net cash** from operating activities up **16%**
- **Net debt:equity** ratio **4,7%**
- **NAV** of **532** cents per share
- Consistent dividend payer – total **dividend 28 cents** per share
- **Strong balance sheet – excellent cash conversion**

- Acquired **100%** of **Clinker Group** (1 March 2012)
- Acquired **50,7%** of **Infrasors** (1 March 2013)

About **this report**

Afrimat is a leading black empowered open pit mining group, supplying industrial minerals and construction materials to a range of industries across South Africa. It is listed in the 'Construction & Building Materials' sector of the JSE Main Board.

Scope

Afrimat reports through three key divisions: Mining & Aggregates (combining Industrial Minerals, Contracting Services and Aggregates), Concrete Products and Readymix. This integrated annual report provides an overview of both the South African and Namibian operations.

This Integrated Annual Report 2013 presents the annual financial results and the economic, environmental, social and governance performance of the group for the year ended 28 February 2013. No change in scope was required for this integrated annual report. There was no change to the boundary or any measurement techniques, nor were there any restatements of previously reported information. For more information see the annual financial statements on pages 44 to 96.

Corporate information

The group's executive directors are Andries van Heerden (CEO), Hendrik Verreynne (FD) and Gert Coffee. They can be contacted at the registered office of the company. The company secretary is Pieter de Wit. See contact details on the inside back cover of this integrated annual report.

Company name:	**Afrimat Limited**
Company registration number:	2006/022534/06
JSE share code:	AFT
ISIN:	ZAE000086302
JSE Main Board sector:	Construction and Building Materials

The Integrated Annual Report 2013 is available in hard copy, on request, from the company secretary and is also posted on the group's website www.afrimat.co.za.

Basis of preparation

In line with regulation, legislation and best practice, this Integrated Annual Report 2013 provides a consolidated review of the group's financial, social, economic and environmental performance for the year 1 March 2012 to 28 February 2013. The report is primarily targeted at current stakeholders and potential investors in the group.

In accordance with the stated objectives of integrated reporting, the report focuses on issues that materially impact Afrimat's ability to create and sustain value, and outlines how these issues have been integrated into its business strategy. Afrimat's commitment to an integrated and sustainable business approach is illustrated by:

- a corporate vision and mission that commits the group to a business performance which furthers social sustainability;
- brand architecture which aligns fundamental culture and sustainability; and
- deepening management resources in health, safety, environment, transformation and risk, to support the group's economic, social and environmental sustainability.

The annual financial statements have been prepared in accordance with IFRS, SAICA financial reporting guides as issued by the Accounting Practices Committee, the requirements of the Companies Act No. 71 of 2008, as amended, the Listings Requirements of the JSE and the King III Report.

The company has applied the majority of the principles in the King III Report, and those which the company has not applied are indicated in the full King III checklist on Afrimat's website (www.afrimat.co.za).

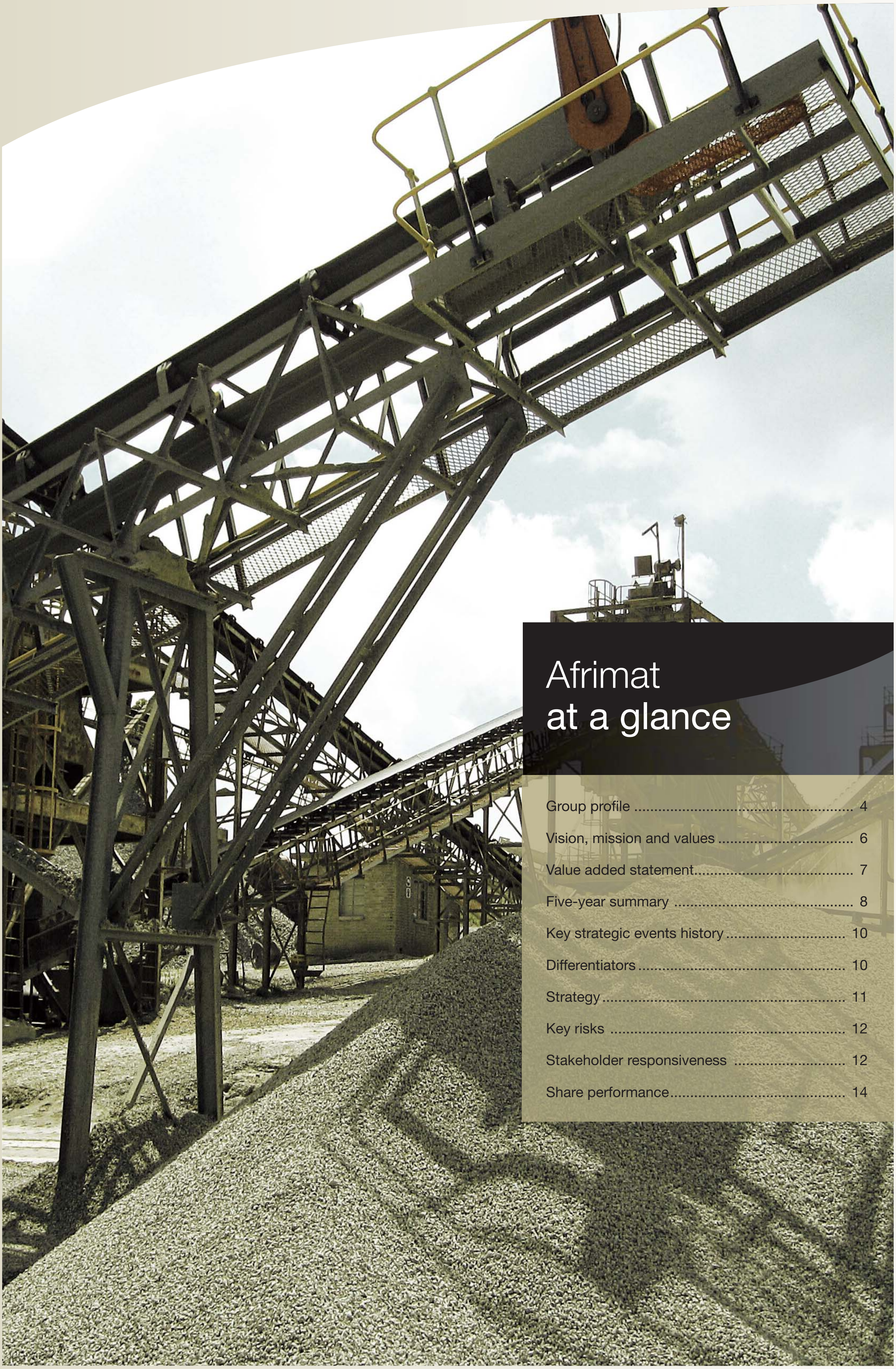
The company has also considered and applied many of the recommendations contained in the 'Discussion Paper on the Framework for Integrated Reporting and the Integrated Report' issued by the Integrated Reporting Committee of South Africa in January 2011 (and is currently appended by the International Integrated Reporting Committee's Consultation Draft of the International <IR> Framework).

Forward-looking statements

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 28 February 2013. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason.

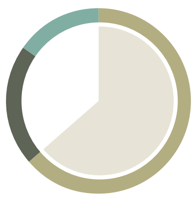
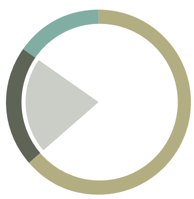
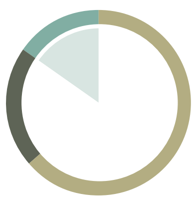
Responsibility statement and review

The Audit & Risk Committee and the board acknowledge their responsibility to ensure the integrity of the Integrated Annual Report 2013. This integrated annual report has been reviewed by the Audit & Risk Committee and the board. In addition it has been reviewed by the company secretary, sponsor and investor relations consultants. The annual financial statements included in this integrated annual report have been audited by the external auditors.



Afrimat at a glance

Group
profile

	Portfolio	Contribution to revenue *(excludes Infrasors)*	Core business	Products and services
Mining & Aggregates	▪ Commercial quarries (24) ▪ Sand and gravel mines (8) ▪ Dolomite mines (2)* ▪ Clinker (1) ▪ Limestone mine (1)* ▪ Silica mines (2)* ▪ Contracting: mobile crushing, drilling and blasting * *Includes Infrasors*	 63%	Industrial minerals and open cast mining	▪ Aggregates: Stone and sand ▪ Metallurgical dolomite ▪ Metallurgical quartzite ▪ Agricultural lime ▪ Clinker ▪ Silica sand ▪ Fire retardants Services by the contracting division: ▪ Mobile crushing and screening ▪ Drilling ▪ Blasting
Concrete Products	▪ Concrete brick and block factories (9)	 22%	Precast concrete manufacturing	▪ Building blocks and bricks of different shapes, colours and sizes ▪ Pavers of different shapes, colours and sizes ▪ A variety of other precast products
Readymix	▪ Batching sites and mobile Readymix plants (17)	 15%	Supplies readymix concrete batched on demand and transported to customers by concrete mixer trucks	▪ Readymix concrete and mortar

Full review of operations on pages 24 and 25.

AFRIMAT

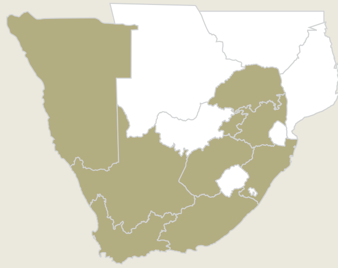
The group's strong portfolio and extensive geographic footprint generate a balanced and consistent income stream.

Head office:

Cape Town

Regional offices:

Vryheid, Port Elizabeth, Cape Town, Meyerton, Alrode, Worcester, Lanseria and Centurion (Infrasors).

Market	Quality assurance	Vertical integration	Geographic footprint
▪ Building and construction ▪ Large-scale civil engineering and infrastructure projects ▪ Roads and rail ▪ Concrete product manufacturers ▪ Readymix processors ▪ Metallurgical manufacturers ▪ Agriculture ▪ Foundries ▪ Mining ▪ Tile adhesive manufacturers	Quality-at-source processes by which quality control is ensured by constant monitoring and evaluation	Supply the majority of raw materials for Afrimat's Concrete Products and Readymix divisions	
▪ Low-cost housing	Products carry the SABS mark	Close to 90% of raw materials (excluding cement) sourced from the group's own quarries and sand mines	
▪ Large-scale civil engineering and infrastructure projects ▪ Residential and commercial property	Products meet the standards set by SARMA	Close to 90% of raw materials (excluding cement) sourced from the group's own quarries and sand mines	

Vision,
mission and values

Vision

To be the most respected open pit mining and materials company in Africa.

Our vision is built on:

- Well-managed operations
- Responsible, honest and motivated personnel
- Effective and reliable systems
- Delighted stakeholders
- Healthy finances
- Concern for community and the environment
- Being innovative and flexible

Mission

To operate open cast mines, add value through beneficiation of mined products, and provide contracting services to customers and in doing so:

- Set industry benchmarks for quality and service
- Maintain sustainable profit growth
- Ensure perpetual customer satisfaction
- Deliver enduring shareholder value

Values

Our intrinsic values woven throughout our culture are:

- Trust
- Integrity
- Respect
- Accountability
- Teamwork
- Customer satisfaction

Value added statement

for the year ended 28 February 2013

Set out below is the wealth created by the group during the year under review and how it was applied.

	2013 R	2012 R
Revenue	1 337 584 566	996 137 470
Cost of services provided	847 952 717	599 659 267
Value added by operations	489 631 849	396 478 203
Non-operating income	10 811 018	10 267 028
Total value added	500 442 867	406 745 231
Applied as follows:		
To remunerate employees:		
– Salaries, wages, pensions, bonus and other benefits	284 659 163	220 972 684
To reward providers of capital:		
– Dividends	30 352 504	23 618 784
To service providers of debt funding:		
– Finance costs	14 295 568	10 545 414
To the State:		
– Taxes	40 639 551	38 976 942
To replace assets:		
– Depreciation	55 449 750	45 735 363
To expand the group:		
– Retained earnings	75 046 331	66 896 044
	500 442 867	406 745 231

Five-year **summary**

	2013 R	2012 R	2011 R	2010 R	2009 R
Financial results and status					
Revenue					
Mining & Aggregates	**846 387 589**	704 509 731	581 878 020	487 386 941	392 946 343
Concrete Products	**285 994 032**	116 111 753	105 630 296	102 333 549	99 774 603
Readymix	**205 202 945**	175 515 986	166 987 459	188 295 362	194 369 835
	1 337 584 566	996 137 470	854 495 775	778 015 852	687 090 781
Revenue split					
Mining & Aggregates	**63,28%**	70,72%	68,10%	62,64%	57,19%
Concrete Products	**21,38%**	11,66%	12,36%	13,15%	14,52%
Readymix	**15,34%**	17,62%	19,54%	24,20%	28,29%
Contribution from operations split					
Mining & Aggregates	**117 480 395**	105 760 474	98 779 210	82 963 712	57 062 479
Concrete Products	**27 294 857**	13 145 048	8 381 598	12 346 743	20 401 771
Readymix	**9 995 707**	8 181 860	2 428 388	11 736 311	17 097 776
Unsegmental	**(2 288 713)**	(2 846 145)	(1 973 688)	676 194	(776 600)
	152 482 246	124 241 237	107 615 508	107 722 960	93 785 426
Operating profit split					
Mining & Aggregates	**117 577 263**	110 808 958	98 779 210	83 632 654	57 062 479
Concrete Products	**27 294 857**	13 851 964	10 963 948	12 346 743	20 401 771
Readymix	**9 995 707**	8 653 138	2 428 388	11 736 311	17 097 776
Unsegmental	**(7 034 240)**	(3 183 628)	(2 573 688)	1 208 041	485 705
	147 833 587	130 130 432	109 597 858	108 923 749	95 047 731
Profit after tax	**103 777 230**	90 917 042	76 762 649	72 912 631	58 097 312
Headline earnings	**109 877 993**	86 060 667	74 080 561	70 437 121	54 074 971
Net operating assets	**894 869 967**	629 379 859	604 096 567	574 859 415	535 904 328
Total assets	**1 201 263 446**	1 000 377 433	939 990 095	833 944 978	754 581 483
Total equity (net assets)	**761 852 233**	671 906 281	605 565 234	557 772 359	493 768 961
Total liabilities	**439 411 213**	328 471 152	334 424 861	276 172 619	260 812 522
Net cash from operating activities	**169 763 603**	146 343 295	130 579 439	134 757 595	72 587 134
Number of ordinary shares in issue	**143 262 412**	143 262 412	143 262 412	143 262 412	133 762 412
Profitability ratios					
Operating profit margins					
Mining & Aggregates	**13,89%**	15,73%	16,98%	17,16%	14,52%
Concrete Products	**9,54%**	11,93%	10,38%	12,07%	20,45%
Readymix	**4,87%**	4,93%	1,45%	6,23%	8,80%
	11,05%	13,06%	12,83%	14,00%	13,83%
Contribution from operations margins					
Mining & Aggregates	**13,88%**	15,01%	16,98%	17,02%	14,52%
Concrete Products	**9,54%**	11,32%	7,93%	12,07%	20,45%
Readymix	**4,87%**	4,66%	1,45%	6,23%	8,80%
	11,40%	12,47%	12,59%	13,85%	13,65%

	2013 R	2012 R	2011 R	2010 R	2009 R
Earnings per ordinary share (cents)	**72,1**	65,7	55,0	53,1	43,2
Headline earnings per share (cents)	**76,9**	62,6	53,5	51,3	40,5
Dividends declared (cents)					
Interim	**8,0**	6,0	6,0	6,0	5,0
Final	**20,0**	13,0	11,0	10,0	8,0
	28,0	19,0	17,0	16,0	13,0
PBIT return on net operating assets/liabilities	**16,5%**	20,7%	18,1%	18,9%	17,7%
Return on shareholders funds	**14,4%**	12,8%	12,2%	12,6%	11,0%
Utilisation of assets ratios					
Revenue: fixed assets ratio	**2,66**	2,32	2,12	2,02	1,80
Revenue: net operating assets ratio	**1,78**	1,57	1,41	1,35	1,28
Net asset value per share (cents)	**532**	469	423	389	369
Tangible net asset value per share (cents)	**424**	389	343	308	282
Capital expenditure split					
Mining & Aggregates	**58 930 237**	56 284 530	38 937 848	29 201 523	99 149 660
Concrete Products	**16 642 001**	13 388 331	3 545 318	6 730	9 184 997
Readymix	**5 508 385**	786 532	1 553 634	8 099 089	12 827 371
Unallocated	**1 853 830**	1 472 850	1 940 040	779 208	1 107 272
	82 934 453	71 932 243	45 976 840	38 086 550	122 269 300
Liquidity and solvency ratios					
Current assets: current liabilities	**1,59**	2,04	1,74	1,66	1,75
Debt/overdraft less cash: equity	**4,7%**	(4,9%)	5,2%	10,7%	18,8%
Total liabilities: equity	**57,7%**	48,9%	55,2%	49,5%	52,8%
Dividend cover (based on headline earnings)	**2,74**	3,16	3,04	3,07	3,11
Interest cover	**18,38**	28,28	20,27	12,83	10,92
Productivity, efficiencies and consumption					
Number of employees at year-end	**2 085**	1 605	1 630	1 440	1 462
Revenue per weighted number of employees	**656 229**	614 549	569 284	540 289	469 966
Depreciation	**55 449 750**	45 735 363	44 880 075	38 642 472	37 612 796
Amortisation of intangible assets	**2 437 457**	659 556	659 564	659 564	543 840
	57 887 207	46 394 919	45 539 639	39 302 036	38 156 636
Electricity usage (Rands)	**27 902 754**	21 089 140	13 610 957	9 798 571	6 948 028
Fuel usage (Rands)	**110 327 007**	90 086 588	64 455 066	49 315 387	64 779 211
– Average fuel price (Western Cape) (Rand/litre)	**10,82**	9,57	7,59	6,73	8,94
Cement usage (Rands)	**174 147 017**	93 329 816	88 203 858	92 596 820	91 724 204
Disabling injuries frequency rate	**2,15**	2,86	2,47	3,66	4,38

Key strategic
events history

JSE listing

Founded in 2006 from well established companies

- Prima Klipbrekers *(established 1963)*
- Lancaster Quarries *(established 1965)*
- Malans Quarries *(established 1963)*
- Denver *(established 1996)*

Coming of age and stronger strategic management

Build a solid foundation

- Narrow focus – building materials
- Mainly coastal provinces
- Formation of proper governance

Differentiators

Strong financial position

- Healthy cash flow
- Strong balance sheet
- Industry leading margins throughout economic cycles

Operational competence

- Flexible
- Reliable quality
- Superior reaction time
- Well-maintained plant and equipment and well-equipped workshop infrastructure
- Vertical integration

Active strategic positioning

- Good market intelligence and expertise
- Ongoing business development
- Focus on smaller sized projects
- Proven successful acquisitions
- Successful greenfields projects
- Diverse product and services offering
- Wide geographic distribution
- Solid presence in growth markets
- Commitment to protecting the environment and sustainable development

Leading footprint established

Geographic expansion (2007 – 2010)

- Smaller acquisitions
- Well executed national positioning
- Broad infrastructure focus
- Afrimat black employees, via the Afrimat BEE trust, acquire 16,8% interest in Afrimat

Standing out

Growth in unique products (2011 onwards)

- Glen Douglas acquisition (Jan 2011)
- Clinker Group acquisition (Mar 2012)
- Infrasors acquisition (Mar 2013)

Strategy

1	**Diversify**	▪ Wide product range ▪ Broad geographic footprint ▪ Effective hedge against market volatility
2	Entrenched **competitive advantage**	▪ Geographic spread and location positioning adjacent to growth hubs ▪ Unique products with scarcity value ▪ Operations with structural cost advantage
3	**Innovate** and **create**	
4	**Maintain** and **develop superior** operational and marketing **expertise**	
5	Business **development** to identify **opportunities** early	

Key **risks**

The effective management and addressing of risk is central to Afrimat's operational strategy. The cyclical nature of the business' markets poses a key challenge, which the group mitigates through ongoing diversification, for instance into the previously untapped market of industrial minerals, into unique products with scarcity value, and into new regions which are strategically positioned to capitalise on major project opportunities. Further, processes are in place throughout the group to support long-term sustainability.

Risk	Risk mitigation
Industrial action	▪ Strict adherence to legislation and bargaining arrangements ▪ Open lines of communication with unions ▪ Maintaining satisfactory union relationships ▪ Stakeholder engagement processes ▪ Employee incentivisation and motivation programmes ▪ Culture of employee development and well-being
Macro-economic cycles/volatility	▪ Aggressive business development focus on expansion and diversification opportunities ▪ Careful cost control ▪ Pre-emptive anticipation and forecasting of market conditions ▪ Proactive innovative solutions ahead of occurrence to maintain competitive advantage
Theft and fraud	▪ Strict internal controls ▪ Effective disciplinary procedures
Increasing complexity of legal compliance	▪ Focused attention by dedicated team ▪ Executive (top-down) endorsement of compliance
Key staff turnover	▪ Active management of internal culture and climate ▪ Ongoing training and development ▪ Appropriate incentivisation for retention ▪ Active leadership mentoring and advancement ▪ Succession planning
Liquidity management	▪ Strict credit control and outstanding debt monitoring processes ▪ Focused attention by senior management

Stakeholder **responsiveness**

Process

Afrimat's stakeholders are identified and stakeholder relationships are reviewed by the board annually as part of the directors' mandate. The group's method of engagement is then reviewed and revised if necessary.

Afrimat recognises that developing and nurturing dialogue with its key stakeholders, and actively absorbing feedback and addressing this, is a driver of business sustainability. The group is convinced that engaging with stakeholders enhances group operations by accurately informing management of sentiment and perceptions and highlighting concerns. At the same time this dialogue informs and educates stakeholders and enhances the group's reputation.

Afrimat has developed a reputation for timely, consistent and transparent communication with stakeholders, which is characterised by a culture of open doors and lines of communication.

Method

Stakeholders	Responsibility	Communications and actions
Shareholders/investors	CEO assisted by FD and consultants	▪ Company announcements are released on SENS and posted on the group's website. Financial results announcements are also posted to shareholders. ▪ CEO regularly engages with the financial media to ensure accurate reporting where appropriate. ▪ Communication is maintained through bi-annual presentations of financial results, one-on-one interactions, trading statements, investor newsletters, site tours when relevant, press announcements, *ad hoc* meetings on request, and presentations at conferences.
Funders (providers of debt)	FD assisted by Group Accountant and subsidiary financial managers	▪ Continuous communication on funding requirements and status of business including financial results.
Employees and unions	All management assisted by HR functionaries	▪ Quarterly staff newsletters, regular meetings with unions and non-unionised employees. ▪ Annual culture climate survey – latest survey indicates a satisfactory level of engagement by employees with opportunities to improve interaction with staff on career enhancement planning. ▪ Regular reinforcement of the group's policies/procedures, Code of Conduct, mission, vision and values, SHE, legal compliance, corporate governance by the CEO and senior management during interactions with employees. ▪ Published company results are distributed within the group electronically and presentations to senior management are held.
Local communities	Managing directors of subsidiaries and branch operational managers assisted by General Manager Corporate Affairs and Resources department	▪ Dialogue with local community interest groups.
National government, provincial government and municipalities	CEO and senior management assisted by General Manager Corporate Affairs and Resources department	▪ Lobbying with government departments to raise awareness of local economic, social and infrastructure conditions and gaining approval for government funded projects. ▪ Assisting customers to make government departments aware of project payment delays. ▪ Developing DMR required social and labour plans in conjunction with local municipalities.
Customers	CEO, managing directors of subsidiaries and sales management	▪ Approval of advertising is centralised to ensure responsible advertising and consistent brand communication. ▪ Personal interaction with main customers. ▪ Product brochures distributed to customers. ▪ Annual customer surveys conducted to determine service improvement opportunities.
Suppliers	CEO, managing directors of subsidiaries and procurement departments	▪ High focus on procurement from suppliers with BEE shareholders.

Industry associations

Afrimat's relevant subsidiaries are members of:

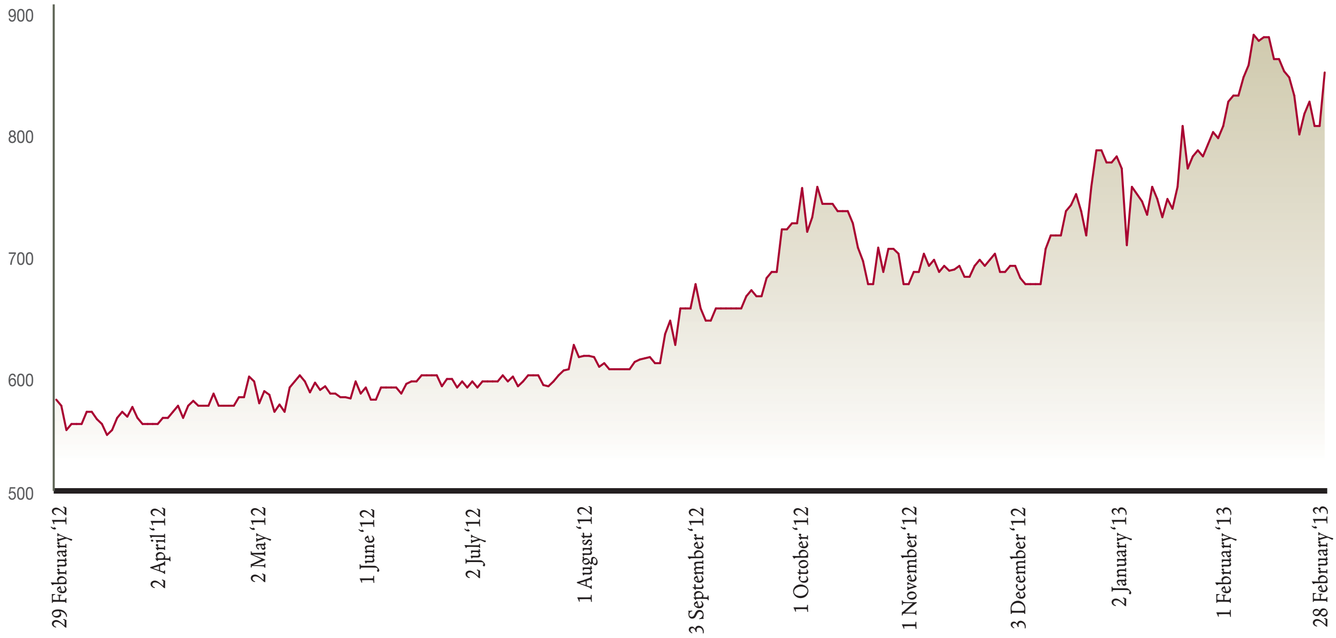
- ASPASA;
- SARMA; and
- Cape Chamber of Commerce.

Share **performance**

Shares issued and performance

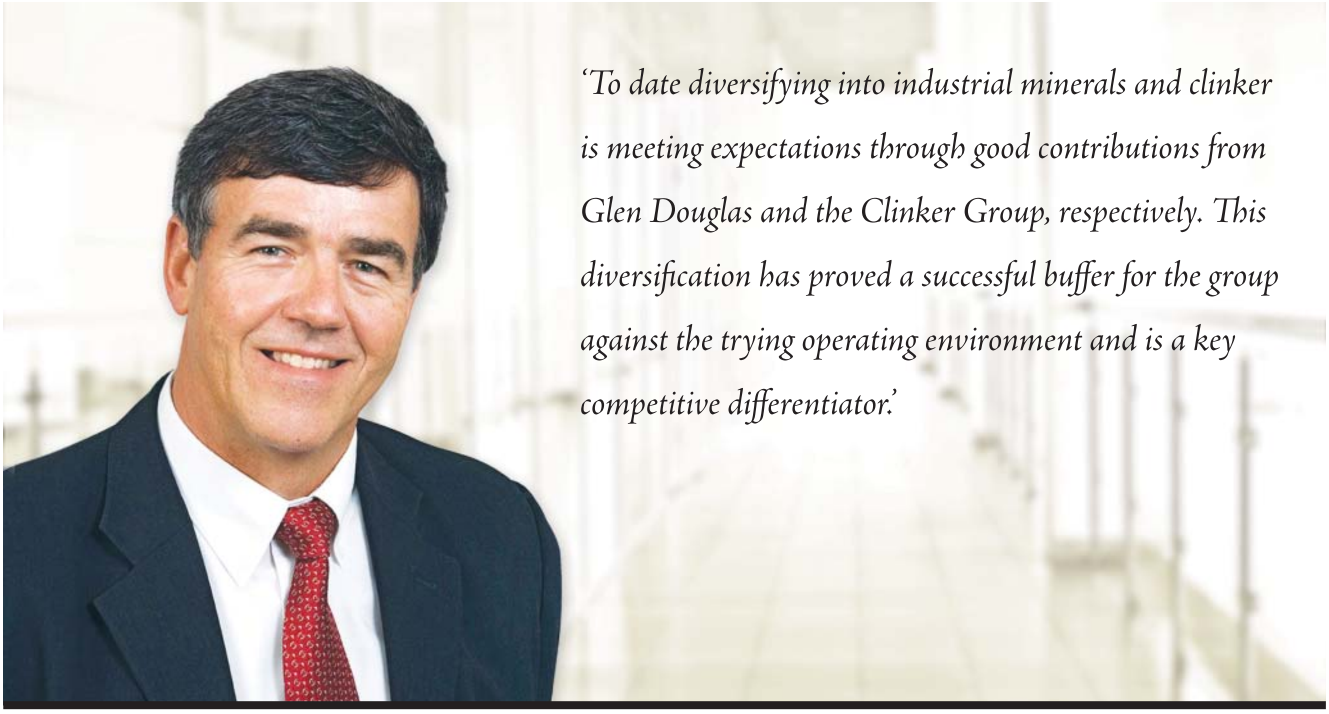
	2013	2012	2011	2010	2009
Number of ordinary shares in issue	**143 262 412**	143 262 412	143 262 412	143 262 412	133 762 412
Less: Number of treasury shares	**204 242**	6 145 174	5 149 510	3 398 280	855 829
Net number of ordinary shares in issue	**143 058 170**	137 117 238	138 112 902	139 864 132	132 906 583
Weighted number of net ordinary shares in issue	**142 867 266**	137 371 771	138 596 357	137 236 345	133 480 115
Headline earnings per share (cents)	**76,9**	62,6	53,3	51,3	40,5
Price:earnings ratio	**11,0**	9,2	6,2	6,1	4,8
Market price per share at date of listing 820 cents (7 November 2006 – issue price 500 cents)					
Market price per share at year-end (cents)	**844**	575	330	313	196
Market capitalisation based on issued shares (Rand)	**1 209 134 757**	823 758 869	472 765 960	448 411 350	262 174 328
Market capitalisation based on issued shares less treasury shares (Rand)	**1 207 410 955**	788 424 119	455 772 577	437 774 733	260 496 903

Share price (cents)



Reports to stakeholders

Chairman's **report**



Matie von Wielligh
Chairman

Introduction

Marking ongoing incremental growth in a challenging business environment, Afrimat delivered another credible performance for the year to entrench its positioning as a leader in the open pit mining, industrial minerals and construction materials space. Afrimat delivered these results by demonstrating entrepreneurial spirit and a culture of teamwork while at the same time balancing economic benefit with social and environmental objectives.

My perspective of the year

I am proud to have led the board through another year that tested our resilience.

Afrimat's strategy of diversifying geographically in terms of its product range and markets, which was launched three years ago, will be maintained for some time. To date diversifying into industrial minerals and clinker is meeting expectations through good contributions from Glen Douglas and the Clinker Group, respectively. This diversification has proved a successful buffer for the group against the trying operating environment and is a key competitive differentiator.

It would seem that Afrimat's shareholders agree. During the year Afrimat's share price appreciated pleasingly, with trading activity picking up. The share price increased 47% over the year. Afrimat is firmly entrenched as a JSE Top 50 Performer and is routinely included on JSE 'to watch lists'.

In our engagement with the investor community, we continue to receive very positive feedback about Afrimat's management team and their diligence in delivering value, and so we should. The team, led by CEO Andries van Heerden, works quietly, cautiously and smartly to ensure that Afrimat stays on course with its strategic objectives irrespective of the macro environment, and is positioned to stay the course as a leader in its fields of operation.

The trading environment

In Europe economic woes continue largely unrelieved. The USA is exhibiting at best, sluggish growth, and in the East – namely China and India – growth is slowing. The overall near-term picture of the international arena is not too positive.

South Africa is in the build-up phase prior to political elections, always a catalyst for action, and we expect government's renewed focus on the infrastructure backlog to act as an economic stimulus. Despite the recent slide in GDP growth in South Africa, we believe that announcements by the national treasury of increased government spending will improve the outlook. There is further a strong pipeline in renewable energy projects presenting exciting opportunity for growth.

While a level of uncertainty remains in the market, there are definite signs of a turnaround starting to materialise. This is reflected in the increased confidence in the building sector. (Please see the CEO's report for further detail.)

Prospects

In the short-term we expect to continue benefitting from good contributions by Glen Douglas and the Clinker Group. Infrasors will also make some contribution going forward into the new financial year.

Recovery in Afrimat's traditional business is anticipated in light of early signs of better fortune, but the market will undoubtedly remain under pressure. Government is spending on infrastructure to stimulate economic growth. However, infrastructure related contracts have become smaller and moved out of the major cities. This is to Afrimat's advantage as we have structured the group to capitalise on exactly these opportunities. Provincial and national roads expenditure investments have been sustained at more than R30 billion per annum since 2010. Low-cost housing presents yet another avenue for growth.

Further, the renewable energy sector is developing strongly. Current tenders require at least 540 000 m³ of concrete for only the first phase of contracts in the Renewable Energy Independent Power Producers Programme.

Appreciation

I wish to thank Andries, the executive directors, the management team and all Afrimat employees for their commitment and effort. My thanks also to my colleagues on the board for their astute guidance and insight during the year.

Finally I thank our loyal stakeholders whose confidence in the group and faith in management is a constant inspiration.

Matie von Wielligh
Chairman

18 June 2013

CEO's
report and strategy

'Afrimat's operating divisions overcame trading challenges and the group delivered higher profits for the year. The group continued to generate considerable cash and maintained a strong balance sheet in line with the group's strategy.'

Andries van Heerden
CEO

The year at a glance

The past year was marked by the group's continued resilience in the face of difficult trading conditions in the construction and related sectors.

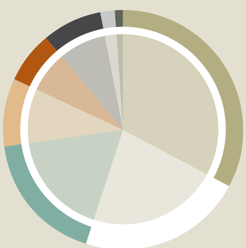
Afrimat's operating divisions overcame economic challenges and the group delivered higher profits for the year. The group continued to generate considerable cash and maintained a strong balance sheet in line with the group's strategy. In addition, the group has maintained a consistent dividend policy with higher dividends declared for the year.

Recent acquisitions, namely Glen Douglas and the Clinker Group, delivered good contributions that exceeded expectations. In the same vein Afrimat successfully concluded the acquisition of a majority stake in Infrasors (effective 1 March 2013), which we are in the process of extending our stake through an offer to minorities (see 'Acquisition' below).

From a strategic perspective the group made good progress in executing its differentiation strategy, which partly compensated for lower volumes in the group's traditional aggregates business. Our focus on anticipating changes in the market so as to act early has seen positive results. A well-diversified portfolio of markets, products and regional spread in South Africa has given Afrimat a distinct competitive advantage in a tough industry.

The flexibility of the group's contracting services has proved to be another competitive strength. These offer geographical mobility for crushing, screening, drilling and blasting services to projects beyond our fixed areas of operation.

Mining & Aggregates revenue sources



Building construction	33%
Civil construction	22%
Concrete products	18%
Readymix	9%
Steel manufacturers	8%
Cash sales	7%
Railway	2%
Agricultural	1%

Civil tendering competition

Source: BER, RMB Morgan Stanley Research

As with our peers, the unrest in the mining industry remains a thorn in our side. The strike in KwaZulu-Natal in the first half of the year negatively affected all our operations in that region. We continue to treat strike action as a high risk. To this end we have embarked on several programmes to improve labour relations as well as the workplace climate. We intend to ensure that the positive culture prevailing at the upper levels of the group effectively filters down to the grassroots levels.

Several industry confidence indexes, such as the Civil Confidence Index, have started to show pleasing trends by year-end, which bodes well for the future.

Operational overview

Mining & Aggregates

The division increased revenue 20,1% year-on-year to R846 million while margins at 14%, are 1% lower than the previous year. By far the largest driver of group performance, the division has diverse revenue sources of which the building and concrete construction sector is the largest at 33%.

The turnaround programme at Glen Douglas is ongoing, and continues to generate significant cost savings and efficiency improvements. As part of our turnaround programme, we are refurbishing and upgrading equipment to significantly increase outputs. The return on capital, based on the acquisition consideration, was about 80% for the year. Glen Douglas has proved an effective cushion against market volatility, diversifying the group into industrial minerals with vast application in an industry offering healthy margins. The lifespan of the mine is more than 30 years.

At year-end the Clinker Group had returned 35% – 40% on its acquisition consideration. While it carries similar strategic, industry and product advantages as Glen Douglas, the life of the business in its present form is shorter at 10 years.

Volumes were under pressure in aggregates, although price increases were satisfactory. While the Medupi contracting activities are starting to taper off, this was entirely expected and a number of new crushing projects are already on board to replace the diminishing revenue.

Afrimat has assisted the Afrimat BEE Trust, on behalf of Afrimat's black employees, to increase its stake and the trust is now the largest shareholder in the group. Afrimat thereby ensured continued compliance to the requirements of the Mining Charter (see B-BBEE below).

Concrete Products

The division more than doubled revenue to R286 million, due to the inclusion of SA Block, part of the Clinker Group, from 1 March 2012. Margins declined to 9,5% from 11,3% last year, although pricing remained pretty steady.

Readymix

Readymix increased revenue by 17% to R205 million and improved margins slightly to 4,9% from 4,7%. Sales volumes grew on the back of increased market share in certain markets.

Financial results

See the annual financial statements and accompanying notes for further details.

What is happening in our environment?

Building activity is on the up as reflected in increased sales to readymix customers countrywide and tender activity is increasing across most construction market segments. Road-building around the country is stronger than it has been in many years. The general increase in the demand for construction materials should benefit Afrimat in the year ahead.

The improvement in sentiment is evidenced by the turnaround in the Building Confidence Index, which is up 5 points to 37, a positive trend, although it is still in negative territory below 50.

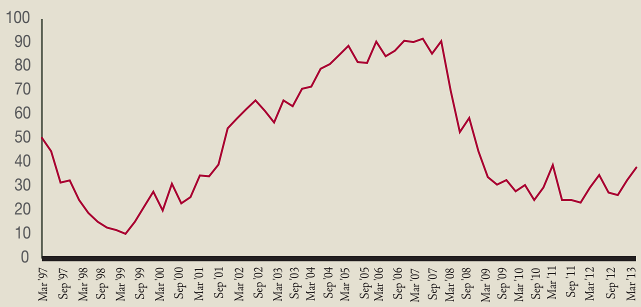
The Civil Confidence Index is significantly up by 15 points to 51, which is above the crucial positive crossover point of 50, making it the highest in four years.

These positive trends are confirmed by our experience in the market and seeing our customers' activities pick up.

Strategy

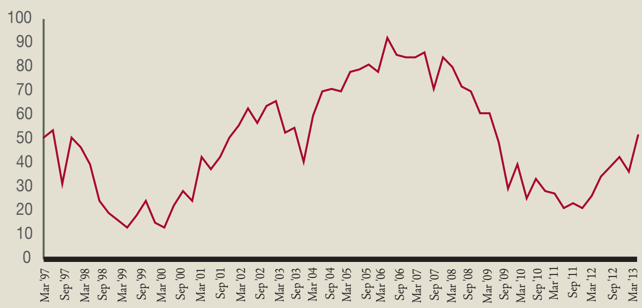
Afrimat embarked on its current strategy of differentiation after the international financial crisis of 2008 and 2009. The products and services of the group are centred around a specific competitive

Building Confidence Index



Source: Bureau of Economic Research, 2013Q1

Civil Confidence Index



Source: Bureau of Economic Research, 2013Q1 advantage, which is derived from the uniqueness of the products, the geographic location of operations or the intrinsic cost benefits.

The group's growth strategy has been divided into four pillars:

1. **Continuous improvement:** A programme, under the guidance of an executive director, which continuously analyses the performance of the operating units and identifies improvement opportunities.
2. **Brown field expansions:** Adding capacity to address market demands for additional products.
3. **Green field expansions:** Starting brand new operations.
4. **Acquisitions:** Acquiring businesses with a good strategic fit and the desired risk profile.

Acquisition

With effect from 1 March 2013, Afrimat acquired 50,7% of JSE-listed Infrasors for R33 million (35 cents per share). The acquisition reflects our differentiation strategy – Infrasors has assets offering unique products, which are well-situated geographically and offer a good upside after the turnaround programme is completed. Infrasors is an excellent strategic fit – it cements Afrimat's foothold in the industrial minerals sector and stretches its reach into the country's northern provinces without creating more capacity.

Prior to the change in control Infrasors had been underperforming financially and operationally. Afrimat has embarked on a turnaround programme for which a comprehensive project plan has been developed and is being executed under the guidance of the newly appointed Managing Director. The turnaround programme is intended to entrench the Afrimat culture and values across Infrasors.

We are confident that Afrimat's management and marketing expertise will optimise Infrasors' assets, without requiring a significant capital outlay as adequate processing and manufacturing capacity exists.

B-BBEE

We are pleased to have maintained black equity ownership at 26,1%. With Mega Oils SPV's seven year lock-in period expiring in November 2013, Afrimat provided funding of R40 million to the Afrimat BEE Trust to buy the 6,4 million Afrimat shares on behalf of Afrimat's black employees in advance of the expiry date.

This move eliminates the risk to Afrimat's mining rights posed by losing its BEE ownership status (in terms of the Mining Charter).

How we see the future

Our managed and practical approach to growth is designed to ensure the group's sustainability. Put simply, we have a prudent growth strategy that works on the premise of hard work, consistent focus, and ongoing effort.

We are on a strong financial footing. We have a healthy cash flow, strong balance sheet and superior margins which we have held on to throughout the difficult times. We have no single dominant debtor on our books, and effective credit control systems. We aim to preserve the strength of our balance sheet and further deploy our strategy, all while giving back to the communities in which we do business.

We will continue to focus on our strategic positioning; leveraging our good market intelligence and expertise as well as our track record of successful acquisitions and project management.

In the short-term all is not rosy in South Africa. The market remains under pressure. However, there is excitement as our traditional business starts to recover. Momentum drivers are expected to be the accelerated roll-out of infrastructure and road building projects, increasing low-cost housing and renewable energy projects. Obviously the stability of the domestic industrial minerals market is another plus in our favour. And we will look outside of South Africa too where necessary to mitigate in-country risk.

Glen Douglas and the Clinker Group remain good contributors to growth, and we have the contribution of Infrasors to look forward to.

Initiatives aimed at reducing costs and improving efficiencies remain a key focus in all operations. These moves, supported by ongoing product diversification in attractive growth sectors such as industrial minerals and other unique products, should boost volumes.

We also have our obvious operational competence. We are flexible in meeting our customers' needs, and have a reputation for being a reliable, quality supplier with superior reaction time.

While the future is not certain, it nonetheless promises much good for the group and we are well-positioned to capitalise on the opportunities.

Appreciation

Tough times demand exceptional people to see them through. I am proud that we have a strong, resilient team which maintains its enthusiasm irrespective of the situation – thank you all for your hard work and loyalty.

I also thank the members of the board for their support, guidance and innovative suggestions. Thank you to our business partners, suppliers and advisers for your ongoing support.

Finally I thank our customers and shareholders for your loyalty.

Andries van Heerden
CEO

18 June 2013

Infrasors facts

- Listed on AltX April 2007
- Migrated to JSE Main Board February 2010
  – General Mining sector (share code: IRA)
- Open cast miner
- Products: dolomite, limestone and silica sand
- Market capitalisation R120 million
- Assets:
  - **Lyttelton Century Mine:** dolomite, 30-year licence
  - **Marble Hall Mine:** limestone, reserves in excess of 30 years
  - **Delf Sands and Delf Silica Coastal:** silica sand mines

Directorate

Executive directors

Andries J van Heerden
CEO

Hendrik P Verreynne
FD

Gert J Coffee

Non-executive directors

Loyiso Dotwana

Francois du Toit

Dr Laurie P Korsten

Independent non-executive directors

Marthinus (Matie) W von Wielligh
Chairman

Phuti RE Tsukudu

Hendrik (Hennie) JE van Wyk

AFRIMAT

Executive directors

Andries J van Heerden (47)
CEO

B.Eng (Mech), MBA (University of Stellenbosch), Government Certificate of Competence

Andries has extensive experience in operational management, strategic positioning, marketing and finance. During 2001 he joined the Prima Klipbrekers group as a director and became managing director two years later. He left Prima in 2005 and formed a consortium which acquired the Lancaster group, of which he became chief executive. He was instrumental in 2006 in the formation and listing of Afrimat from the merger of Prima and Lancaster. Andries was a finalist in the 2008 Ernst & Young World Entrepreneur Awards in the category 'Emerging Entrepreneur'. He also sits on the board of Infrasors Limited as a non-executive director.

Hendrik P Verreynne (56)
FD

B.Compt (Hons) CA(SA)

Hendrik, a chartered accountant, has extensive experience in financial and information technology management, corporate governance and BEE. Prior to joining Afrimat in 2007 he was financial director for Oceana Brands Limited. Previously he was a senior executive in finance for Woolworths and Borden Foods and financial director of Sea Harvest Limited. He also sits on the board of Infrasors Limited as a non-executive director.

Gert J Coffee (62)
Head of Operational Efficiency

B.Sc B.Eng. Mechanical (Industrial)

A registered professional engineer, Gert has spent the past 35 years in the civil construction and materials supply industries in various executive management capacities. He joined Afrimat in January 2010.

Non-executive directors

Loyiso Dotwana (49)

B.Sc Civil Engineering (University of Cape Town)

Loyiso has worked as a civil engineer in design and project management for more than 20 years. He specialised in design and contract administration of township services, rural and urban roads and national roads. He has been involved in the conceptual and detailed design of bulk services for the Coega Industrial Development Zone in Port Elizabeth. Loyiso founded Illiso Consulting (Pty) Limited, one of South Africa's largest black owned consulting engineering companies, of which he is currently a director and the major shareholder.

Francois du Toit (66)

Francois joined Prima Klipbrekers as managing director in 1967 and helped establish the Prima group twelve years later, where he remained as managing director until 2003 and as Chairman until his retirement in 2009.

Dr Laurie P Korsten (71)

CA(SA), PhD (Honoris Causa) (Potchefstroom University)

Laurie, after studying at Wits University and qualifying as a Chartered Accountant, joined the Industrial Development Corporation ('IDC') where he later headed up the financial investigations and small business divisions. He was one of the founding shareholders and executive directors of merchant bank, Finansbank Limited. He is also a past Chairman of the SA Merchant Bankers Association and a past executive Chairman of Volkskas Merchant Bank and Volkskas International Bank. In 1991 Laurie was appointed by the South African Cabinet as Chairman of the Korsten Committee to investigate and advise on Government Pension Funds. He also served as Chairman of Rusfurn Limited and as a trustee of CANSA. Currently he serves as Chairman and controlling shareholder of the investment holding companies Korfonds (Pty) Limited and Forecast Investments (Pty) Limited.

Independent non-executive directors

Marthinus (Matie) W von Wielligh (61) Chairman

B.Sc (Mech. Eng.) (University of Pretoria), MBA (University of Stellenbosch), Stanford Executive Programme (Stanford University USA)

Matie has 38 years' professional experience in the mining industry. At Iscor Mining and Kumba Resources he served in various management and senior management positions before becoming managing director of Sishen Iron Ore Company. At Kumba Resources he was General Manager of the iron ore business. He has extensive engineering, operational and business experience and currently consults on business strategy, new business development, operational improvement, capital efficiency feasibility studies and project management. Matie holds other directorships and is a non-executive Chairman of Vega Capital (Pty) Limited.

Phuti RE Tsukudu (59)

M Ed (University of Bristol), Post graduate Diploma in Adult Education B.A. (SW)

Phuti is an organisational development and management consultant and is currently managing director/senior consultant at Tsukudu Associates and a partner/senior consultant at CRG PPS. She has extensive experience in organisational development, human resources management and human resources development in the public and private sectors – over 25 years' experience as an independent consultant and over 10 years as a community development practitioner working in the development and education arena. She continues to hold a number of board positions.

Hendrik (Hennie) JE van Wyk (69)

B.Com CA(SA)

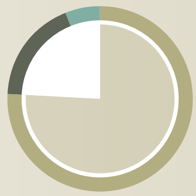
Hennie qualified as a chartered accountant in 1975 with Brink Roos & Du Toit, where he became partner three years later. In 1987 he was appointed lead partner in the Cape Town office of Theron du Toit and in 1990 lead partner of Coopers & Lybrand at the time of the merger with Theron du Toit. In 1998 he became managing partner of PwC Inc. (Western Cape), a position that he held until his retirement.

Mining & Aggregates
(including Industrial Minerals and Contracting Services)

Highlights FY2013

- Solid contributions from Glen Douglas and Clinker Supplies
- Reasonable price increases in most products

Contribution from operations



78%

The division's performance reflected the benefits of the group's recent entry into industrial minerals, with Glen Douglas boosting overall volumes and the contribution from newly acquired Clinker Supplies exceeding expectations. The optimisation strategy at Glen Douglas is progressing well and the group continues to upgrade equipment to maximise capacity and efficiency.

The traditional aggregates business, which formed the core of the group prior to the latest acquisitions, showed a marginal decline in sales volumes year-on-year. The slow roll-out of government infrastructure projects contributed to the depressed aggregates market. The tough market conditions were compounded by high fuel and electricity costs and a strike in KwaZulu-Natal in the first half of the year. Mining & Aggregates remains the group's key driver of growth.

Looking ahead improvement in the construction sector is becoming increasingly evident. The division is well positioned to capitalise on the uptick – all processing plants are fully commissioned and well placed to supply market demand, which should assist in sustaining revenue going forward. While the Medupi contracting activities are beginning to diminish, this is in line with timeline expectations and new projects have been brought on stream to offset this.

Key challenges remain the slow roll-out of government infrastructure projects, which is addressed in part by Afrimat's participation in the smaller and more geographically spread projects.

Afrimat's flexible and geographically spread service delivery model, including the utilisation of mobile crushing equipment, positions the group to take advantage of multiple and widespread opportunities as they arise.

Financial performance

R'000	Audited February 2013	Audited February 2012	% change
Revenue	846 388	704 509	20,1
Contributions from operations	117 480	105 760	11,1
Contributions from operations margin (%)	13,9	15,0	
Capital expenditure	58 930	56 285	
Headcount	1 479	1 016	

Key distinguishing features

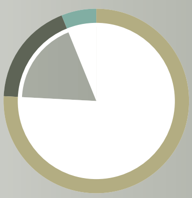
- Quality geological resources
- Diverse customer base
- Wide product range complemented by ability to customise solutions
- High quality standards (including compliance with COLTO and SABS standards)

Concrete Products

Highlights FY2013

- Sales pricing remained steady
- SA Block included from 1 March 2012

Contribution from operations



17%

Concrete Products benefitted from the acquisition of SA Block (part of the Clinker Group), but was impacted by lower volumes and industrial action in KwaZulu-Natal during the first half of the year.

A key focus going forward remains our initiatives aimed at expanding volumes through an increased focus on marketing, reducing costs and improving efficiencies by refining manufacturing processes and optimising the use of raw materials.

Government's continued expenditure on low-cost housing should drive volumes going forward.

Financial performance

R'000	Audited February 2013	Audited February 2012	% change
Revenue	285 994	116 112	146
Contributions from operations	27 295	13 145	107
Contributions from operations margin (%)	9,5	11,3	
Capital expenditure	16 642	13 388	
Headcount	816	429	

Key distinguishing features

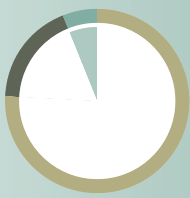
- Wide product range
- Products carry the SABS seal of approval

Readymix

Highlights FY2013

- Increased sales volumes
- Increased demand in government low-cost housing

Contribution from operations



7%

Readymix experienced higher volumes in the Western Cape, although volumes in KwaZulu-Natal were down as a result of the strike action in the first half of the year.

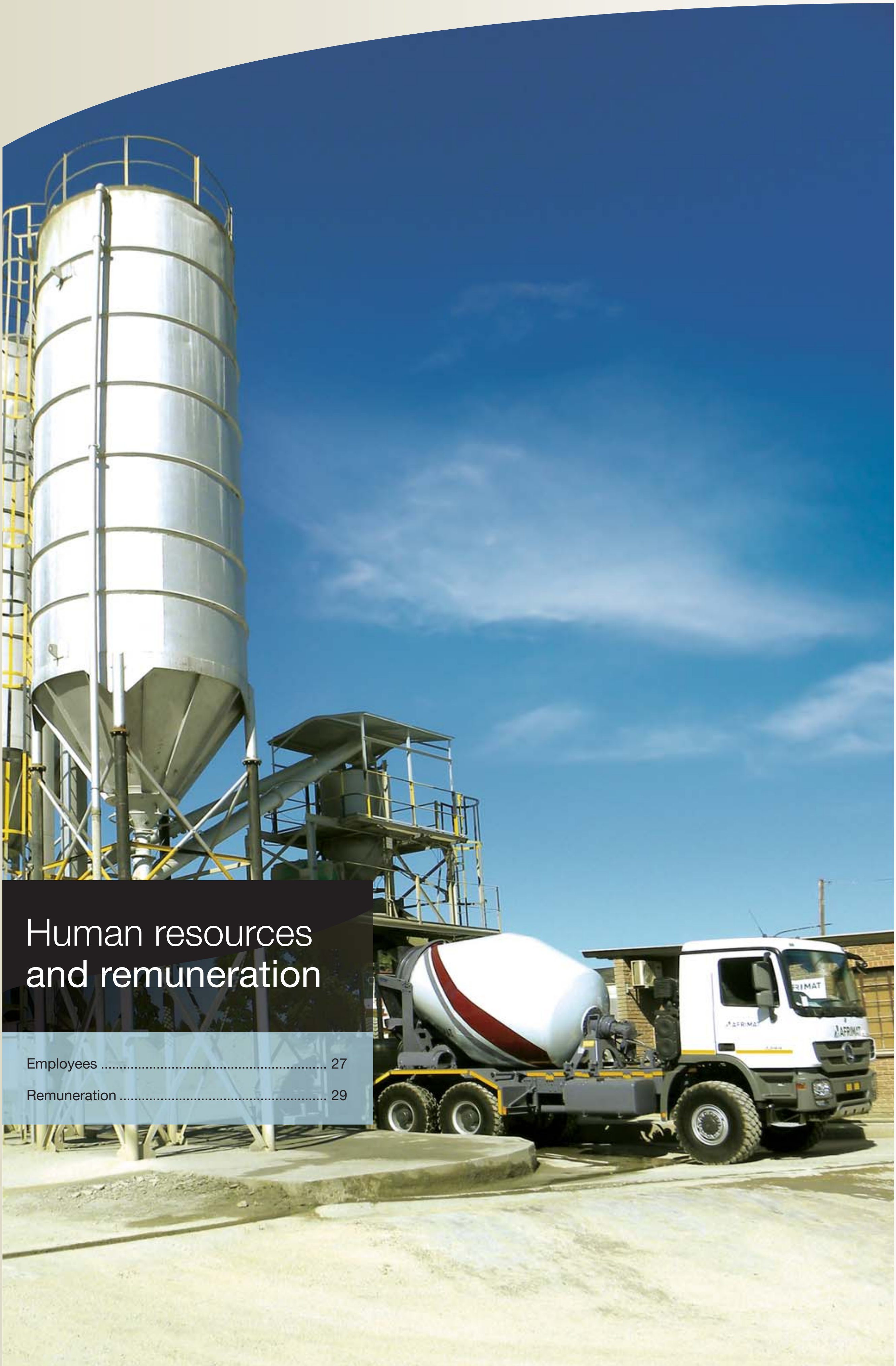
Looking ahead the increase in government's spend on infrastructure development should drive growth, while the incremental rise in building construction activity should bolster demand.

Financial performance

R'000	Audited February 2013	Audited February 2012	% change
Revenue	205 203	175 516	16,9
Contributions from operations	9 996	8 182	22,2
Contributions from operations margin (%)	4,9	4,7	
Capital expenditure	5 508	787	
Headcount	144	137	

Key distinguishing features

- Products meet SARMA standards
- Flexible customised solutions for unique customer needs



Human resources and remuneration

Employees

Highlights FY2013

- Consistently low staff turnover resulting in a deepening skills pool
- A healthy value system and culture of teamwork

Employment

Creating an environment conducive to attracting, developing and retaining talent is a crucial focus for the group. Afrimat continues seeking ways to add value to the lives of its employees through attractive career opportunities, market-related remuneration and an inclusive and enabling work environment. The group fosters a culture of respect, with zero-tolerance of discriminatory behaviour. No incidents of discrimination were reported during the year. Afrimat fully complies with employment laws and practices and is committed to the protection of human rights.

Afrimat is a sought-after employer in the communities in which it operates and fills vacancies with ease. Excellent staff retention in turn facilitates advancement opportunities so promotions can happen from within. The group culture is actively managed to create a climate that is conducive to growth, including skills and empowerment training and active involvement by leadership in mentoring and advancing employees.

Recognising the group's role in the wider employment context, not only does Afrimat look to surrounding communities to supplement its project labour force and in this way create jobs, the group also maintains a limited automation policy (particularly in its bricks and blocks plants) to preserve as many jobs as possible notwithstanding the potential impact on profitability. Afrimat focuses on cost control in other areas to mitigate this impact and still gives credence to its commitment to people as well as profit.

Labour relations

Industrial action is a high risk for Afrimat and as such is treated as a strategic priority. Labour relations are being managed by adhering strictly to legislation as well as bargaining arrangements, and numerous stakeholder engagement processes are underway with unions and employees in this regard. The Skills Development and Employment Equity Consultative Committees of each subsidiary communicate with the unions representing Afrimat's employees namely:

- Solidarity;
- National Union of Mineworkers;
- National Union of Metal Workers of South Africa; and
- Building Wood and Allied Workers Union of South Africa.

During the year all Afrimat operations in KwaZulu-Natal were subjected to industrial action as a result of a deadlock in wage increase negotiations involving the National Union of Mineworkers. The six-week long strike resulted in considerable production losses and led to lower profitability.

Skills development

Afrimat's skills development programme is based on the belief that a trained, informed and skilled workforce will be satisfied and therefore retained, leading to a deepening skills pool and in turn driving higher profitability. The underlying intention is to encourage personal growth and thereby ensure better productivity. On a wider level skills development boosts the scarce skills pool in the industry by equipping employees with technical, administrative and management skills.

The group has a division dedicated to this end – the Skills Development Division – which is responsible for identifying needs and implementing and monitoring initiatives. Skills development needs are determined in terms of regular performance appraisals and the day-to-day interaction with employees. Afrimat further has a formal 'Talent Management Programme' for the group's top 30 employees. A formal evaluation process is used to identify these key performers, manage their performance and retention (motivation and reward), succession plan and develop young talent. This process ensures that these employees remain abreast of new technology and/or are equipped with skills required for a future promotion – it helps generally to identify gaps that need to be addressed and manage their performance, retention and succession.

A total of R12,2 million (FY2012 R3,5 million) was committed to skills development, bursaries, training, learnerships and internships for the year. In aggregate 1 281 employees participated, of which 86,8% was black. Training at the lower skills levels, remains a major emphasis for Afrimat at present. The group sees this as integral to ensuring that the positive culture entrenched at the higher levels trickles down to grassroots level.

All employees operating equipment undergo the specified operator training for such equipment. This is an ongoing process and requires regular update and refresher training.

Initiatives

Afrimat Management Development Programme

The programme is a three-year in-house programme, custom-designed for Afrimat as part of its strategy to create a sustainable team for the future. It is offered to Production Managers, Quarry Foremen, Concrete Products Production Managers and Foremen on Readymix and Concrete Products plants.

Study assistance

The group provides study loans and support to its employees for tertiary qualifications relevant to their positions and/or potential advancement at the group. During the year these included training programmes in production, administration, marketing, management and leadership.

Employees (continued)

Internships

Afrimat is a workplace provider in an internship programme with the MQA – the mining sector SETA ('MQA'). Afrimat provides practical workplace exposure within the candidate's field of study. During the year 11 internships were in place.

Learnerships

The group launched a new learnership initiative, the Afrimat Learnership Programme ('ALP'). This programme focuses on the recruitment of learners to be trained and developed as qualified artisans and for other technical occupations in the group. During the year 36 artisan learnerships and nine other learnerships were in place. A total of three candidates who have successfully completed the learnership have been employed on a permanent basis.

Case study

ABET at Glen Douglas Dolomite

Afrimat recognises that further development encourages personal growth and engenders dignity, acknowledges employees as valued in the group, and consequently improves productivity.

Afrimat implemented the ABET programme at Glen Douglas Dolomite mine during the year. All employees interested in improving their education level were invited to attend an ABET assessment day. Ten pre ABET learners were then registered and one registered as ABET Level 2. With great enthusiasm classes were well attended with the support of the line managers.

Brewelskloof and Robertson Quarries

Employees at Brewelskloof and Robertson successfully achieved their second level of communication (English).

Remuneration

Remuneration & Nominations Committee

The Remuneration & Nominations Committee assists the board in ensuring that group remuneration and recruitment is aligned with overall business strategy, with the aim of enabling Afrimat to attract and retain personnel who will create long-term value for all stakeholders.

The committee is an independent and objective body which monitors and strengthens the credibility of the group's executive remuneration system. It ensures that executive remuneration is linked in part to individual performance, the group's performance and market conditions and benchmarks. The committee considers and makes recommendations to the board on remuneration packages and policies in this regard. It is therefore authorised by the board to seek any information required from any employee and may further obtain external legal and/or other independent professional advice if deemed necessary, at the expense of the group.

The manner in which the committee is structured and its responsibility demonstrates to all stakeholders that the remuneration of executives is set by independent, objective persons who have no personal interest in the outcome of their decisions and who will give due regard to the interests of all stakeholders and to the financial and commercial health of the group in reaching their recommendations. Remuneration and benefits of executive directors are disclosed on page 88 of this report. Prescribed officers are defined as those who exercise general control over the whole or significant portion of the business and activities of the group.

The committee is further responsible for devising a general remuneration policy for the group, which is tabled annually at the annual general meeting for a non-binding advisory vote by shareholders.

Remuneration policy

The group pays market-related salaries relevant to an individual's position and the region/area in which he/she will be employed, taking into account his/her qualifications, experience and performance. This is benchmarked against Deloitte's annual industry remuneration paper and the research of external consultants, Compensation Technologies, who are employed particularly for this purpose to ensure independence and integrity of information. The administration of the group's retirement and provident funds is outsourced to ABSA, which advises on market trends in retirement benefits.

The group's executives are remunerated in terms of a remuneration package and incentivised with a short-term incentive bonus and long-term share appreciation rights scheme. The remuneration packages are structured on a 'cost to company' basis and include contributions to health care and retirement benefits. Annual increases to executive remuneration packages are adjusted for changes in the general cost of living. Performance incentives are calculated in terms of defined profit targets and key performance indicators ('KPIs'), including risk management efficacy. Details of the share appreciation rights scheme for executive directors and senior management are disclosed on pages 77 and 78 of this report. (Afrimat's full remuneration policy is available on www.afrimat.co.za.)

The board and committee member remuneration structure consists of a fixed fee as set out in the table below.

Type of fee	Proposed annual fee 2013/14 R	Existing annual fee 2012/13 R
Board		
Chairman	467 000	440 000
Board member	130 000	125 000
Audit & Risk Committee		
Chairman	86 000	80 000
Member	54 000	50 000
Remuneration & Nominations Committee		
Chairman	46 000	44 000
Member	30 000	29 000
Social, Ethics & Sustainability Committee		
Chairman	46 000	44 000
Member	30 000	29 000

No material payments that are *ex gratia* in nature have been paid during the year under review.

Governance and sustainability

Code of Conduct

The board strives to ensure that the group conducts its business with integrity. This is formalised in a Code of Conduct (available at www.afrimat.co.za) which applies to all directors, prescribed officers and employees of the group. The Code of Conduct is designed to provide guidance as to their ethical conduct in all areas, appropriate policies in respect of the safeguarding of assets and information, and the appropriate corrective measures to enforce these policies. Further the strong value system is embedded into the group culture and constantly reinforced by the CEO and supported by business unit heads and human resources management. Strict adherence to the provisions of the Code of Conduct is a condition of employment with Afrimat.

The Code of Conduct sets out the group's values and practices over and above requirements of formal governance codes and legal requirements such as the King III Report and the Companies Act.

Afrimat's board appreciates that commitment to the highest levels of corporate governance is a key driver of sustainability. The principles of good corporate governance permeate the group with a healthy and ethical environment wherein every employee is expected to behave with integrity, honesty and fairness.

Good corporate citizenship is integral to all risk planning, assessments and audits. Accordingly, Afrimat will continue to monitor ethical performance regularly in order to ensure that corrupt or unethical business practices are avoided. The group conducts an annual culture climate survey, theft/fraud incidents reporting is in place and an annual declaration by senior management relating to non-transgressions of laws, Code of Conduct and market competition is obtained.

Corporate **governance**

Statement of compliance

The board is committed to upholding the fundamental tenets of governance, which include discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders. Afrimat recognises that governance principles and practices are dynamic and evolve, so its approach to governance develops to embrace relevant local and international best practice on an ongoing basis.

The directors are cognisant that the key governance challenge lies in balancing profitability with community, environmental and social development interests.

The board

Afrimat is cognisant of the recommendations of King III for a majority of independent non-executive directors on the board, and this will be taken into account with future appointments. However, in the interests of restricting costs the board will not remediate this until further board appointments are necessary. The current size and composition of the board is considered appropriate for the size of the company. In addition the non-executive directors have demonstrated the ability to act independently.

Independent non-executive director Marthinus W von Wielligh is a member of the Audit & Risk Committee and the Chairman of the Remuneration & Nominations Committee due to the limited number of independent non-executive directors. The Remuneration & Nominations Committee assesses the board composition annually. (See King III checklist Chapter 2 on page 33.)

Access to the advice and services of the company secretary and to company records, information, documents and property is unrestricted. Non-executive directors also have unfettered access to the external auditors and to management at any time. All directors are entitled, at Afrimat's expense, to seek independent professional advice on any matters concerning the affairs of the group.

There have been no changes to the board during the current year. The board meets at least four times a year with *ad hoc* meetings when necessary to review strategy, planning and financial performance, resources, operations, risk, capital expenditure, standards of conduct, transformation, diversity, employment equity, human resources and environmental management.

Director	Audit & Risk Committee	Remuneration & Nominations Committee	Social, Ethics & Sustainability Committee	Additional board meeting	Board meetings	Non-executive meetings
Loyiso Dotwana*>	4/4	3/3	2/2	1/1	4/4	4/4
Francois du Toit*				1/1	4/4	4/4
Andries J van Heerden (CEO)	4/4+	3/3	2/2	1/1	4/4	
Hendrik JE van Wyk**#	4/4			1/1	4/4	
Hendrik P Verreynne (FD)	4/4+			1/1	4/4	
Marthinus W von Wielligh (Chairman)**~	4/4	3/3	2/2	1/1	4/4	4/4
Phuti RE Tsukudu**		2/3	2/2	0/1	3/4	3/4
Laurie P Korsten*	4/4			0/1	4/4	4/4
Gert J Coffee			2/2	1/1	4/4	

* *Non-executive* ** *Independent non-executive* # *Audit & Risk Committee Chairman* ~ *Remuneration & Nominations Committee Chairman*
> *Social, Ethics & Sustainability Committee Chairman* + *Invitee*

Corporate **governance** (continued)

The group's memorandum of incorporation provides for one-third of the non-executive directors to retire by rotation after a three-year term of office. Accordingly, Laurie P Korsten and Phuti RE Tsukudu will retire at the upcoming annual general meeting and being eligible, will stand for re-election.

The board has a codified board charter. The purpose of the codified board charter is to regulate the parameters within which the board operates and to ensure the application of the principles of good corporate governance. It further sets out the roles and responsibilities of the board and its directors in line with integrated reporting practices. The charter outlines the board's primary function as determining the group's strategy, purpose, values and stakeholders relevant to its business (the board charter is available on www.afrimat.co.za). It takes into consideration regulation, legislation and emerging best practice.

Governance structure

The board

Executive directors	Non-executive directors	Independent non-executive directors
Responsibility		
The board remains responsible and accountable for the performance and affairs of the group and has full control over all the subsidiaries of the group.		
Members		
Andries J van Heerden (CEO) Hendrik P Verreynne (FD) Gert J Coffee	Laurie P Korsten Francois du Toit Loyiso Dotwana	Marthinus W von Wielligh (Chairman) Phuti RE Tsukudu Hendrik JE van Wyk

Committees

Audit & Risk Committee *(for further information see page 46)*	Remuneration & Nominations Committee *(for further information see page 29)*	Social, Ethics & Sustainability Committee *(for further information see page 37)*	EXCO
Responsibility			
The committee is responsible for reviewing the interim and integrated annual financial statements, the internal control framework and procedures, confirming and reviewing the internal audit and external audit function, reviewing the effectiveness of the system of internal controls, reviewing risk management and recommending the appointment of the external auditors.	The committee is an independent and objective body which is responsible for setting the criteria for board nominations, identifying and recommending nominees to the board, annually reviewing the directors' credentials, assessing non-executive directors' remuneration, assessing executive remuneration and determining short- and long-term incentive pay structures for group executives, and devising a group remuneration policy. It tables the company's remuneration policy at the annual general meeting for a non-binding advisory vote by shareholders.	The committee is responsible for initiating goals and reporting on safety, health and environment as well as responsible corporate citizenship, social responsibility, ethics, values and transformation.	The committee oversees all operational aspects of the business, ensuring that targets are met, deadlines are achieved, and potential risks are identified and addressed timeously, and communicates the group's policies to staff.
Members			
Hendrik JE van Wyk (Chairman) Marthinus W von Wielligh Laurie P Korsten Loyiso Dotwana	Marthinus W von Wielligh (Chairman) Phuti RE Tsukudu Loyiso Dotwana Andries J van Heerden (CEO)	Loyiso Dotwana (Chairman) Phuti RE Tsukudu Andries J van Heerden (CEO) Gert J Coffee Marthinus W von Wielligh	Andries J van Heerden (CEO and committee Chairman) Gert J Coffee Anton Gerber Hendrik P Verreynne (FD) Jan HP van Heerden
Number of independent directors			
2/4	2/4	2/5	n/a
Number of meetings per year			
4	3	2	6
Self-evaluation completed			
✓	✓	✓	n/a

The board and committee charters/terms of reference are available on www.afrimat.co.za.

Application of King III

The group applies the requirements of King III except as noted in the table below:

Area of non-compliance	Explanation of non-compliance
The majority of the non-executive directors on the board should be independent – presently only 50% is independent.	The board is satisfied that its non-executive directors are able to act independently. Afrimat will seek to address this imbalance in future board appointments.
All members of the Audit & Risk Committee should be independent non-executive directors – presently only 50% is independent.	See above.
All members of the Nominations Committee should be non-executive directors – presently one of the five members is an executive director of the company.	See above.
The Chairman of the board should not be the Chairman of or member of the Audit & Risk Committee – Chairman of the board is presently a member.	To address the shortage of independent non-executive directors, the Chairman of the board is a member of the Audit & Risk Committee – which is now permissible following a JSE governance guidance letter. Hendrik JE van Wyk is the Chairman of the committee.
Companies should consider establishing a compliance function – presently no dedicated compliance officer.	Due to the size of the company no dedicated compliance officer is considered necessary. The CEO and FD drive compliance.
Remuneration of the three highest paid employees who are not directors should be disclosed per individual in the integrated annual report – presently this is not disclosed.	This is highly sensitive information and could lead to competitors approaching these employees with work offers and is therefore not considered practical to disclose.

(The full King III checklist is available on www.afrimat.co.za.)

In terms of its board Afrimat complies with King III as below:

Principle number	Description	Compliance
Chapter 2: Boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance.	The board is the focal point and custodian of corporate governance at Afrimat. In accordance with the board charter, the board is committed to the highest standards of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	The board, in accordance with the board charter, and all committee terms of reference reviewed in line with King III, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The group's formalised risk management process takes into account the full range of risks including strategic and operational risk, as well as performance and sustainability.
2.3	The board should provide effective leadership based on an ethical foundation.	The board provides effective leadership and is committed to the highest levels of corporate governance as a key driver of sustainability.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	See 2.1 above.
2.5	The board should ensure that the company's ethics are managed effectively.	The board has established a Social, Ethics & Sustainability Committee, which is tasked with ensuring that the company's ethics are managed effectively.

Corporate **governance** (continued)

Principle number	Description	Compliance
2.6	The board should ensure that the company has an effective and independent Audit Committee.	The board is satisfied that the Audit & Risk Committee is effective. The committee is chaired by an independent non-executive director. It further consists of one independent non-executive director and two non-executive directors. The board is satisfied that these directors act independently for the purposes of the committee. Afrimat acknowledges that in accordance with the King III Report all members of the committee should be independent non-executive directors, which will be borne in mind when considering future board and committee appointments. Presently membership of the committee is based on the skills and experience available on Afrimat's board to ensure full efficacy and discharge of the committee's responsibilities. All members are suitably qualified chartered accountants and/or experienced business leaders.
2.7	The board should be responsible for the governance of risk.	The board's Audit & Risk Committee has conducted an evaluation of risk and is satisfied with the effective management of risk.
2.8	The board should be responsible for information technology (IT) governance.	The board ensures that IT governance is an integral part of corporate governance and that it is assessed in line with the IT Governance Charter.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
2.10	The board should ensure that there is an effective risk-based internal audit.	The board ensures that the internal audit function continues to report directly and effectively to the Audit & Risk Committee. The internal Audit Charter defines the scope of the internal audit function as assisting the board in assessing the group's risk management and governance processes.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	The board recognises the importance of developing and nurturing positive and stable relationships with key stakeholders as a key driver of business success.
2.12	The board should ensure the integrity of the company's integrated annual report.	The board continues to ensure that the integrated annual report endeavours to provide a true view of the group's commitment to ensuring that financial, social and environmental sustainability permeates the entire business.
2.13	The board should report on the effectiveness of the company's system of internal controls.	The board continuously ensures the soundness of the company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a trustee on behalf of the shareholders. In addition to the Code of Conduct, the members of the board are governed by a formal policy in respect of dealing in Afrimat shares.
2.15	The board should consider business rescue proceeding or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	The board monitors the company's solvency and liquidity. Business rescue has not been required.

Principle number	Description	Compliance
2.16	The board should elect a Chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of Chairman of the board.	The Chairman, Marthinus W von Wielligh, is an independent non-executive Chairman and the roles of CEO and Chairman are clearly defined.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	The board has appointed Andries J van Heerden as CEO and a delegation of authority framework is reviewed regularly.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The board comprises a majority of non-executive directors. It comprises three independent non-executive directors, three non-executive directors and three executive directors. The responsibilities of the Chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making. The Chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation. The CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of Afrimat as well as ensuring appropriately supervised and controlled daily operations. In this regard, the CEO is assisted by the FD and other executive directors. The independent non-executive directors and non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.
2.19	Directors should be appointed through a formal process.	A formal and transparent appointment process is in place. The entire board partakes in a formal and transparent process for the appointment of new board members, including that of the CEO. The Remuneration & Nominations Committee recommends suitable candidates following a vetting process which takes into account a candidate's skills offering, experience and diversity.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	In the case of new appointees, the Chairman and company secretary are responsible for implementing a comprehensive induction programme for new directors, including introductions to key senior management and site visits. New appointees also receive copies of the latest annual report, the latest interim announcements, recent circulars to stakeholders, board packs, details of the company's structure and operations and an overview of the company's accounting systems. The programme further sets out the new directors' responsibilities and fiduciary duties, as well as advises on the relevant statutory and regulatory framework and the JSE Listings Requirements. In order to ensure maximum efficacy as early as possible after appointment, the induction programme is extended to new senior management.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	The company secretary is not a director of Afrimat and accordingly maintains an arm's length relationship with the board and its directors. The company secretary is Pieter GS de Wit, an Associate of the Chartered Institute of Secretaries and a Chartered Accountant. The directors have considered and are satisfied that the company secretary has sufficient competence, qualifications and experience. The company secretary keeps record of, *inter alia*, shareholder registers, meeting attendance registers, meeting minutes, resolutions, directors' declarations of personal interest/s, all notices and circulars issued by the company, directors training, guidance on directors duties and good governance and assistance of evaluation of board and board committees performance. He is well versed in all relevant updates to current legislation and regulation and is responsible for advising the board as such. Further the company secretary reviews the rules and procedures applicable to the conduct of the board. To this end he will involve, wherever necessary, the sponsor and other relevant advisers/experts to ensure that the directors have adequate information to sufficiently discharge their responsibilities.

Principle number	Description	Compliance
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	The company secretary compiles the self-evaluation programme which is then assessed and reviewed by the directors prior to implementation. The Chairman reviewed each director's performance and communicated the outcome. The annual self-evaluation included a comprehensive review of performance across key performance areas such as financial and business knowledge, business judgment and willingness to go against the flow, entrepreneurial, strategic and conceptual capability and industry and company knowledge and insight.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board delegates certain functions without abdicating its own responsibilities to the following committees: ▪ Audit & Risk Committee; ▪ Remuneration & Nominations Committee; and ▪ Social, Ethics & Sustainability Committee.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	Afrimat ensures sound corporate governance throughout the group communicating policies on corporate governance and ethics to subsidiary boards and their financial managers. The FD and Audit & Risk Committee review application and compliance of recommendations and legislation at subsidiary level.
2.25	Companies should remunerate directors and executives fairly and responsibly.	The remuneration philosophy reflects Afrimat's commitment to best practice. The group's Remuneration & Nominations Committee determines the remuneration policy on executive and senior management remuneration in line with the group's remuneration philosophy and strategy. The total remuneration packages of the executive directors and senior management are subject to annual review and benchmarked against external market data taking into account the size of the company, its market sector and business complexity. A detailed remuneration report is contained in the integrated annual report on page 29.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors is disclosed in the integrated annual report on page 88. The executive directors are deemed to be the prescribed officers.
2.27	Shareholders should approve the company's remuneration policy.	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the annual general meeting.

Board processes

Share dealings and conflicts of interest

Directors and prescribed officers are required to disclose their shareholdings, additional directorships and any potential conflicts of interest as well as any share dealings in the company's securities to the internal Share Dealing Committee, consisting of the FD, company secretary and general manager human resources, for approval. Non-executive directors are required to authorise the Chairman's share dealings prior to implementation. The company secretary, together with the sponsor and FD, ensures publication of share dealings on SENS.

All directors and senior executives including prescribed officers with access to financial and any other price sensitive information are prohibited from dealing in Afrimat shares during 'closed periods', as defined by the JSE, or while the company is trading under cautionary. The company secretary informs all directors and all other relevant employees by email when the company enters a 'closed period'. No contraventions occurred during the year.

Board committees

Afrimat has an established Audit & Risk Committee, Remuneration & Nominations Committee and a Social, Ethics & Sustainability Committee to assist the board in discharging its collective responsibility of corporate governance. EXCO further assists the board in this regard in the context of day-to-day operations. All committees have satisfied their responsibilities during the year in compliance with their formal charters. (All committee charters are available on www.afrimat.co.za.)

There is transparency and full disclosure from board committees to the board. Committee Chairmen provide the board with a verbal report on recent committee activities at each board meeting, and the minutes of committee meetings are available to the directors in support thereof. In addition, the Chairmen of the committees or a nominated committee member attend the company's annual general meeting to answer any questions from stakeholders pertaining to the relevant matters handled by their respective committees. Committee effectiveness evaluations are conducted annually. Findings and recommendations are presented to the board, which tables an action list to address any areas marked for improvement.

Audit & Risk Committee

Refer to page 46 for a detailed Audit & Risk Committee Report.

It is the responsibility of the Audit & Risk Committee to effectively review relevant IT risks, on behalf of the board. The committee is supported in this regard by the external auditors, the internal audit function and the IT Infrastructure Manager in assessing and reporting on the effectiveness of general IT and application systems controls.

Afrimat has an IT Governance Charter in place, further augmented by a formal IT usage policy and disaster recovery plan guided by the IT and business systems strategy. (The charter and policy documents are available on www.afrimat.co.za.) The IT Infrastructure Manager performs annual adherence audits and reports to the Audit & Risk Committee on a quarterly basis.

Afrimat's IT control framework forms part of the general internal controls framework of the business. The Audit & Risk Committee and FD, supported by the IT Infrastructure Manager and two senior Business Systems Managers are responsible for evaluating the security of computer systems and applications. To minimise risk an information security management system is in place, comprising of a disaster recovery capability for central file servers, fire walls at major sites and data security measures. Further this team is responsible for devising the contingency plans for processing financial information in the event of a systems breakdown.

The rollout of the Accpac ERP system at each subsidiary continued during the year and delivered the desired information and controls.

Remuneration & Nominations Committee

The group's remuneration policy sets out the group's intention to attract and retain critical talent as well as to motivate employees to perform to their highest potential and in the best interests of the company and its stakeholders. (See page 29 for further detail in this regard). It also sets the criteria for board nominations, identifying and recommending nominees to the board.

Social, Ethics & Sustainability Committee

Key indicators monitored by the committee include:

Indicator	Standard or future goal
Transformation and B-BBEE ratings including: ▪ B-BBEE ownership ▪ Management control ▪ Employment equity ▪ Skills development and training ▪ Preferential procurement ▪ Enterprise development ▪ Socio-economic development	Level 4 B-BBEE rating for all operating subsidiaries achieved annually
Labour relations	Maintain employee satisfaction and effectively manage expectations to minimise labour unrest
Safety and health	DIFR to be zero
Environment including: ▪ Carbon footprint ▪ Water and forestry compliance and returns	Zero harm to environment Compliance to mining licence EMPs
DMR compliance including: ▪ Mine Works Programme adherence ▪ Social and labour plan ▪ EMP ▪ Mining Charter returns	All existing mining licences maintained All future mining licence applications predicated on reliable track record of compliance at Afrimat
Mining rights/licence status including: ▪ New applications ▪ Conversion of old order mining rights ▪ NEMA/LUPO regulations	Business expansion not restricted by insufficient mining licences
Compliance with laws and regulations	Full compliance with all laws and regulations

Transformation

Highlights

- Maintains direct black ownership
- Share purchase by Afrimat BEE Trust of Mega Oils SPV shares

B-BBEE

Integrating genuine transformation that permeates the organisation is critical for the sustainability of Afrimat's business in South Africa.

From an ownership perspective Afrimat, as a licenced mining group in terms of the Mining Charter, must reflect B-BBEE shareholding over 26% in all mining-licenced subsidiaries.

The group's B-BBEE ratings are set out below:

Subsidiary name	2013 B-BBEE rating level	2012 B-BBEE rating level
Glen Douglas Dolomite (Pty) Limited	8	3
Ikapa Quarries (Pty) Limited	3	3
Afrimat Aggregates (Trading) (Pty) Limited	4	4
Afrimat Readymix (Cape) (Pty) Limited	4	4
Afrimat Aggregates (KZN) (Pty) Limited	5	5
Afrimat Aggregates (Operations) (Pty) Limited	5	5
Afrimat Concrete Products (Pty) Limited	5	5
Afrimat Aggregates (Eastern Cape) (Pty) Limited	5	5

Each subsidiary has a dedicated BEE Committee which actions the plans and recommendations of the Social, Ethics & Sustainability Committee in this regard, and further proactively drives improvements in all B-BBEE categories.

Ownership

At group level Afrimat's black ownership is 26,12% (2012: 26,12%), on target with the Mining Charter in advance of the 2014 deadline. Included in the overall percentage are the following BEE shareholders:

- Afrimat BEE Trust (Afrimat Empowerment Investments (Pty) Limited) 21,2%;
- Mega Oils (Pty) Limited 4,4%; and
- Joe Kalo Investments (Pty) Limited 0,5%.

Mega Oils SPV's seven year lock-in period would have expired in November 2013.

Afrimat's BEE Trust has purchased 6,4 million Afrimat shares from Mega Oils SPV during the year ahead of the lock-in period applicable to these shares (expiry date in November 2013). Afrimat provided funding to the Trust for this purpose. The transaction eliminates the risk to existing mining rights by maintaining direct black ownership.

Management control

Afrimat's board includes two black directors, one of whom is female. All subsidiaries have at least 50% black directors on their respective boards of directors. To enhance and accelerate development of management skill, suitable candidates are identified to undergo management development training and black candidates are prioritised wherever viable (Afrimat Management Development Programme – see page 27).

Employment equity

A total of 82,4% (2012: 80,1%) of the group's 2 085 employees are black.

A formal Employment Equity Policy is in place for all employees and potential candidates, which promotes equal opportunities by encouraging good practice in the recruitment and selection process used by the Afrimat group of companies, complying with the Employment Equity Act. (The Employment Equity Policy is available on www.afrimat.co.za.) Creating equal employment opportunities is inherent in Afrimat's culture and extends to recruitment policies. In recruitment and promotion, the governing principle is 'from within the group' and priority is given to the advancement of black employees.

Employment equity goals are communicated to staff via the various subsidiaries' Skills Development and Employment Equity Consultative Committees.

Further, Afrimat actively recognises and rewards initiative, effort and merit. Attractive remuneration and incentives/shareholding schemes are outlined in the remuneration policy to attract and retain employees over the short-, medium- and long-term (see pages 29, 77 and 78).

Afrimat fosters a culture of respect, with zero-tolerance for discriminatory behaviour. No incidents of discrimination were reported during the year.

Skills development and training

(See Employees page 27.)

Preferential procurement

A formal preferential procurement policy is in place which reflects the group's commitment to broadening its supplier base with empowered enterprises who can supply goods and services on a preferred basis. The preference is for suppliers with minimum Level 6 B-BBEE contribution and black shareholding greater than 25%.

Enterprise development

Afrimat provides extensive management advice, administration services and working capital funding to BEE entrepreneurial enterprises, and also procures services from these enterprises. These include:

- Joe Kalo Investments (Pty) Limited – investment business;
- Ikapa Quarries (Pty) Limited – mining services and vehicle rentals business;
- transport sub-contractor schemes;
- lorry owner/driver schemes; and
- sand mining businesses.

These enterprises are further assisted by settling monthly purchases earlier than the normal payment terms applicable to suppliers and granting credit facilities relating to fuel purchases and workshop services.

Socio-economic development

Afrimat has focused its efforts on the empowerment of the communities surrounding its operations, with specific beneficiaries negotiated with local economic fora. The group targets 1% of NPAT for contribution to these beneficiaries. Beneficiaries include schools, community upliftment organisations, health and HIV/AIDS programmes.

Case study

The Peter Corbin Award

Since 2008 Afrimat has sponsored the Peter Corbin Award, which was instituted to encourage youth from previously disadvantaged communities in Worcester to become engineers, doctors, nurses or teachers that can serve their community.

Adopting a holistic approach to the challenge, Afrimat in partnership with the Breede Valley Municipality ('BVM') and the Department of Minerals and Resources, introduced a mathematics programme at Vusisizwe Secondary School in Zweletemba. This included the appointment of a mathematics teacher. The success of the programme is clear in the marked improvement in the year-end mathematics marks. Since the start of the programme Vusisizwe Secondary School has one graduate that completed his studies as an electronic engineer and Palesa Makoti is currently in her fifth year in medical bioscience engineering.

At the annual award ceremony in 2012 for the top three mathematics achiever in grades 10, 11 and 12 as well as three learners in each grade that improved the most during the year, the Peter Corbin floating trophy was introduced in remembrance of Peter Corbin and the impact of his legacy. It will be awarded annually to the top Grade 12 mathematics achiever. For 2012 it was awarded to Sisipho Mjodo.

At the ceremony Palesa Makoti thanked Afrimat for its contribution towards the community. 'You are making a huge impact, not only on the pupils and teachers, but also Zweletemba as a whole. Your contribution plays a pivotal role in enhancing the community,' she said. Afrimat, Palesa added, saw a need in the community and acted on it. 'It's that faith that stimulates us to do better.'

Palesa urged pupils to do all they can to reach their goals. 'You all have the potential to rise above your circumstances. Dream big, no matter what people say, and associate with positive people who energise the positive in you.'

Risk management

Risk process

The CEO and FD, supported by EXCO and the Audit & Risk Committee, are responsible for identifying, evaluating and managing key risk areas and performance indicators for Afrimat (crossing the financial and non-financial divide). Risk appetite and levels of tolerance are set out in the group's risk policy, which is reviewed annually (available on www.afrimat.co.za). An *ad hoc* additional risk analysis is also conducted for major decisions.

To ensure pertinence a formal risk assessment is conducted every six months and the necessary updates are made to the risk register. Risks are classified in the categories of:

- Business strategy
- Economic
- Legislative, political and corporate governance
- Social
- Operational
- SHE
- Financial
- Human Resources
- Market and competition behaviour
- IT

In assessing risk, Afrimat reviews performance in terms of profit growth, return on new investments and debt levels against targets set during the annual budget process. In addition the group monitors profitability, utilisation of assets, liquidity/solvency, and productivity levels on a monthly basis.

Throughout the year changes in risk relative to the formal register are reported to the Audit & Risk Committee (and the board) together with an impact assessment and how the identified risk will be managed. The group's reputational risk is managed through strategic relationships and liaison with stakeholders, investors, the investment community and the media. The CEO is the central point of contact assisted by investor and communications service providers. (For further detail on this and other risks, see Key Risks on page 12.)

The board, assisted by the Audit & Risk Committee, is satisfied with the effectiveness of the risk management process.

Combined assurance model

A combined assurance model is applied to provide a coordinated approach to assurance activities. The assurance activities are conducted by board committees, external auditors, internal auditors, self audits by specialist staff, external consultants, industry bodies audits, DMR and audits by government agencies.

External audit

The independent external auditors, Mazars, as recommended by the Audit & Risk Committee and appointed by the shareholders, are responsible for reporting on whether the annual financial statements are fairly presented in compliance with IFRS and the Companies Act. The preparation of the annual financial statements remains the responsibility of the directors.

The board, assisted by the Audit & Risk Committee, regularly meets with the external auditors and formally evaluates their independence annually. As a rule the board does not engage the external auditors for any non-audit services, including tax compliance and assisting with company secretarial duties. Where the external auditors, as an exception, are appointed for non-audit services, the board ensures that there is a strict separation of divisions in order to maintain independence.

Internal audit

The group's Internal Audit Charter has its own terms of reference clearly defined and monitored by the Audit & Risk Committee, which conducts an annual review. (The charter is available on www.afrimat.co.za.) The in-house internal audit function adheres to the standards set by the Institute of Internal Auditors in fulfilling its key duties, including:

- evaluating the company's governance processes;
- performing an objective assessment of the effectiveness of risk management and the internal control framework;
- systematically analysing and evaluating business processes and associated controls; and
- providing a source of information regarding instances of fraud, corruption, unethical behaviour and irregularities.

Company secretary, Pieter GS de Wit, is also the chief audit executive and in this role reports directly to the Chairman of the Audit & Risk Committee and has unhindered access to the board and group Chairman.

A risk-based internal audit programme was followed during the year. The findings were reviewed and remediated by management and follow up audits were conducted to ensure corrective action was implemented.

Internal control framework

The board is responsible for the group's systems of internal control and risk management (as above). The Audit & Risk Committee, FD and internal audit assist in this regard. Together they evaluate the adequacy and effectiveness of internal control systems and processes, and monitor whether internal control recommendations made by the FD, external auditors and internal auditors have been implemented. The internal control framework together with the required assurance is formally documented and reviewed by the Audit & Risk Committee annually.

The systems are designed to manage rather than eliminate risk. The systems are also designed to safeguard and maintain accountability of the group's assets. Further, these systems should identify and curtail significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

Absolute assurance cannot be provided as these internal control systems are designed, for instance, to provide only reasonable assurance as to the integrity and reliability of the annual financial statements. Inherent limitations to the system's effectiveness exist due to the possibility of human error and the circumvention or overriding of controls. Internal audit, based on the field work undertaken during the year, has provided reasonable assurance on the adequacy of the internal controls tested and the associated risk management process.

The importance of internal control systems and management of risks is clearly communicated to all employees so that they have a clear understanding of their roles and obligations in this regard.

Legal compliance

Compliance is driven by the CEO, FD and senior management, supported by internal audit. The group has in place a legal compliance checklist which includes the Mining Charter. Further, Afrimat voluntarily adheres to the Business Leadership South Africa Code of Good Corporate Citizenship.

EXCO and senior management make an annual declaration that all laws have been complied with based on there being no reported instances of non-compliance. The effectiveness of the compliance framework is continuously monitored at board level.

Health **and safety**

Highlights

- DIFR improved year-on-year

Legislation

Afrimat is committed to providing a safe and healthy working environment which is in strict compliance with the South African Occupational Health and Safety Act, Mine Health and Safety Act, and other relevant regulations and recognised standards and guidelines. The group is proactive in managing risk control and the prevention of health and safety ('H&S') incidents.

H&S reporting framework

- CEO
- General Manager: Sustainability
- Group SHE Manager
- Regional Manager
- Regional H&S Manager/Officer

Regional Managers assume full accountability for SHE management throughout their respective regions. They are responsible and accountable for the proper resource utilisation and day-to-day management. Regional H&S Officers have a functional reporting relationship to the Regional Managers, and thereby to the group SHE Manager.

The group SHE Manager is responsible for devising new policies. These are communicated from the top down through company notice boards, management meetings and each operation's monthly safety meeting. Responsibility for compliance rests at every level throughout the group down to each individual employee. Afrimat's H&S Policy was reviewed during the year by management and minor changes required were implemented. The revised policy was approved by the CEO and communicated to all sites.

H&S risk process

Health and safety risks are identified through annual HIRA's at each site. HIRA's are performed to establish a rating of hazards according to the likelihood of occurrence.

Risks identified in HIRA's are mitigated and/or managed through:

- Engineering devices – guards, safety devices, PPE, etc.
- Administration – Safe Operating Procedures describing the hazards and mitigation factors. These too are reviewed annually.
- Training – on the Safe Operating Procedures to ensure employees are fully conversant with the relevant hazards and the purpose of the engineering devices installed.

In addition Codes of Practice are in place for the mitigation of generic mining-related risks. Codes of Practice are mandatory documents that must be prepared and implemented on request of the Chief Inspector of Mines. These are reviewed as per prescription in their guidelines.

Afrimat's Incident Management System guides reporting on all incidents:

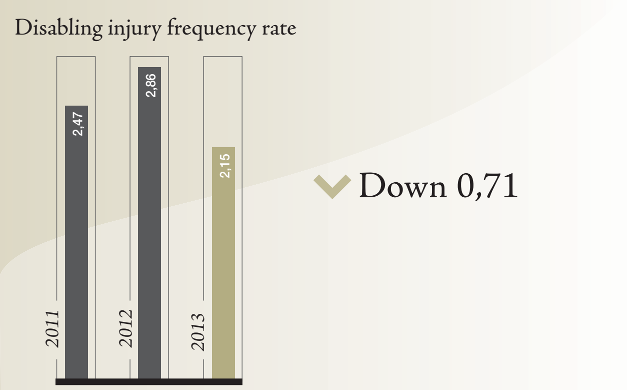
- resulting in property damage;
- having a negative impact on the environment;
- related to injuries being treated by first aid only;
- related to lost-time injuries; and
- related to fatal injuries.

Any reported incidents are set out in the following reports:

- 'Injury On Duty Report' – lost-time injuries, used to report on the DIFR;
- near misses and property damage report; and
- first aid and medical cases report.

Health
and safety (continued)

These are investigated by the Regional H&S Officer responsible for the affected site, reporting to the group SHE Manager. During the year Afrimat achieved a DIFR of 2,15 (2012: 2,86 and 2011: 2,47), reflecting a decrease in the number of reportable injuries, of which the majority were in any event of minor nature and preventable.



Afrimat is a member of independent associations ASPASA, which annually audits the quarries, and SARMA, which annually audits the Readymix plants. The DMR performs random inspections and scheduled audits at the group's quarries. The Department of Labour performs random inspections at the group's concrete product plants and workshops. Areas for improvement identified during these audits/inspections are addressed by management.

H&S training

During the year a range of health and safety training was conducted:

- SHE induction for new employees (and revision annually for all existing employees);
- first aid for expired certificates;
- HIRA as per job specifications on each site;
- Safe Operating Procedures as per job specifications on each site;
- General Fire fighting for expired certificates;
- operators/drivers training for expired certificates and new operators/drivers;
- NOSA's Samtrac courses; and
- SHE Representatives.

Health

In order to protect the health and wellbeing of all employees, Afrimat conducts the following medicals:

- Annual medical: all staff exposed to occupational health risks at operational sites: quarries, sand mines, workshops, Concrete Product plants, Readymix plants and administration staff who frequently visit the sites;
- Entry medicals: all staff before entering Afrimat's service in order to establish whether the individual is fit to perform the specific work and to establish a medical baseline;
- Exit medicals: all employees leaving Afrimat's service in order to establish an exit reference and baseline comparative; and
- Follow-up medicals: identified during annual and/or entry medicals by the health professionals.

The group's response to the HIV/AIDS pandemic is set out in a formal policy which is reviewed annually and communicated to all employees (and is available on www.afrimat.co.za). The policy strives to prevent discrimination against employees living with HIV/AIDS and encourages early detection and treatment. Voluntary HIV counselling and scanning is offered during annual medical examinations and on an ongoing basis at all of Afrimat's onsite clinics. There were no changes to the policy in FY2013.

The group highlights issues around HIV/AIDS awareness through the following channels:

- posters communicating information on HIV/AIDS and TB symptoms and awareness;
- staff newsletters; and
- information leaflets distributed prior to World AIDS Day.

Environmental
conservation

Highlights

- Appointed a dedicated Environmental Conservation Officer
- Initiated new environmental action plan

Our pride in our operational achievements is matched by our pride in our natural heritage, and the group remains committed to environmental stewardship and the responsible use of our natural resources. Environmental management is part of the day-to-day management processes at Afrimat, and the group complies with all environmental legislation. In March 2012 the group appointed a dedicated Environmental Conservation Officer (Louis de Wet), demonstrating its commitment to improving its environmental impact.

We manage our environmental footprint with mandatory EMPs at all the mines, in the absence of which no mining activities will commence. These focus on:

- responsible mining;
- reducing emissions;
- reducing spillages;
- recycling;
- monitored water usage; and
- rehabilitation.

In terms of the EMPs, the group's operations seek ways to monitor dust emissions, decrease noise pollution, find safe and bunted storage for Hazardous Chemical Substances, and recycle effectively. Afrimat is a member of independent associations ASPASA, which audits the quarry's environmental performance every second year, and SARMA, which annually audits the Readymix plants. The DMR also performs random inspections at the group's quarries. Areas for improvement identified during these audits/ inspections are addressed by management.

During the year the Environmental Conservation Officer visited all Afrimat sites during the audits of ASPASA, gathering information on the status of the environmental affairs. He is currently compiling a new action plan to be rolled out across the group during FY2014.

The EMPS and Environmental HIRAs during the year were reviewed by management and external consultants/specialists and minor changes required were implemented.

Environmental reporting framework

CEO

General Manager: Sustainability

Group SHE Manager

Environmental Conservation Officer

Regional Manager

The group SHE Manager is responsible for ensuring compliance with the site EMPs, assisted by the Regional Managers and the Environmental Conservation Officer who report to the group SHE Manager. The regional managers assume responsibility for all sites in their respective regions and have full control of regional environmental resources.

Environmental training

Training was identified as the first step required to improve the mitigation of the risks identified during the year. Programmes conducted for all employees during the year included SHE induction for new employees (and revision annually for all existing employees), while the Environmental Conservation Officer and group SHE Manager completed GCX Certified Carbon Footprint Analyst and Introduction to Environmental Management courses at the Centre for Environmental Management. The Environmental Conservation Officer further enrolled for a Diploma in Environmental Management.

Initiatives

During the year the following measures were implemented to conserve precious resources and decrease Afrimat's carbon footprint:

- benchmarking of operational output and the use of electricity, fuel and explosives;
- a determination of the basic needs for optimum production leading to the establishment of a standard of consumption rates per machine;
- ongoing monitoring of power factor corrector capacitors to ensure a decreasing trend in electricity usage;
- sequential start-up of electrical motors at each start-up procedure
- a shift in production times to fall in non-peak consumption periods for electricity; and
- used oil to be sold to accredited companies for recycling purposes.

The group has committed to undertaking formal carbon footprint assessments in the current financial year. The initial assessments will be conducted internally.

Afrimat did not incur any fines for infringement of environmental legislation during the year.

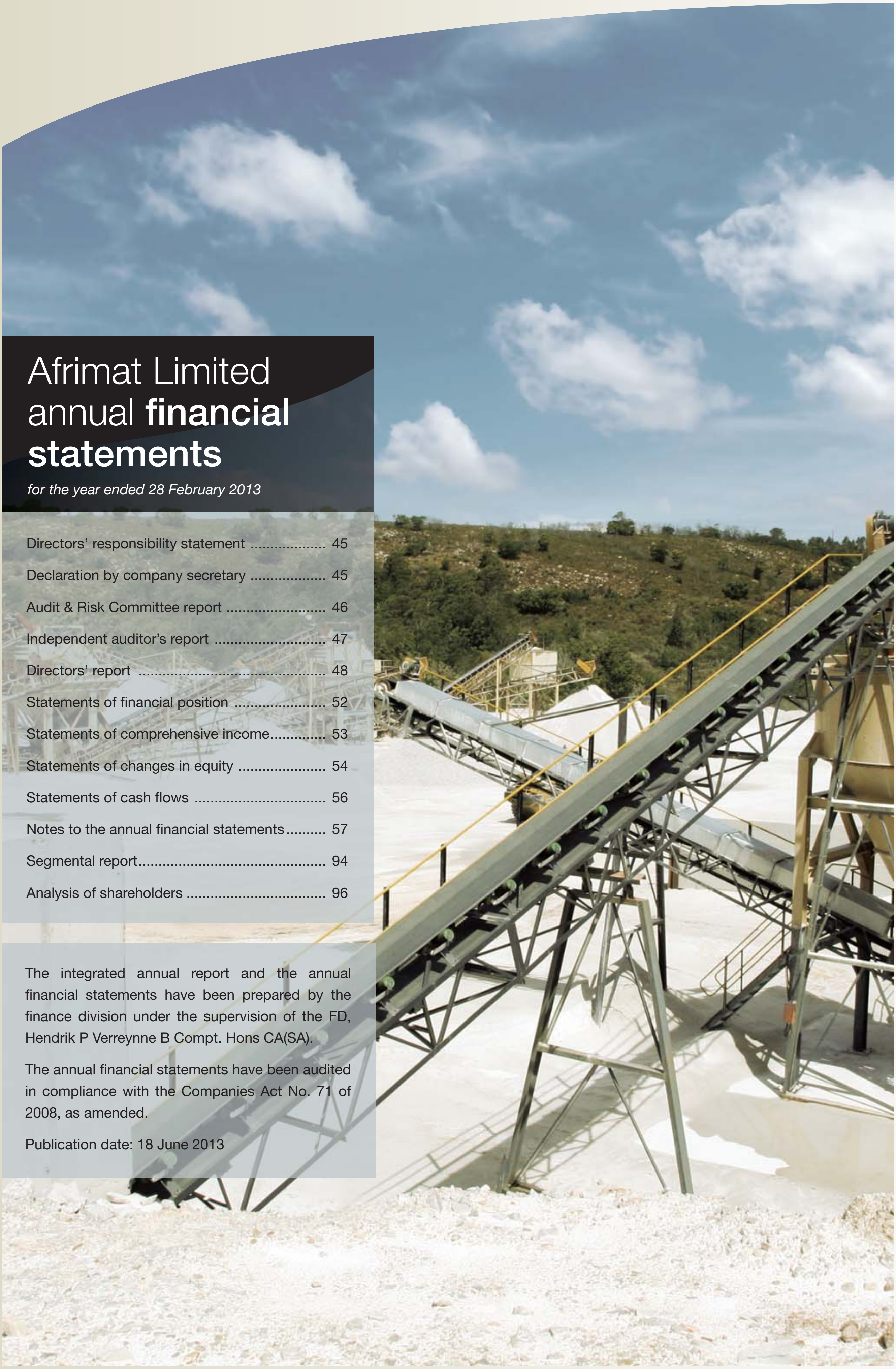
Mining **licence compliance**

Afrimat is committed to conducting its mining operations in strict compliance with the mining licence conditions set by the DMR, Mine Health and Safety Act, and other relevant regulations. This compliance is driven by the General Manager Sustainability for the Afrimat group and include the following divisions: Health and Safety, Environment, Quality, Compliance and Skills Development in line with the sub-sections of the Mining Charter.

Mining licence conditions set by the DMR are reflected in the following documents for each mining operation and annual reports are submitted to the regional DMR offices:

- Mine Works Programme
- Social and labour plan
- EMP
- Mining Charter

The DMR performs random inspections and scheduled audits at the group's quarries and all issues identified are addressed by management.



Afrimat Limited annual **financial statements**

for the year ended 28 February 2013

The integrated annual report and the annual financial statements have been prepared by the finance division under the supervision of the FD, Hendrik P Verreynne B Compt. Hons CA(SA).

The annual financial statements have been audited in compliance with the Companies Act No. 71 of 2008, as amended.

Publication date: 18 June 2013

Directors' **responsibility statement**

AFRIMAT®

The annual financial statements set out on pages 48 to 96 are the responsibility of the directors. The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for safeguarding assets and for developing and maintaining systems of internal control that, among other things, will ensure the preparation of annual financial statements that achieve fair presentation and have been prepared in accordance with IFRS. They are based on appropriate accounting policies which have been consistently applied, unless otherwise indicated, and which are supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared on the going-concern basis since the directors have every reason to believe that the company and the group have adequate resources in place to continue operations for the foreseeable future. The external auditors have concurred with the directors' statement on going concern.

The external auditors are responsible for independently auditing and reporting on these annual financial statements in conformity with International Standards on Auditing.

The annual financial statements were approved by the board of directors and were signed on their behalf by:

Andries J van Heerden
CEO

Hendrik P Verreynne
FD

Cape Town
18 June 2013

Declaration by **company secretary**

I, Pieter GS de Wit, declare that, to the best of my knowledge, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act No. 71 of 2008, as amended, and that all such returns are true, correct and up-to-date.

Pieter GS de Wit
Company secretary

Cape Town
18 June 2013

Audit & Risk
Committee report

The information below constitutes the report of the Audit & Risk Committee in respect of the past financial year of the company.

Composition

The committee is chaired by independent non-executive director Hendrik JE van Wyk and further comprises independent non-executive board Chairman Marthinus W von Wielligh and non-executive directors Loyiso Dotwana and Laurie P Korsten. The board of directors is satisfied that these directors act independently for the purposes of the committee.

Afrimat acknowledges that in accordance with the King III Report all members of the committee should be independent non-executive directors, which will be borne in mind when considering future board and committee appointments. Presently membership of the committee is based on the skills and experience available on Afrimat's board to ensure full efficacy and discharge of the committee's responsibilities. All members are suitably qualified chartered accountants and/or experienced business leaders.

Attendance

The committee met four times during the year and attendance is set out in the table on page 31. The committee assists the board in fulfilling its review and control responsibilities.

Charter

During the year the Audit & Risk Committee Charter was reviewed by the committee and the board, in terms of the King III Report requirements. It was deemed by the committee to be adequate and effective.

Review of interim and integrated annual report

The committee reviewed the interim and integrated annual report, culminating in a recommendation to the board to adopt them. In conducting its review the committee took appropriate steps to ensure that the annual financial statements were prepared in accordance with IFRS and in the manner required by the Companies Act. The accounting policies were assessed for appropriateness in relation to the current business environment and industry specific requirements.

The committee advised and updated the board on issues ranging from accounting standards to published financial information.

Audit procedures and internal controls

The committee performed the following functions relating to audit procedures and internal controls:

- reviewed the internal control framework and procedures including accounting policies, legislative compliance, regulatory matters and governance;
- approved the internal audit plan;
- confirmed and reviewed the internal audit process and assessed the quality of the internal audit function;
- reviewed the internal and external audit reports;
- reviewed the effectiveness of the system of internal control including IT internal controls and risk management, based on a written annual report received from the Chief Audit Executive; and
- reviewed legal matters that could have a significant impact on the financial statements.

The committee is satisfied with the effectiveness of the system of internal control.

Risk management

During the year management reviewed the risk policy which assists the committee in meeting its duty to ensure appropriate risk management processes are in place.

In addition the following risk assessment actions were taken by the committee:

- six-monthly reviews of the risk registers with findings reported to the board;
- confirmed that the risk policy is widely distributed throughout the group and management provided assurance that risk management is integrated into the daily activities of the group; and
- ensured that the combined assurance model was appropriate to address all the significant risks facing the group.

External auditors

The committee considered and recommended the following in respect of the external auditors:

- recommended the appointment of external auditors for approval by shareholders at the annual general meeting;
- considered the external audit plan;
- performed an annual assessment of the independence of the external auditors. The committee confirms that it is satisfied with the independence of the group's external auditors and the respective audit partner;
- reviewed the remuneration of the external auditors and recommended approval thereof to the board;
- assessed the performance of the external auditors; and
- set the principles for recommending the use of external auditors for non-audit purposes to the board. No non-audit services were provided by the external auditors during the year.

Finance function

As per the JSE Listings Requirements, the committee considered and is satisfied with the appropriateness of the expertise and experience of Hendrik P Verreynne as the FD.

It further considered the expertise, experience and resources of the finance function as required by the King III Report and is satisfied with the expertise and experience of the group's financial staff.

Sustainability

The committee reviewed the disclosure of sustainability issues in the integrated annual report and is satisfied that it does not conflict with the financial information.

The committee is of the opinion that it has discharged its functions in terms of its Charter and as ascribed to it by the Companies Act.

Hendrik JE van Wyk
Audit & Risk Committee Chairman

18 June 2013

Independent auditor's report

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To the shareholders of Afrimat Limited

We have audited the group annual financial statements and annual financial statements of Afrimat Limited set out on pages 52 to 95 which comprise the consolidated and separate statements of financial position as at 28 February 2013, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information and the business combination paragraph as included on page 51.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Afrimat Limited at 28 February 2013, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 28 February 2013, we have read the directors' report, the Audit Committee's report and the company secretary's declaration for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. The reports are the responsibility of the respective preparers. Based on our reading of the reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Mazars

Mazars
Registered Auditor
Partner: Conrad Burger
Registered Auditor
Cape Town

18 June 2013

Directors' **report**

for the year ended 28 February 2013

The directors of Afrimat present their report for the group for the year ending 28 February 2013.

Nature of business

Afrimat is a black empowered open cast mining company that supplies beneficiated materials and contracting services to the industrial minerals, building, construction, road building, railroad and mining sectors. It operates in the Western Cape, Eastern Cape, KwaZulu-Natal, Free State, Northern Cape, Gauteng, Limpopo and Mpumalanga as well as in Namibia.

Financial results

The annual financial statements and accompanying notes presented on pages 52 to 96 set out fully the financial position, results of operations and cash flows for the year, and in the directors' opinion require no further comment.

Headline earnings increased by 27,7%, translating into headline earnings per share of 76,9 cents (2012: 62,6 cents).

Operational review

The operations are reviewed in detail in the CEO's report and operational review, (pages 18 to 21 and 24 to 25), which form part of this integrated annual report.

Accounting policies

Detailed accounting policies are set out on pages 57 to 66 of the annual financial statements.

Dividend

A final dividend of 20,0 cents per share (17,0 cents a share for shareholders who are subject to dividend tax) (2012: 13,0 cents) was declared for the year on 8 May 2013. This is in line with the group's dividend policy of 2,75 times cover (which equates to three times cover if secondary tax on companies ('STC') was still applicable).

The total dividend (interim and final) for the year amounts to 28,0 cents per share (2012: 19 cents per share).

Stated and share capital

The total authorised ordinary stated capital at year-end was R10,0 million, consisting of 1 000 000 000 no par value ordinary shares (2012: 1 000 000 000 ordinary shares of 1 cent each). There was no change to the authorised stated capital during the year.

The share capital of the group has been converted to no par value shares during the year under review. The share premium of R352 149 773 was transferred to stated capital. The total stated capital at year-end was R347 660 405 consisting of 143 262 412 ordinary shares (2012: share capital of R1 434 624 consisting of 143 262 412 ordinary shares).

Directors

The directors of the company at the date of the annual financial statements are set out below:

Gert J Coffee	(executive director)
Loyiso Dotwana	(non-executive director)
Francois du Toit	(non-executive director)
Laurie P Korsten	(non-executive director)
Phuti RE Tsukudu	(independent non-executive director)
Andries J van Heerden	(CEO)
Hendrik JE van Wyk	(independent non-executive director)
Hendrik P Verreynne	(FD)
Marthinus W von Wielligh	(independent non-executive Chairman)

Laurie P Korsten and Phuti RE Tsukudu will retire by rotation at the upcoming annual general meeting and being eligible, will stand for re-election.

Directors' and officers' interests in contracts

No material contract in which directors have an interest was entered into during the year other than the transactions detailed in note 33 to the annual financial statements.

Directors' emoluments and employment contracts

Details of directors' emoluments are set out in note 35 to the annual financial statements.

Directors' shareholding at 28 February 2013

	Number of securities held				
	Direct	Indirect			
Director	Beneficial	Beneficial	Through associates	Total	% Held
2013					
Gert J Coffee	300 000			300 000	0,21
Loyiso Dotwana		2 079 843		2 079 843	1,45
Francois du Toit			19 408 502	19 408 502	13,55
Laurie P Korsten			6 450 000	6 450 000	4,50
Phuti RE Tsukudu				–	–
Andries J van Heerden	4 975 026		1 198 543	6 173 569	4,31
Hendrik JE van Wyk			112 000	112 000	0,08
Hendrik P Verreynne	253 863			253 863	0,18
Marthinus W von Wielligh	520 000	80 000		600 000	0,42
	6 048 889	2 159 843	27 169 045	35 377 777	24,70
2012					
Gert J Coffee	300 000			300 000	0,21
Loyiso Dotwana		4 210 701		4 210 701	2,94
Francois du Toit			19 408 502	19 408 502	13,55
Laurie P Korsten			7 000 000	7 000 000	4,89
Phuti RE Tsukudu				–	–
Andries J van Heerden	5 475 026		1 198 543	6 673 569	4,66
Hendrik JE van Wyk			112 000	112 000	0,08
Hendrik P Verreynne	100 000			100 000	0,07
Marthinus W von Wielligh	920 000	80 000		1 000 000	0,70
	6 795 026	4 290 701	27 719 045	38 804 772	27,10

The following share dealings by directors took place that are not reflected above:

	Number of securities			
	Direct	Indirect		
	Beneficial	Beneficial	Through associates	Total
Before year-end but only reflected in the share register after year-end:				
Andries J van Heerden				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	385 584			385 584
– Sold	(154 234)			(154 234)
Between year-end and the date of this report the following directors' dealings took place:				
Gert J Coffee				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	191 787			191 787
– Sold	(76 715)			(76 715)
Andries J van Heerden				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	479 467			479 467
– Sold	(191 787)			(191 787)
Hendrik P Verreynne				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	319 645			319 645
– Sold	(127 858)			(127 858)

Save as detailed above there has been no change in directors' interests since year-end to the date of this report.

Directors' report (continued)

for the year ended 28 February 2013

Company secretary

Pieter GS de Wit is the company secretary. His business and postal addresses, which are also the registered addresses of the company, are set out on the inside back cover of this integrated annual report.

Auditors

Mazars will continue in office as external auditors of the company in accordance with section 90 of the Companies Act No. 71 of 2008, as amended.

Interest in subsidiaries

The company's interest in subsidiaries is presented in note 5 to the annual financial statements. The interest of the company in the profits and losses of the subsidiaries, after taxation and profits attributable to minority interests, is as follows:

	2013 R	2012 R
Profits	123 990 250	102 471 617
Losses	(8 710 276)	(1 500 596)

Special resolutions

The following special resolutions were passed by shareholders of the company during the year (at the annual general meeting of shareholders held on 1 August 2012), and where necessary have been registered by the Companies and Intellectual Property Commission ('CIPC'):

- special resolution providing authority for the provision of financial assistance to group interrelated entities (in terms of section 45 of the Companies Act);
- special resolution providing approval for fees payable to non-executive directors for the year ended 28 February 2013;
- special resolution providing authority to repurchase shares;
- special resolution providing authority for the conversion of ordinary shares to no par value ordinary shares; and
- special resolution providing approval of the memorandum of incorporation.

Borrowings

In terms of the memorandum of incorporation the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

Business combinations

The company acquired 100% of the share capital of SA Block (Pty) Limited and its 100% owned subsidiary Clinker Supplies (Pty) Limited ('Clinker Group acquisition') with effect from 1 March 2012 and 54% of Meepo Ya Mmu (Pty) Limited from 1 November 2012.

Amounts are included as follows:

	Clinker Group R	Meepo R	Total R
Carrying amount (fair value) of net assets			
Plant and equipment	60 578 839	–	60 578 839
Intangible assets	9 982 716	993 158	10 975 874
Trade and other receivables	24 887 678	–	24 887 678
Cash	9 238 295	1 000	9 239 295
Other assets	13 840 841	28 000	13 868 841
Minority interest	–	32 660	32 660
Assets	118 528 369	1 054 818	119 583 187
Deferred tax	9 370 318	–	9 370 318
Borrowings	7 138 572	–	7 138 572
Trade and other payables	17 070 115	–	17 070 115
Other liabilities	401 210	100 000	501 210
Liabilities	33 980 215	100 000	34 080 215
Net assets	84 548 154	954 818	85 502 972
Gross trade and other receivables before provision for impairment	24 887 678	–	24 887 678
Goodwill	36 257 381	–	36 257 381
Purchase consideration settled in cash	95 000 000	954 818	95 954 818
Purchase consideration settled in shares	25 805 535	–	25 805 535
Profit/(loss) after tax of subsidiaries included in results	46 733 957	(124 052)	46 609 905
Revenue of subsidiaries included in results	285 421 650	697 801	286 119 451
Acquisition costs included in Afrimat's operating expenses for the period	1 593 241	–	1 593 241
Net cash outflow from acquisition of businesses	85 761 705	953 818	86 715 528

Goodwill recorded with the above Clinker Group acquisition is primarily attributable to the profit generating ability of this business resulting from its products having distinct characteristics that are difficult to replicate or substitute. Transaction costs relating to these business combinations were insignificant and expensed through the statement of comprehensive income.

Events after reporting date

The company acquired 94 171 108 Infrasors shares, representing 50,7% of the issued share capital of Infrasors Holdings Limited ('Infrasors'), from Hanchurch Asset Managers and certain retiring management of Infrasors, with effect from 1 March 2013 for cash of R33 million (35 cents per share). The effect of the acquisition will only be reflected in the results for the financial year ending 28 February 2014.

As a result of Afrimat's holding in Infrasors surpassing 35% of the issued ordinary share capital of Infrasors, Afrimat is required, in terms of section 123 of the Companies Act No. 71 of 2008, as amended, to extend a mandatory offer to the remaining Infrasors ordinary shareholders. Refer to note 36 for further details.

18 June 2013

Statements of **financial position**

at 28 February 2013

	Notes	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
ASSETS					
Non-current assets					
Property, plant and equipment	2	**503 614 678**	425 905 737	**2 976 279**	2 555 376
Intangible assets	3	**21 698 345**	13 159 928	**–**	–
Goodwill	4	**132 706 771**	101 194 917	**–**	–
Investments in subsidiaries	5	**–**	–	**546 528 389**	400 557 936
Investment in associate	6	**77 257**	44 193	**147**	147
Other financial assets	7	**115 397 881**	83 601 597	**101 655 733**	70 309 906
Deferred tax	9	**3 008 993**	5 405 963	**2 357 840**	1 059 513
		776 503 925	629 312 335	**653 518 388**	474 482 878
Current assets					
Inventories	10	**89 489 665**	71 826 698	**–**	–
Loans to subsidiaries	5	**–**	–	**10 613 271**	10 190 983
Current tax receivable		**5 220 020**	3 133 310	**–**	532 556
Trade and other receivables	11	**195 788 275**	163 548 250	**4 698 896**	5 015 947
Cash and cash equivalents	12	**134 261 561**	132 556 840	**65 354 969**	23 487 969
		424 759 521	371 065 098	**80 667 136**	39 227 455
Total assets		**1 201 263 446**	1 000 377 433	**734 185 524**	513 710 333
EQUITY AND LIABILITIES					
Equity					
Stated and share capital	13	**347 660 405**	1 434 624	**342 223 012**	1 432 624
Share premium	14	**–**	352 149 773	**–**	352 149 773
Business combination adjustment	14	**(105 788 129)**	(105 788 129)	**–**	–
Treasury shares	15	**(1 490 499)**	(20 558 867)	**–**	–
Net issued stated and share capital		**240 381 777**	227 237 401	**342 223 012**	353 582 397
Other reserves	17	**6 929 263**	5 494 802	**4 192 329**	2 879 072
Retained income		**510 610 558**	435 564 227	**255 074 402**	108 661 222
Attributable to equity holders of parent		**757 921 598**	668 296 430	**601 489 743**	465 122 691
Non-controlling interests		**3 930 635**	3 609 851	**–**	–
Total equity		**761 852 233**	671 906 281	**601 489 743**	465 122 691
LIABILITIES					
Non-current liabilities					
Borrowings long-term	18	**58 678 648**	44 837 316	**25 308 132**	–
Provisions	19	**33 724 698**	31 260 099	**–**	–
Deferred tax	9	**80 610 005**	70 354 411	**–**	–
		173 013 351	146 451 826	**25 308 132**	–
Current liabilities					
Loans from subsidiaries	5	**–**	–	**62 352 185**	42 188 893
Borrowings short-term	18	**62 005 657**	36 752 154	**16 872 090**	–
Current tax payable		**3 288 967**	10 068 738	**–**	–
Trade and other payables	20	**151 984 476**	117 051 892	**6 992 409**	6 398 749
Bank overdraft	12	**49 118 762**	18 146 542	**21 170 965**	–
		266 397 862	182 019 326	**107 387 649**	48 587 642
Total liabilities		**439 411 213**	328 471 152	**132 695 781**	48 587 642
Total equity and liabilities		**1 201 263 446**	1 000 377 433	**734 185 524**	513 710 333

Statements of
comprehensive income

for the year ended 28 February 2013

AFRIMAT®

	Notes	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
Revenue	21	1 337 584 566	996 137 470	44 703 244	31 583 964
Cost of sales		(1 023 137 956)	(749 840 524)	–	–
Gross profit		314 446 610	246 296 946	44 703 244	31 583 964
Operating expenses		(158 955 300)	(123 722 354)	(46 964 352)	(43 832 254)
(Loss)/profit on disposal of plant, equipment and vehicles		(3 009 064)	1 666 645	–	–
Contribution/(loss) from operations		152 482 246	124 241 237	(2 261 108)	(12 248 290)
Other income	22	–	2 367 764	–	225 925
Other net gains	23	96 868	245 173	–	–
Profit on disposal of land and buildings		–	3 613 741	–	–
Impairment of intangible assets	4	(4 745 527)	(337 483)	–	–
Operating profit/(loss)	24	147 833 587	130 130 432	(2 261 108)	(12 022 365)
Investment revenue	25	10 811 018	10 267 028	187 056 244	38 000 814
Finance costs	26	(14 295 568)	(10 545 414)	(9 674 762)	(1 972 685)
Share of profit of associate	6	67 744	41 938	–	–
Profit before taxation		144 416 781	129 893 984	175 120 374	24 005 764
Taxation	27	(40 639 551)	(38 976 942)	524 889	(1 324 260)
Profit for the year		103 777 230	90 917 042	175 645 263	22 681 504
Other comprehensive income					
Net change in fair value of available-for-sale financial assets		67 060	104 516	–	–
Income tax effect		(11 756)	(62 774)	–	–
Net change in fair value of available-for-sale financial assets transferred to profit and loss		–	(245 173)	–	–
Income tax effect		–	32 513	–	–
Other comprehensive income for the year net of taxation		55 304	(170 918)	–	–
Total comprehensive income for the year		103 832 534	90 746 124	175 645 263	22 681 504
Profit attributable to:					
Owners of the parent		103 035 685	90 249 978	175 645 263	22 681 504
Non-controlling interests		741 545	667 064	–	–
		103 777 230	90 917 042	175 645 263	22 681 504
Total comprehensive income attributable to:					
Owners of the parent		103 090 989	90 079 060	175 645 263	22 681 504
Non-controlling interests		741 545	667 064	–	–
		103 832 534	90 746 124	175 645 263	22 681 504
Earnings per ordinary share (cents)	34	72,1	65,7	–	–
Diluted earnings per ordinary share (cents)	34	70,2	64,2	–	–

Statements of **changes in equity**

for the year ended 28 February 2013

	Stated and share capital R	Share premium R
Group		
Balance at 1 March 2011	1 434 624	352 149 773
Changes:		
Movements in non-controlling interests	–	–
Share-based payments (refer note 16)	–	–
Movement in treasury shares	–	–
Profit for the year	–	–
Other comprehensive income for the year	–	–
Net change in fair value of available-for-sale financial assets	–	–
Net change in fair value of available-for-sale financial assets transferred to profit and loss	–	–
Income tax effect	–	–
Dividends paid (refer note 29)	–	–
Total changes	–	–
Balance at 29 February 2012	1 434 624	352 149 773
Changes:		
Conversion to no par value shares	352 149 773	(352 149 773)
Movements in non-controlling interests	–	–
Share-based payments (refer note 16)	–	–
Purchase of treasury shares	–	–
Settlement of employee Share Appreciation Rights exercised and reserve transfer	(10 168 112)	–
Treasury shares used for acquisitions (refer note 15)	4 244 120	–
Profit for the year	–	–
Other comprehensive income for the year	–	–
Net change in fair value of available-for-sale financial assets	–	–
Income tax effect	–	–
Dividends paid (refer note 29)	–	–
Total changes	346 225 781	(352 149 773)
Balance at 28 February 2013	347 660 405	–
Company		
Balance at 1 March 2011	1 432 624	352 149 773
Changes:		
Share-based payments (refer note 16)	–	–
Total comprehensive income for the year	–	–
Dividends paid (refer note 29)	–	–
Total changes	–	–
Balance at 29 February 2012	1 432 624	352 149 773
Changes:		
Conversion to no par value shares	352 149 773	(352 149 773)
Share-based payments (refer note 16)	–	–
Settlement of employee Share Appreciation Rights exercised and reserve transfer	(11 359 385)	–
Total comprehensive income for the year	–	–
Dividends paid (refer note 29)	–	–
Total changes	340 790 388	(352 149 773)
Balance at 28 February 2013	342 223 012	–
Notes	13	14

Treasury shares R	Business combination adjustment R	Other reserves R	Retained income R	Non-controlling interests R	Total equity R
(16 798 876)	(105 788 129)	2 692 123	368 668 183	3 207 536	**605 565 234**
–	–	–	–	101	**101**
–	–	2 973 597	–	–	**2 973 597**
(3 759 991)	–	–	–	–	**(3 759 991)**
–	–	–	90 249 978	667 064	**90 917 042**
–	–	(170 918)	–	–	**(170 918)**
–	–	104 516	–	–	**104 516**
–	–	(245 173)	–	–	**(245 173)**
–	–	(30 261)	–	–	**(30 261)**
–	–	–	(23 353 934)	(264 850)	**(23 618 784)**
(3 759 991)	–	2 802 679	66 896 044	402 315	**66 341 047**
(20 558 867)	(105 788 129)	5 494 802	435 564 227	3 609 851	**671 906 281**
–	–	–	–	(32 661)	**(32 661)**
–	–	3 354 207	–	–	**3 354 207**
(6 568 867)	–	–	–	–	**(6 568 867)**
5 049 945	–	(1 975 050)	1 975 050	–	**(5 118 167)**
20 587 290	–	–	–	–	**24 831 410**
–	–	–	103 035 685	741 545	**103 777 230**
–	–	55 304	–	–	**55 304**
–	–	67 060	–	–	**67 060**
–	–	(11 756)	–	–	**(11 756)**
–	–	–	(29 964 404)	(388 100)	**(30 352 504)**
19 068 368	–	1 434 461	75 046 331	320 784	**89 945 952**
(1 490 499)	(105 788 129)	6 929 263	510 610 558	3 930 635	**761 852 233**
–	–	1 201 146	110 334 328	–	**465 117 871**
–	–	1 677 926	–	–	**1 677 926**
–	–	–	22 681 504	–	**22 681 504**
–	–	–	(24 354 610)	–	**(24 354 610)**
–	–	1 677 926	(1 673 106)	–	**4 820**
–	–	2 879 072	108 661 222	–	**465 122 691**
–	–	2 166 280	–	–	**2 166 280**
–	–	(853 023)	853 023	–	**(11 359 385)**
–	–	–	175 645 263	–	**175 645 263**
–	–	–	(30 085 106)	–	**(30 085 106)**
–	–	1 313 257	146 413 180	–	**136 367 052**
–	–	4 192 329	255 074 402	–	**601 489 743**
15	14	17			

Statements of **cash flows**

for the year ended 28 February 2013

	Notes	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
Cash flows from operating activities					
Cash generated from operations	28.1	216 420 626	171 048 780	(9 136 042)	(5 453 691)
Interest revenue	28.3	10 940 216	9 988 659	6 478 862	6 953 877
Dividends received	6, 25	34 680	22 050	180 706 580	30 768 568
Finance costs	28.4	(12 852 845)	(9 237 719)	(9 674 762)	(1 972 685)
Tax paid	28.2	(44 779 074)	(25 478 475)	(240 882)	(2 435 461)
Net cash from operating activities		169 763 603	146 343 295	168 133 756	27 860 608
Cash flows from investing activities					
Acquisition of property, plant and equipment	2	(82 934 453)	(71 932 243)	(1 853 830)	(1 472 850)
Proceeds on sale of property, plant and equipment		7 345 537	17 181 270	–	–
Acquisition of businesses	30	(86 715 523)	–	(95 954 818)	–
Purchase of financial assets		(31 858 422)	(252 945)	(31 475 025)	–
Proceeds on disposal of assets		96 868	612 508	–	–
Net cash outflow from investing activities		(194 065 993)	(54 391 410)	(129 283 673)	(1 472 850)
Cash flows from financing activities					
Purchase of treasury shares	15	(6 568 867)	(3 759 991)	–	–
Proceeds from borrowings		94 854 199	39 960 194	52 570 616	–
Repayment of borrowings		(62 897 937)	(49 257 380)	(10 390 394)	–
Loans (advanced to)/repaid by subsidiaries		–	–	(30 249 164)	16 831 840
Dividends paid	29	(30 352 504)	(23 618 784)	(30 085 106)	(24 354 610)
Net cash outflow from financing activities		(4 965 109)	(36 675 961)	(18 154 048)	(7 522 770)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts		(29 267 499)	55 275 924	20 696 035	18 864 988
Cash, cash equivalents and bank overdrafts at the beginning of the year		114 410 298	59 134 374	23 487 969	4 622 981
Cash, cash equivalents and bank overdrafts at the end of the year	12	85 142 799	114 410 298	44 184 004	23 487 969

Presentation of annual financial statements

The annual financial statements are prepared on a going-concern basis in compliance with the Companies Act of South Africa, the SAICA financial reporting guides as issued by the Accounting Practices Committee, International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretation Committee ('IFRIC'). The annual financial statements have been prepared using a combination of the historical cost and fair value basis of accounting. The annual financial statements are expressed in South African Rand (ZAR or R). Those categories to which the fair value basis of accounting has applied are indicated in the individual accounting policy notes below.

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 in note 1.20.

The principal accounting polices are set out below. These accounting polices are consistent with the previous year, unless otherwise stated.

1. Accounting policies

1.1 Business combination

(a) Basis of consolidation

Group financial statements

The group financial statements comprise the consolidated financial statements of the company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

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

Company financial statements

Investments in subsidiaries and associates are initially recognised at cost. The cost of an investment in subsidiaries and associates is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued.

Investments in subsidiaries and associates are subsequently measured at cost less any accumulated impairment.

(b) Non-controlling interests

Non-controlling shareholders' interests included in the consolidated statement of financial position represent the portion of profit or loss and net assets in subsidiaries not held by the group. Profit attributable to non-controlling interests are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position.

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the statement of changes in equity. Gains or losses on disposals to non-controlling interests are also recorded in the statement of changes in equity.

(c) 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 in the group financial statements and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See note 1.10 for the impairment of non-financial assets including goodwill.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income/reserves is recognised in other comprehensive income/reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Share Trusts

The group consolidates the Afrimat BEE Trust and the Afrimat Share Incentive Trust.

1.2 Property, plant and equipment

Property, plant and equipment is initially recognised at cost. The cost of property, plant and equipment includes amounts incurred initially to acquire or construct an item of property, plant and equipment and amounts incurred subsequently to add to or replace part of the asset. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Day-to-day servicing costs, such as labour and consumables, are expensed in the statement of comprehensive income as repairs and maintenance.

The cost of an item of property, plant and equipment includes the initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located. When this initial estimate of costs is included in the cost of the item of property, plant and equipment, a corresponding provision is created for the obligation. The initial estimate of the expenditure required to settle the present obligation is determined using a current market-based discount rate.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, on the straight-line basis over their useful lives as follows:

Buildings	10 to 20 years
Leasehold property	10 to 50 years
Plant and machinery	5 to 20 years
Motor vehicles	3 to 10 years
Office and computer equipment	3 to 5 years
Dismantling costs	1 to 15 years

Where a part of an item of property, plant and equipment with a different useful life is significant in relation to the cost of the item, that part is depreciated separately. The depreciation charge for each period is recognised as an expense in the statement of comprehensive income.

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed, and adjusted if necessary, on an annual basis. These changes are accounted for as a change in estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of comprehensive income and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the date of derecognition.

1.3 Intangible assets

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

Intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

For mining rights, amortisation is provided on the straight-line basis so to write down the cost of the mining rights, less their residual values, on the straight-line basis over their useful lives as follows:

Mining rights	20 to 30 years

Purchasing rights were acquired as part of the Clinker Group acquisition and relate to ash dumps to which the group has exclusive rights to utilise and process until the dumps are exhausted.

The amortisation on purchasing rights is determined on an annual basis by reference to raw materials consumed and is estimated to have a finite life, of between 5 and 10 years. The amortisation charge is recognised as an operating expense in the statement of comprehensive income. The amortisation period and amortisation method applied to an intangible asset with a finite useful life is reviewed, and adjusted if necessary, on an annual basis. These charges are accounted for as a change in estimate.

Where the recoverable amount is less than the carrying amount of the assets or the cash-generating unit, an impairment loss is recognised in the statement of comprehensive income.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition on an intangible asset is included in the statement of comprehensive income and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the date of derecognition.

1.4 Goodwill

Goodwill arises from business combinations and is initially measured at cost. Cost represents the excess of the purchase consideration over the fair value of the group's share of the identifiable assets, liabilities and contingent liabilities acquired at the date of the acquisition.

Subsequently, goodwill is carried at cost less any accumulated impairment.

Where the fair value of the group's share of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is greater than the cost of the combination, the difference is recognised in the statement of comprehensive income immediately.

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

At the acquisition dates, goodwill is allocated to each of the cash-generating units expected to benefit from a business combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. The recoverable amount is determined as the value in use of each cash-generating unit by estimating the expected future cash flows in each unit and choosing a suitable discount rate in order to calculate the present value of those cash flows.

Where the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, an impairment loss is recognised in the statement of comprehensive income beginning with the write off of the goodwill allocated to such cash-generating unit. Where the goodwill is insufficient to cover the amount of the impairment adjustment, the remaining assets in the cash-generating unit are impaired on a *pro rata* basis.

An impairment loss recognised for goodwill is not subsequently reversed.

1.5 Financial instruments

(a) Initial recognition

Financial instruments carried on the statement of financial position include cash and cash equivalents, other financial assets, trade and other receivables, trade and other payables, loans and borrowings.

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

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

Financial instruments are initially measured at fair value, including transaction costs, when the group becomes a party to the contractual arrangements. However, transaction costs in respect of financial assets classified as 'fair value through profit and loss' are expensed. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a current legally enforceable right to set off recognised amounts and there is an intention to realise the assets and settle the liabilities on a net basis. Subsequent to initial recognition, these instruments are measured as set out below.

(b) Financial assets

The group classifies its financial assets in the following categories: available-for-sale and loans and receivables. The classification is dependent on the purpose for which the financial assets were acquired.

Available-for-sale financial assets

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

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value with changes in fair value recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income through a reclassification adjustment. The fair values of quoted investments are based on current bid prices. If the market for available-for-sale assets is not active, the group uses discounted cash flow analyses to calculate the fair value.

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after reporting date.

Loans and receivables are carried at amortised cost using the effective interest rate method. Interest on loans and receivables are calculated using the effective interest rate method and recognised in the statement of comprehensive income.

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. An allowance for estimated irrecoverable amounts is recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value; these are classified as loans and receivables and are subsequently recorded at amortised cost.

For purposes of the cash flow statements, cash and cash equivalents comprise cash and cash equivalent defined above, net of outstanding bank overdrafts.

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of trade receivables is disclosed under trade and other receivables.

(c) Financial liabilities

Bank overdrafts and borrowings

Bank overdrafts and borrowings are classified as financial liabilities and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost method results in the accrual of interest in each period by applying the effective interest rate implicit to the outstanding balance on the borrowings. Borrowings are reduced when repayments are made.

Trade and other payables

Trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost using the effective interest rate method.

(d) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

1.6 Stated/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.

Stated and shared capital

Share capital represented the par value of ordinary shares issued, being classified as equity. During the year, the ordinary shares were converted to no par value shares, resulting in the existing share capital and share premium being transferred to stated capital.

Capital issued by the company is recorded at the proceeds received, net of issue costs.

Treasury shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company'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 company's equity holders.

1.7 Inventories

Inventories are measured at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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

The cost of the inventories is assigned using the first-in, first-out ('FIFO') formula. The same cost formula is used for all inventories having similar nature and use to the entity. The cost of consumable stores is determined on the weighted average basis.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Tax

Tax expense

Current and deferred taxes are recognised as income or an expense and included in the statement of comprehensive income, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or a business combination.

Current tax and deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

The current tax payable is based on taxable profit. Taxable profit differs from profit reported in the statement of comprehensive income when there are items of income or expense that are taxable or deductible in other years and it also excludes items that are not taxable or deductible under existing tax legislation.

Current tax assets and liabilities

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable differences associated with investments in subsidiaries, branches and associates, and interest in joint-ventures, except to the extent that both the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset from the initial recognition of an asset or liability in an transaction that:

- at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investment in subsidiaries, branches and associates, and interests in joint-ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date.

Deferred tax assets and liabilities are offset for presentation in the statement of financial position where the company has a legally enforceable right to do so and the income taxes relate to the same tax authority.

Therefore, deferred tax assets and deferred tax liabilities arising in the group financial statements from different subsidiaries are not offset because there is no allowance in South African tax law that allows income tax from different entities to be offset.

1.9 Leases as lessee and instalment purchase agreements

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are considered to be operating leases.

Instalment purchase agreements are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the financed asset or, if lower, the present value of the minimum instalment payments. The corresponding liability to the lessor is included in the statement of financial position as borrowings.

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

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

Assets held under instalment purchase agreements are depreciated over their expected useful lives on the same basis as owned assets.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Contingent rentals are not accounted for on a straight-line basis, but are expensed in the statement of comprehensive income in the period in which they occur.

1.10 Impairment of non-financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the individual asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or to the cash-generating unit. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first to reduce the carrying amount of any goodwill allocated to the cash-generating unit;
- and then to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

Irrespective of whether there is any indication of impairment, the company also tests goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed annually at the same time every year.

The accounting policy that deals with the impairment of goodwill are included in the respective accounting policy notes for those assets.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those expected to be wholly settled within 12 months after the end of the period in which the employees render the related service, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the related service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal constructive obligation to make such payments as a result of past performance.

Share-based compensation

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the options granted in exchange for the employee services rendered is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example HEPS, profitability, sales growth targets and remaining an employee over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. When the options are exercised, the group utilises treasury shares. The market value of share options exercised by employees, net of any directly attributable transaction costs, are debited to stated and share capital when the options are exercised. The fair value of the employee services received, measured by reference to the equity instrument granted at grant date fair value, is recognised over the vesting period as an expense in the statement of comprehensive income of the subsidiary, with a corresponding credit to reserves in subsidiary equity.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

All defined benefit plans applicable in the prior year, were converted to defined contribution plans based on an approval obtained from the Financial Services Board ('FSB').

1.12 Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and 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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligation.

1.13 Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, which is represented by the invoiced amount excluding value added tax, trade discounts and volume rebates.

Revenue arising from the rendering of services is recognised when the outcome of the transaction can be estimated reliably by reference to the stage of completion of the transaction. Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax and trade discounts.

Dividends are recognised in profit or loss when the company's right to receive payment has been established. This normally coincides with the date of declaration of the dividend.

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

1.14 Contribution from operations

Contribution from operations include gross profit and operational expenses. The group considers profit/(loss) on disposal of plant, equipment and vehicles as an operational income or expense.

1.15 Accounting for BEE transactions

Where equity instruments are issued to a BEE party at less than fair value, these are accounted for as share-based payments in terms of IFRS 2: *Share-based payments*, IFRIC 8: *Scope of IFRS 2* and AC 503: *Accounting for Black Economic Empowerment Transactions*.

When equity instruments are issued to a BEE party at fair value, these are accounted for as equity. When the rights to these equity instruments have been allocated to the BEE parties, the equity instruments are derecognised and accounted for as loans receivable.

1.16 Foreign currency transactions

Translation of operations conducted in Namibia due to the fixed exchange rate, do not result in translation gains or losses.

1.17 Borrowing costs

The group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Decommissioning and quarry rehabilitation

Group companies are required to restore quarry and manufacturing sites at the end of their productive lives to a condition acceptable to the relevant authorities.

The expected cost of any decommissioning programme, discounted to its net present value, has been capitalised at current date and amortised over the estimated remaining useful life of the related asset. The increase or decrease in the net present value of the expected cost is included in finance costs.

The expected increase or decrease in the cost of any rehabilitation programme, discounted to its net present value, is charged as an expense in the year in which the increase or decrease occur and is included in cost of sales. The increase or decrease in the net present value of the expected cost is included in finance costs.

1.19 Segment information

The principal segments of the group have been identified by business segment. The basis is representative of the internal structure used for management reporting to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

Segment revenue reflects both sales to external parties and inter-group transactions across segments. Inter-group transactions across segments occur under terms that are no less favourable than those arranged with third parties. The segment result is presented as segment profit before net finance costs and taxation.

Segment operating assets and liabilities are only those items that can be specifically identified within a particular segment.

1.20 Significant accounting judgements and estimates

In the process of applying the group's accounting policies, management has made the following judgements and estimates, which have a significant effect on the amounts recognised in the financial statements:

Property, plant and equipment

The group assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where the group determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the group's annual financial statements when the change in estimate is determined. Consideration is given to whether subsequent expenditure is to be treated as maintenance or to be capitalised.

Trade and other receivables

Impairment of trade and other receivables requires the consideration of the impairment indicators, namely significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.

Decommissioning and rehabilitation provisions

Quantifying the future costs of these obligations is complex and requires various estimates to be made thereof, as well as interpretations of and decisions regarding regulatory requirements, particularly with respect to the degree of rehabilitation required, with reference to the sensitivity of the environmental area surrounding the sites. Consequently, the guidelines issued for quantifying the future rehabilitation cost of a site, as issued by the Department of Mineral Resources, have been used to estimate future rehabilitation costs. Management has also contracted independent consultants to estimate the amount of provisions required.

Impairment of goodwill

Goodwill has been allocated to cash-generating units. The carrying value of goodwill is assessed using a discounted methodology based on forecasts including assumptions on operating profit, depreciation, working capital movements and capital expenditure. Refer to note 4 for assumptions used.

Amortisation of intangible assets

The best estimate of the useful life of mining rights is used in assessing the period over which the group amortises mining rights. The amortisation of purchasing rights is determined on an annual basis by reference to raw materials consumed.

Share-based payment expense calculation

The group uses the Black Scholes valuation model to determine the fair value of the options granted. The significant inputs into the model are disclosed in the note 16.

Provision for stock obsolescence

The group recognised a provision for stock obsolescence based on the determination of excess stock on hand as well as damaged and unusable items.

1.21 New and amended standards adopted by the group

No new standards, amendments or interpretations to existing standards, relevant to the group's operations, became effective for the year ended 28 February 2013. The following new standards, amendments or interpretations to existing standards became effective during the year, but are not relevant to the group's operations:

- Amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards: The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances*
- Amendments to IFRS 7, *Financial Instruments: Disclosures on transfer of financial assets*
- Amendments to IAS 12, *Income Taxes: Deferred tax accounting for investment property at fair value*

1.22 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2013 or later periods, but the group has not early adopted them. Only those expected to impact the group are included below:

IFRS 9: *Financial Instruments: Classification and Measurement*

This new standard covers the classification and measurement of financial instruments and aims to enhance the ability of investors and other users of financial information to understand the accounting of financial assets and reduce complexity. The standard is intended ultimately to replace IAS 39 and become effective for the group for annual periods beginning on or after 1 March 2015. The group is still considering the expected impact of IFRS 9.

IFRS 10: *Consolidated Financial Statements*

The new standard establishes control as the only basis for consolidation of all entities, regardless of the nature of the investee. It amends the definition of control to include three elements, namely power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. The new standard will replace a portion of IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities and becomes effective for annual periods beginning on or after 1 March 2013, when the group intends to adopt. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IFRS 12: *Disclosure of Interests in Other Entities*

The objective of the new standard is to increase transparency in financial reporting where the reporting entity has an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. The standard requires disclosure of information to enable users of financial statements to evaluate the nature, risks and financial effects associated with its interests in other entities. IFRS 12 becomes effective for annual periods beginning on or after 1 March 2013. The group expects that its adoption will not have a material financial impact on its annual financial statements, however it will impose additional disclosure requirements.

IFRS 13: *Fair Value Measurement*

The objective of the new standard is to reduce the complexity and improve the consistency of fair value measurements and is part of the IASB's IFRS and US GAAP convergence project. The standard consolidates and clarifies the requirements for measuring fair value and includes disclosure enhancements to assist users of financial statements to better assess the valuation techniques and inputs used to measure fair value. IFRS 13 is effective for annual periods beginning on or after 1 March 2013 and the group expects that its adoption will not have a material financial impact on its annual financial statements.

IFRIC 20: *Stripping Costs in the Production Phase of a Surface Mine*

The objective of the new standard is to set out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. IFRIC 20 is effective for annual periods beginning on or after 1 March 2013. The group is still considering the expected impact of IFRIC 20.

Amendments to IAS 16: *Property, Plant and Equipment*

The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. IAS 16 becomes effective for annual periods beginning on or after 1 March 2013. The group expects that its adoption will not have a material financial impact on its annual financial statements.

Amendments to IAS 1: *Presentation of Financial Statements*

The amendments to IAS 1 require items that are recognised in other comprehensive income, that may in a future period be reclassified to profit and loss, to be presented separately from those items that may never be reclassified to profit and loss. IAS 1 becomes effective for annual periods beginning on or after 1 March 2013. The group expects that its adoption will not have a material financial impact on its annual financial statements, however it will impose additional disclosure requirements.

1.23 New and amended standards and interpretations not currently relevant to the group's operations

The group has not applied the following new and amended standards and interpretations that have been issued but are not yet effective, nor relevant to the group's operations:

- Amendments to IFRS 1: *First-time Adoption of International Financial Reporting Standards* (effective 1 January 2013)
- Amendments to IAS 28: *Investments in associates* (effective 1 January 2013)
- Amendments to IFRS 7: *Financial Instruments: Disclosures – offsetting Financial Assets and Financial Liabilities* (effective 1 January 2013)
- Amendments to IAS 32: *Financial Instruments: Presentation* (effective 1 January 2014)
- IFRS 11: *Joint Arrangements* (effective 1 January 2013)
- Annual Improvements to IFRS (effective 1 January 2013)

	2013			2012		
	Cost/ valuation R	Accumulated depreciation R	Carrying value R	Cost/ valuation R	Accumulated depreciation R	Carrying value R
2. Property, plant and equipment						
Group						
Land and buildings	51 228 239	(7 060 870)	44 167 369	44 605 364	(4 660 398)	39 944 966
Leasehold property	11 751 324	(2 558 281)	9 193 043	10 631 711	(2 261 850)	8 369 861
Plant and machinery	477 226 178	(195 136 560)	282 089 618	377 063 268	(145 452 791)	231 610 477
Motor vehicles	321 266 384	(161 319 156)	159 947 228	273 507 677	(136 522 867)	136 984 810
Office and computer equipment	15 096 449	(11 802 905)	3 293 544	12 609 438	(9 322 577)	3 286 861
Dismantling costs	11 114 305	(6 190 429)	4 923 876	10 649 669	(4 940 907)	5 708 762
Total	887 682 879	(384 068 201)	503 614 678	729 067 127	(303 161 390)	425 905 737
Company						
Motor vehicles	950 000	(49 875)	900 125	–	–	–
Office and computer equipment	6 441 222	(4 365 068)	2 076 154	5 537 392	(2 982 016)	2 555 376
Total	7 391 222	(4 414 943)	2 976 279	5 537 392	(2 982 016)	2 555 376

Analysis of movements in carrying value:

	Opening carrying value R	Additions R	Additions through business combinations* R	Change in category R	Disposals R	Depre-ciation R	Closing carrying value R
Group – 2013							
Land and buildings	39 944 966	74 453	5 258 214	–	–	(1 110 264)	44 167 369
Leasehold property	8 369 861	1 368 014	–	–	–	(544 832)	9 193 043
Plant and machinery	231 610 477	31 875 573	48 517 093	–	(1 717 391)	(28 196 134)	282 089 618
Motor vehicles	136 984 810	47 576 107	6 264 769	–	(8 637 139)	(22 241 319)	159 947 228
Office and computer equipment	3 286 861	1 575 670	538 763	–	(71)	(2 107 679)	3 293 544
Dismantling costs	5 708 762	464 636	–	–	–	(1 249 522)	4 923 876
Total	425 905 737	82 934 453	60 578 839	–	(10 354 601)	(55 449 750)	503 614 678
Group – 2012							
Land and buildings	40 229 048	–	–	–	–	(284 082)	39 944 966
Leasehold property	8 776 493	210 128	–	–	–	(616 760)	8 369 861
Plant and machinery	218 036 228	41 653 678	–	(2 526 807)	(1 682 961)	(23 869 661)	231 610 477
Motor vehicles	128 249 127	27 536 748	–	2 453 201	(2 577 730)	(18 676 536)	136 984 810
Office and computer equipment	2 877 697	1 977 182	–	73 606	(9 989)	(1 631 635)	3 286 861
Dismantling costs	5 810 944	554 507	–	–	–	(656 689)	5 708 762
Total	403 979 537	71 932 243	–	–	(4 270 680)	(45 735 363)	425 905 737
Company – 2013							
Motor vehicles	–	950 000	–	–	–	(49 875)	900 125
Office and computer equipment	2 555 376	903 830	–	–	–	(1 383 052)	2 076 154
Total	2 555 376	1 853 830	–	–	–	(1 432 927)	2 976 279
Company – 2012							
Office and computer equipment	2 409 717	1 472 850	–	–	–	(1 327 191)	2 555 376

* *Note 30*

2. Property, plant and equipment *(continued)*

Certain property, plant and equipment has been encumbered as security for interest-bearing borrowings (note 18).

	Group	
	2013 **R**	2012 R
Carrying value of assets pledged as security:		
Property, plant and equipment	**142 841 183**	121 549 395

Included in disposals are plant and equipment with a cost of R3 510 529 (2012: R3 564 264) and accumulated depreciation of R2 359 639 (2012: R3 325 662), which had no further economic value and have been removed from the register. The other disposals mainly relate to non-recurring disposals to replace a portion of the fleet at one of the group's subsidiaries.

3. Intangible assets

	2013			2012		
	Cost/ valuation R	**Accumulated amortisation R**	**Carrying value R**	Cost/ valuation R	Accumulated amortisation R	Carrying value R
Group						
Mining rights	**20 112 449**	**(6 839 619)**	**13 272 830**	19 119 291	(5 959 363)	13 159 928
Purchasing rights	**9 982 716**	**(1 557 201)**	**8 425 515**	–	–	–
Total	**30 095 165**	**(8 396 820)**	**21 698 345**	19 119 291	(5 959 363)	13 159 928

Analysis of movements in carrying value:

	Opening carrying value R	**Additions R**	**Additions through business combinations* R**	**Amortisation R**	**Closing carrying value R**
Group – 2013					
Mining rights	**13 159 928**	**–**	**993 158**	**(880 256)**	**13 272 830**
Purchasing rights	**–**	**–**	**9 982 716**	**(1 557 201)**	**8 425 515**
Total	**13 159 928**	**–**	**10 975 874**	**(2 437 457)**	**21 698 345**
Group – 2012					
Mining rights	13 819 484	–	–	(659 556)	13 159 928
Total	13 819 484	–	–	(659 556)	13 159 928

* *Note 30*

Mining rights are amortised on a straight-line basis over the best estimate of their useful lives. None of the mining rights included in intangible assets have indefinite lives. Remaining amortisation periods varies between 15 and 25 years (2012: 16 and 26 years).

Purchasing rights were acquired as part of the Clinker Group acquisition (refer note 30) and relate to ash dumps to which the group has exclusive rights to utilise and process until the dumps are exhausted. The purchasing right has a finite life, of between 5 and 10 years.

	Group 2013 R	2012 R
4. Goodwill		
Gross amount	139 361 300	103 103 919
Accumulated impairment	(6 654 529)	(1 909 002)
Carrying value	132 706 771	101 194 917
Analysis of movements in carrying value:		
Carrying value – opening balance	101 194 917	100 842 960
Additions through business combinations (refer note 30)	36 257 381	–
Adjustments	–	689 440
Impairment of goodwill	(4 745 527)	(337 483)
Carrying value – closing balance	132 706 771	101 194 917

Prior year adjustment relates to a deferred tax adjustment in respect of the acquisition of Glen Douglas Dolomite (Pty) Limited and the resultant allocation to goodwill (note 9).

Goodwill acquired through business combinations has been allocated to cash-generating units as follows:

	2013 R	2012 R
Afrimat Concrete Products (Pty) Limited	20 468 422	20 468 422
Afrimat Aggregates (KZN) (Pty) Limited	16 877 717	16 877 717
Rodag Holdings (Pty) Limited	1 057 984	1 057 984
Afrimat Aggregates Operations (Pty) Limited	122 216	122 216
Malans Group	10 832 307	15 577 834
Afrimat Aggregates (Eastern Cape) (Pty) Limited	39 266 892	39 266 892
SA Block (Pty) Limited	10 152 067	–
Clinker Supplies (Pty) Limited	26 105 314	–
Scottburgh Group	1 300 000	1 300 000
Sunshine Crushers (Pty) Limited	5 723 351	5 723 351
Glen Douglas Dolomite (Pty) Limited	800 501	800 501

The group applied a discounted cash flow methodology to value goodwill. These cash flows were based on forecasts which included assumptions on operating profit, depreciation, working capital movements and capital expenditure. The assumptions are based on past experience. The discount rate applied to the cash flow projections was 19% (2012: 19%). The key assumptions used were growth rates of 5% to 10% (2012: 0% to 10%) over a period of 10 years. The period of 10 years was assumed due to the long-term nature of mining activities. The growth rates were based on industry experience.

The recoverable amount has been determined using the value in use calculations. During the year ended 28 February 2013 goodwill in the amount of R4 745 527 (2012: R337 483) was identified as not recoverable and was subsequently written off as impaired, due to declining reserves and resources.

Name of company	Nature of business	Total share capital R	% holding 2013	% holding 2012	Carrying amount shares 2013 R	Carrying amount shares 2012 R	Carrying amount indebtedness 2013 R	Carrying amount indebtedness 2012 R
5. Investments in subsidiaries								
Afrimat Share Incentive Trust	Investment	–	–	–	–	–	678 727	1 389 875
Afrimat BEE Trust	Investment	–	–	–	–	–	–	–
Afrimat Empowerment Investments (Pty) Limited	Investment	120	100,0	100,0	–	–	–	–
AFT Aggregates (Pty) Limited	Aggregates	20	100,0	100,0	175 108	175 108	1 311 401	170 347
Boublok (Pty) Limited	Concrete Products	100	100,0	100,0	888 831	888 831	942 565	103 121
Capmat (Pty) Limited	Aggregates	4 000	87,5	87,5	6 255 231	6 255 231	2 130 371	1 669 770
Afrimat Concrete Products (Pty) Limited	Concrete Products and Readymix	10 000	100,0	100,0	67 378 835	67 378 835	88 012	–
Afrimat Aggregates (KZN) (Pty) Limited	Aggregates	30 000	100,0	100,0	35 182 874	35 182 874	(2 699 664)	–
Afrimat Readymix (Cape) (Pty) Limited	Readymix	200	100,0	100,0	5 267 084	5 267 084	(579 732)	(2 209 534)
Afrimat Aggregates (Operations) (Pty) Limited	Aggregates	100	100,0	100,0	106 220 430	106 220 430	(2 527 026)	(13 135 249)
Prima Quarries Namibia (Pty) Limited	Aggregates	100	100,0	100,0	100	100	–	–
Rodag Holdings (Pty) Limited	Property	4	100,0	100,0	3 829 110	3 829 110	3 865 667	3 646 852
Rodag Properties (Pty) Limited	Dormant	1 000	100,0	100,0	–	–	–	–
Tradeselect 5 (Pty) Limited	Dormant	100	100,0	100,0	–	–	–	–
Maritzburg Quarries (Pty) Limited	Aggregates	70 000	100,0	100,0	1 295 741	1 295 741	457 490	457 490
Scottburgh Quarries (Pty) Limited	Aggregates	100	100,0	100,0	8 020 000	8 020 000	108	108
Afrimat Aggregates (Eastern Cape) (Pty) Limited	Aggregates	600	100,0	100,0	53 181 208	53 181 208	(361 215)	(12 945 990)
Afrimat Aggregates (Trading) (Pty) Limited	Aggregates	5 000	92,7	92,7	24 933 683	24 933 683	(28 595 266)	(11 025 455)
Community Quarries (Pty) Limited	Aggregates	100	100,0	100,0	33 771 554	33 771 554	–	–
Olympic Sand (Pty) Limited	Aggregates	1 000	100,0	100,0	1 204 580	1 204 580	–	–
Malric Properties (Pty) Limited	Property	100	100,0	100,0	13 053 322	13 053 322	–	–
Propateez 66 (Pty) Limited	Property	100	100,0	100,0	831 872	831 872	–	–
ASBE Community Empowerment (Pty) Limited (previously Melani Materials (Pty) Limited)	Aggregates	900	100,0	100,0	–	–	(1 000)	–
Labonte 3 (Pty) Limited	Property	1 000	50,0	50,0	149 494	149 494	933 287	1 424 253
Jeffreys Bay Crushers (Pty) Limited	Aggregates	200	100,0	49,5	200	100	(100)	(100)
Sunshine Crushers (Pty) Limited	Aggregates	1 179 960	100,0	100,0	8 081 014	8 081 014	(2 872 565)	(2 872 565)
Afrimat Contracting International (Pty) Limited	Contracting	100	100,0	100,0	3 180 001	3 180 001	34 108	–
SA Block (Pty) Limited	Concrete Products	200	100,0	–	120 805 535	–	(24 396 758)	–
Clinker Supplies (Pty) Limited	Aggregates	100 000	100,0	–	24 210 000	–	171 535	–
Meepo Ya Mmu Resources (Pty) Limited	Aggregates	1 000	54,0	–	954 818	–	(9 000)	–
Glen Douglas Dolomite (Pty) Limited	Aggregates	10 000	100,0	100,0	27 657 764	27 657 764	(309 859)	1 329 167
					546 528 389	400 557 936	(51 738 914)	(31 997 910)
Analysis of current assets and liabilities:								
Current assets								
Loans to subsidiaries							10 613 271	10 190 983
Current liabilities								
Loans from subsidiaries							(62 352 185)	(42 188 893)
							(51 738 914)	(31 997 910)

5. Investment in subsidiaries *(continued)*

The carrying amounts of subsidiaries are shown net of impairment losses. The loans have no fixed terms of repayment and the majority bear interest at prime less 3,5%. The subsidiaries are incorporated in the Republic of South Africa except for Prima Quarries Namibia (Pty) Limited that is incorporated in Namibia.

No impairment was made to any of the investments during current year. In the prior year, the impairment recognised related to Rodag Properties (Pty) Limited, which was restructured within the group, at subsidiary level.

The group consolidated the Afrimat Share Incentive Trust and the Afrimat BEE Trust and its subsidiary Afrimat Empowerment Investments (Pty) Limited ('AEI'), due to the group having power to control the financial and operating policies of the trusts. As soon as the company shares held by the Afrimat BEE Trust are allocated to the BEE participants the group derecognises the trust and its subsidiary for consolidation purposes.

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
6. Investment in associate				
Ikapa Quarries (Pty) Limited (49%)	77 257	44 193	147	147
Analysis of investment in associate:				
Opening balance	44 193	24 305	147	147
Share of net profit after tax	67 744	41 938	–	–
Dividend received from associate	(34 680)	(22 050)	–	–
Closing balance	77 257	44 193	147	147
The group's share of the results of its associate, which is unlisted, and the group's share of its aggregated assets and liabilities, are as follows:				
Assets	718 917	2 003 081	–	–
Liabilities	(640 966)	(1 958 887)	–	–
Revenues	2 678 493	2 292 974	–	–
Profit	67 744	41 938	–	–
7. Other financial assets				
Non-current assets:				
Available-for-sale	13 742 148	13 291 691	–	–
Loans and receivables	101 655 733	70 309 906	101 655 733	70 309 906
	115 397 881	83 601 597	101 655 733	70 309 906
Analysis of other financial assets:				
Available-for-sale				
Listed shares at fair value				
Old Mutual PLC shares	83 440	48 440	–	–
Environmental funds at fair value				
Green Horizons Environmental Rehabilitation Trust Fund	1 357 326	1 294 291	–	–
Liberty Life New Growth Rehabilitation Plan Trust	12 301 382	11 948 960	–	–
	13 658 708	13 243 251	–	–
Total available-for-sale financial assets	13 742 148	13 291 691	–	–
Loans and receivables				
Funding provided to Afrimat employees	101 655 733	70 309 906	–	–
Preference shares in Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust	–	–	101 655 733	70 309 906
Total loans and receivables	101 655 733	70 309 906	101 655 733	70 309 906
Total other financial assets	115 397 881	83 601 597	101 655 733	70 309 906

Fair value of the financial assets were determined as follows:

- Fair value of available-for-sale financial assets are based on the quoted market price.
- Fair value are determined annually at reporting date.
- None of these financial assets is either past due or impaired.
- Environmental funds were originally established to fund the cost of rehabilitation on closure of certain of the group's quarries. The group since replaced certain environmental funds with guarantees as per note 32.

7. Other financial assets *(continued)*

In previous years Afrimat launched a broad-based BEE ownership initiative, whereby Afrimat's black employees ('participants'), via the Afrimat BEE Trust, acquired 16,8% of the issued share capital of the company (24 050 000 shares). Funding was provided by Afrimat to the Afrimat BEE Trust via a funding vehicle Afrimat Empowerment Investments (Pty) Limited ('AEI'). AEI issued 1 000 preference shares to Afrimat Limited for a total subscription price of R64 205 000 on behalf of participants. These preference shares are redeemable cumulative participating preference shares. Preference dividends are calculated at a rate of 70% of the prime interest rate.

Afrimat's black employees, via the Afrimat BEE Trust, acquired a further 4,4% of the issued share capital of the company (6 392 575 shares) during the year. Funding was provided by Afrimat to the Afrimat BEE Trust via a funding vehicle AEI. AEI issued 1 000 preference shares to Afrimat Limited for a total subscription price of R31 506 000. These preference shares are redeemable cumulative participating preference shares. Preference dividends are calculated at a rate of 100% of the prime interest rate.

The company's shares held by AEI on behalf of participants serve as security for the preference shares.

The fair values of loans and receivables are considered to be equal to the carrying value.

	Group		Company	
	2013 R	2012 R	**2013 R**	2012 R
8a. Financial instruments by category				
Assets as per statement of financial position				
Loans and receivables at amortised cost				
Other financial assets (refer note 7)	**101 655 733**	70 309 906	**101 655 733**	70 309 906
Trade and other receivables (refer note 11)	**188 845 006**	156 826 357	**4 459 328**	4 799 066
Cash and cash equivalents (refer note 12)	**134 261 561**	132 556 840	**65 354 969**	23 487 969
Loans to subsidiaries (refer note 5)	**–**	–	**10 613 271**	10 190 983
	424 762 300	359 693 103	**182 083 301**	108 787 924
Available-for-sale				
Other financial assets (refer note 7)	**13 742 148**	13 291 691	**–**	–
	13 742 148	13 291 691	**–**	–
Total	**438 504 448**	372 984 794	**182 083 301**	108 787 924
The maximum exposure to credit risk at the reporting date is the carrying value of each class of loans and receivables mentioned above and at company level includes the exposure to omnibus securityship as per note 37(c), which is considered equal to the amounts mentioned above.				
Liabilities as per statement of financial position				
Financial liabilities at amortised cost				
Borrowings (refer note 18)	**120 684 305**	81 589 470	**42 180 222**	–
Loans from subsidiaries (refer note 5)	**–**	–	**62 352 185**	42 188 893
Trade and other payables	**143 580 316**	113 515 152	**6 359 370**	6 315 465
Bank overdraft (refer note 12)	**49 118 762**	18 146 542	**21 170 965**	–
Total	**313 383 383**	213 251 164	**132 062 742**	48 504 358
8b. Credit quality of fully performing financial assets				
Trade receivables				
Customers without external ratings				
Group 1 (New customers)	**12 381 956**	6 262 248	**–**	–
Group 2 (Existing customers – with no defaults in the past)	**115 269 448**	63 865 241	**–**	–
Group 3 (Existing customers – Some prior defaults, but fully recoverable)	**16 973 745**	27 154 498	**–**	–
	144 625 149	97 281 987	**–**	–

None of the financial assets have been renegotiated in the current year.

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
9. Deferred tax				
Accelerated capital allowances for tax purposes	(86 995 596)	(74 667 547)	–	–
Provisions	10 823 330	9 111 633	380 655	256 514
Tax losses available for set off against future taxable income	6 044 734	5 109 550	2 255 707	1 012 098
Other deferred tax	(7 473 480)	(4 502 084)	(278 522)	(209 099)
	(77 601 012)	(64 948 448)	2 357 840	1 059 513
Analysis of movement in deferred tax balance:				
Opening balance	(64 948 448)	(59 426 103)	1 059 513	(51 687)
Rate change	–	(22 472)	–	–
Acquired through business combinations	(9 370 318)	–	–	–
Accelerated capital allowances for tax purposes	(4 811 243)	(4 129 849)	–	–
Provisions	770 048	3 461 577	124 141	99 102
Increase/(decrease) in tax losses available for set off against future taxable income	935 184	(1 694 945)	1 243 609	1 012 098
Other	(176 235)	(3 136 656)	(69 423)	–
Closing balance	(77 601 012)	(64 948 448)	2 357 840	1 059 513
Non-current assets	3 008 993	5 405 963	2 357 840	1 059 513
Non-current liabilities	(80 610 005)	(70 354 411)	–	–
	(77 601 012)	(64 948 448)	2 357 840	1 059 513

Analysis of movement in group deferred tax assets and liabilities during the year:

Deferred tax assets	Provisions	Tax losses	Total
At 1 March 2011	5 545 372	6 909 176	12 454 548
Charged/(credited) to profit and loss	3 566 261	(1 799 626)	1 766 635
Charged/(credited) to other comprehensive income	–	–	–
At 29 February 2012	9 111 633	5 109 550	14 221 183
Acquired through business combinations	941 649	28 000	969 649
Charged to profit and loss	770 048	907 184	1 677 232
Charged/(credited) to other comprehensive income	–	–	–
At 28 February 2013	10 823 330	6 044 734	16 868 064

Deferred tax liabilities	Accelerated capital allowances	Other deferred tax	Total
At 1 March 2011	70 530 967	1 349 684	71 880 651
Charged to profit and loss	4 106 319	2 462 960	6 569 279
Charged to other comprehensive income	30 261	–	30 261
Preacquisition adjustment (refer note 4)	–	689 440	689 440
At 29 February 2012	74 667 547	4 502 084	79 169 631
Acquired through business combinations	7 516 806	2 795 161	10 311 967
Charged to profit and loss	4 799 487	176 235	4 975 722
Charged to other comprehensive income	11 756	–	11 756
At 28 February 2013	86 995 596	7 473 480	94 469 076
Deferred tax assets			16 868 064
Deferred tax liabilities			(94 469 076)
Total deferred tax asset/(liability)			(77 601 012)

Management is of the opinion that it is probable, based on the new financial year budget, that future taxable profits will be available against which the unused tax losses can be utilised.

	Group		Company	
	2013	2012	**2013**	2012
	R	R	**R**	R
10. Inventories				
Amounts attributable to the different inventory categories are as follows:				
Raw materials and components	**9 448 201**	9 005 345	**–**	–
Finished goods	**71 390 569**	56 851 382	**–**	–
Production supplies	**15 280 287**	12 071 850	**–**	–
	96 119 057	77 928 577	**–**	–
Provision for stock obsolescence	**(6 629 392)**	(6 101 879)	**–**	–
	89 489 665	71 826 698	**–**	–

Carrying value of finished products, identified as slow-moving is R2 079 028 (2012: R1 610 742), after allowing for the provision of stock obsolescence.

	Group		Company	
	2013	2012	**2013**	2012
	R	R	**R**	R
11. Trade and other receivables				
Trade receivables	**184 121 354**	150 672 479	**–**	–
Less: Provision for impairment of receivables	**(10 156 013)**	(11 242 609)	**–**	–
Trade receivables – net	**173 965 341**	139 429 870	**–**	–
Prepayments	**1 378 143**	3 651 296	**239 568**	216 881
Deposits	**1 061 491**	2 001 781	**–**	–
Value-added taxation	**5 565 126**	3 070 597	**–**	–
Loans to related parties	**1 141 717**	3 844 902	**272 331**	25 469
Other receivables	**12 676 457**	11 549 804	**4 186 997**	4 773 597
	195 788 275	163 548 250	**4 698 896**	5 015 947
Analysis of trade and other receivables:				
Trade and other receivables (refer note 8a)	**188 845 006**	156 826 357	**4 459 328**	4 799 066
Prepayments and value-added taxation	**6 943 269**	6 721 893	**239 568**	216 881
	195 788 275	163 548 250	**4 698 896**	5 015 947

The fair values of trade and other receivables are considered to be equal to the carrying value.

The carrying values of trade and other receivables are all denominated in South African Rand.

Included in other receivables are loans to Joe Kalo Investments (Pty) Limited of R4 047 018 (2012: R4 111 937). These loans were made with respect to the group's BEE shareholding in certain subsidiaries.

The loans to related parties are loans made by the group to the group's associate, Ikapa Quarries (Pty) Limited. The receivables have no fixed repayment terms and bear interest at prime less 3,5%.

The trade receivables of SA Block (Pty) Limited serve as security for the medium-term loan as per note 18.

As at 28 February 2013, the group had trade and other receivables of R29 340 192 (2012: R42 147 883) which were past due but not impaired. These relate to a number of reputable customers for whom there is no history of default, settlement agreements are in place or that management believes will in all probability pay.

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
11. Trade and other receivables *(continued)*				
The age analysis of these trade and other receivables is as follows:				
Neither impaired nor past due	144 625 149	97 281 987	–	–
Not impaired but past due in				
– between 30 and 60 days	19 541 157	23 893 472	–	–
– between 60 and 90 days	4 487 986	5 534 164	–	–
– more than 90 days	5 311 049	12 720 247	–	–
	29 340 192	42 147 883	–	–
	173 965 341	139 429 870	–	–
An impairment provision of R10 156 013 (2012: R11 242 609) was recognised against receivables. The ageing of the impairment portion of receivables, which is past due, is as follows:				
Between 30 and 60 days	97 083	1 609 546	–	–
Between 60 and 90 days	598 351	834 362	–	–
More than 90 days	9 460 579	8 798 701	–	–
	10 156 013	11 242 609	–	–
Analysis of movements in the provision for impairment of trade receivables are as follows:				
Opening balance	11 242 609	6 963 814	–	–
Additional provision charged to profit and loss	2 785 570	6 107 505	–	–
Provisions reversed to profit and loss	(3 164 028)	(1 188 417)	–	–
Receivables written off during the year as uncollectible	(708 138)	(640 293)	–	–
Closing balance	10 156 013	11 242 609	–	–

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

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

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
12. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	256 460	261 456	1 452	2 473
Bank balances	37 089 136	53 931 095	97 115	1 401 288
Short-term deposits	96 915 965	78 364 289	65 256 402	22 084 208
Bank overdraft	(49 118 762)	(18 146 542)	(21 170 965)	–
	85 142 799	114 410 298	44 184 004	23 487 969
Current assets	134 261 561	132 556 840	65 354 969	23 487 969
Current liabilities	(49 118 762)	(18 146 542)	(21 170 965)	–
	85 142 799	114 410 298	44 184 004	23 487 969

Favourable bank balances in SA Block (Pty) Limited serve as security for the FirstRand Bank Limited medium-term loan as per note 18.

The fair values of cash and cash equivalents are considered to be equal to the carrying value.

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
13. Stated and share capital				
Authorised				
1 000 000 000 (2012: 1 000 000 000) ordinary shares with no par value (2012: par value of 1 cent each)	**10 000 000**	10 000 000	**10 000 000**	10 000 000
Issued				
143 262 412 (2012: 143 262 412) ordinary shares with no par value (2012: par value of 1 cent each)	**1 434 624**	1 434 624	**1 432 624**	1 432 624
Share premium transferred upon conversion of ordinary shares to no par value ordinary shares (refer note 14)	**352 149 773**	–	**352 149 773**	–
Net effect of settlement of employee share options	**(10 168 112)**	–	**(11 359 385)**	–
Treasury shares used for acquisitions	**4 244 120**	–	**–**	–
Stated capital	**347 660 405**	1 434 624	**342 223 012**	1 432 624

The ordinary shares of the company have been converted to no par value ordinary shares during the year. All the unissued ordinary shares are under the control of the company's directors until the next annual general meeting.

Refer to explanation of capital structure included with note 14 on share premium.

All shares issued by the company were fully paid.

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
14. Share premium and business combination adjustment				
Share premium				
Opening balance	**352 149 773**	352 149 773	**352 149 773**	352 149 773
Transferred to stated capital upon conversion of ordinary shares to no par value ordinary shares (refer note 13)	**(352 149 773)**	–	**(352 149 773)**	–
Closing balance	**–**	352 149 773	**–**	352 149 773
Business combination adjustment	**(105 788 129)**	(105 788 129)	**–**	–

The group financial statements are issued in the name of Afrimat Limited but are, in fact, prepared as a continuation of the group financial statements of Prima Klipbrekers (Pty) Limited ('Prima'). For purposes of these group consolidated results, Prima was identified as the acquirer in terms of IFRS 3. In arriving at the issued share capital of the group under this method, the amount of the issued share capital of Prima immediately before the business combination is added to the cost of the business combination in accordance with IFRS 3. This has resulted in an adjustment against the issued share capital of the group of R105 788 129. This amount is reflected separately on the statement of financial position. The issue and authorised equity structure in note 13 is that of Afrimat Limited.

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
15. Treasury shares				
101 784 (2012: 228 329) shares held by Afrimat Share Incentive Trust	**(624 890)**	(1 400 611)	**–**	–
102 458 (2012: 5 916 845) shares held by Afrimat Aggregates (Operations) (Pty) Limited, a subsidiary	**(865 609)**	(19 158 256)	**–**	–
	(1 490 499)	(20 558 867)	**–**	–

The company acquired Nil (2012: Nil) of its own shares through purchases on the JSE Limited in The Afrimat Share Incentive Trust and 1 108 337 (2012: 995 664) in Afrimat Aggregates (Operations) (Pty) Limited. The total amount paid to acquire the shares was R6 568 867 (2012: R3 759 991) and has been deducted from shareholders' equity. The related weighted average share price at the time of purchase was R5,93 (2012: R3,78). 5 932 306 shares were utilised for the acquisition of the Clinker Group valued at R25 805 535 (refer note 30). This value excludes the tax effect of treasury shares utilised of R974 121. 1 116 963 shares were utilised in terms of the Share Appreciation Right Scheme valued at R5 049 945. The shares are held as 'treasury shares' and the group has the right to reissue these shares at a later date.

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	Group		Company	
	Number of shares			
	2013	2012	2013	2012
15. Treasury shares *(continued)*				
Analysis of movement in number of treasury shares:				
Opening balance	6 145 174	5 149 510	–	–
Utilised for part settlement of Clinker Group acquisition	(5 932 306)	–	–	–
Utilised for settlement of employee Share Appreciation Rights exercised	(1 116 963)	–	–	–
Purchased during the year	1 108 337	995 664	–	–
	204 242	6 145 174	–	–

16. Share options

Share options are granted to executive directors and to selected employees in the format of a Share Appreciation Rights Scheme. The exercise price of the granted options is equal to the previous business day's volume weighted average price for the Afrimat shares on the date when the option is exercised. Options are conditional on the employee completing three year's service (the vesting period). The options are exercisable starting three years from the grant date, subject to the group achieving its target growth in headline earnings per share over the period; the options have a contractual option term of four years after vesting. The group has no legal or constructive obligation to repurchase or settle the options in cash. When the options are exercised the participants will receive shares equal in value to the number of options exercised multiplied by the difference between the exercise price and the grant price.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Average grant price in cents per share	Number of options	Average grant price in cents per share	Number of options
Opening balance	376	12 470 000	387	9 620 000
Granted	572	2 835 000	340	3 100 000
Forfeited	442	(490 000)	340	(250 000)
Exercised	200	(3 150 000)	–	–
Expired	740	(2 330 000)	–	–
Closing balance	401	9 335 000	376	12 470 000

None of the options outstanding are exercisable at 28 February 2013 (2012: Nil). 3 150 000 (2012: Nil) options were exercised in 2013. These options were issued at a weighted average price of R2,00 each (2012: RNil). The related average share price at the time of exercise was R6,35 (2012: RNil) per share.

Share options outstanding at the end of the year have the following expiry date and grant prices:

		Number of options	
	Grant price cents	2013	2012
2014	850	–	1 050 000
2015	650	–	1 360 000
2016	200	–	3 150 000
2017	325	3 870 000	4 060 000
2018	340	2 750 000	2 850 000
2019	572	2 715 000	–
		9 335 000	12 470 000

16. Share options *(continued)*

The remaining number of shares that may be utilised for the purpose of share options are:

	Number of shares	
	2013	2012
Opening balance	23 480 000	26 330 000
Exercised	3 150 000	–
Expired	2 330 000	–
Utilised	(9 227 575)	(2 850 000)
Forfeited	490 000	–
Closing balance	20 222 425	23 480 000

Number of share options held by directors:

	Opening balance	Granted	Average grant price in cents per share	Expiry dates	Exercised/ expired	Closing balance
2013						
Andries J van Heerden	2 300 000	435 000	572	2019	(950 000)	1 785 000
Hendrik P Verreynne	1 410 000	245 000	572	2019	(660 000)	995 000
Peter G Corbin (deceased)	570 000	–	–	–	(570 000)	–
Gert J Coffee	550 000	200 000	572	2019	–	750 000
	4 830 000	880 000	–	–	(2 180 000)	3 530 000
2012						
Andries J van Heerden	1 700 000	600 000	340	2018	–	2 300 000
Hendrik P Verreynne	1 160 000	250 000	340	2018	–	1 410 000
Peter G Corbin (deceased)	570 000	–	340	2018	–	570 000
Gert J Coffee	300 000	250 000	340	2018	–	550 000
	3 730 000	1 100 000	–	–	–	4 830 000

None of the outstanding options (2012: Nil) are exercisable at 28 February 2013.

The fair value of options granted during the year; using the Black Scholes valuation model, was R4 167 450 (2012: R3 627 000). The option expense for the year was R3 354 207 (2012: R2 973 597).

Analysis of movement in remaining options:

Grant date	12 May 2010	11 May 2011	9 May 2012	Total
Originally granted	4 250 000	3 100 000	2 835 000	10 185 000
Forfeited	(380 000)	(350 000)	(120 000)	(850 000)
Net outstanding	3 870 000	2 750 000	2 715 000	9 335 000
Grant price (cents)	325	340	572	
Fair value of option (cents)	112	117	147	

The assumptions used in determining the fair value were as follows:

Grant date	12 May 2010	11 May 2011	9 May 2012
Grant price (cents)	325	340	572
Expected option life	3 years	3 years	3 years
Expected volatility	51,30	53,30	62,60
Expected likelihood	100,00%	100,00%	100,00%
Expected employee attrition	5,00%	5,00%	5,00%
Expected risk free rates	8,01%	7,55%	6,44%
Expected dividend yields	4,92%	5,00%	3,32%

The share price volatility is measured at the standard deviation of expected share price returns based on the statistical analysis of monthly share prices over the current year.

	Available-for-sale reserve R	Share-based payment reserve R	Total other reserves R
17. Other reserves			
Group			
Balance at 1 March 2011	279 882	2 412 241	2 692 123
Share option expense for the year	–	2 973 597	2 973 597
Reclassification adjustment for gain included in profit and loss	(212 660)	–	(212 660)
Fair value adjustment	41 742	–	41 742
Total changes	(170 918)	2 973 597	2 802 679
Balance at 1 March 2012	108 964	5 385 838	5 494 802
Share option expense for the year	–	3 354 207	3 354 207
Settlement of employee share options	–	(1 975 050)	(1 975 050)
Fair value adjustment	55 304	–	55 304
Total changes	55 304	1 379 157	1 434 461
Balance at 28 February 2013	164 268	6 764 995	6 929 263
Company			
Balance at 1 March 2011	–	1 201 146	1 201 146
Share option expense for the year	–	1 677 926	1 677 926
Total changes	–	1 677 926	1 677 926
Balance at 1 March 2012	–	2 879 072	2 879 072
Share option expense for the year	–	2 166 280	2 166 280
Settlement of employee share options	–	(853 023)	(853 023)
Total changes	–	1 313 257	1 313 257
Balance at 28 February 2013	–	4 192 329	4 192 329

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
18. Borrowings				
Non-current liabilities				
Medium-term loans	25 308 132	–	25 308 132	–
Instalment purchase agreements	33 370 516	44 837 316	–	–
	58 678 648	44 837 316	25 308 132	–
Current liabilities				
Medium-term loans	17 296 671	–	16 872 090	–
Instalment purchase agreements	44 708 986	36 752 154	–	–
	62 005 657	36 752 154	16 872 090	–
Total borrowings				
Medium-term loans	42 604 803	–	42 180 222	–
Instalment purchase agreements	78 079 502	81 589 470	–	–
	120 684 305	81 589 470	42 180 222	–
Analysis of movements in medium-term loans were as follows:				
Opening balance	–	–	–	–
Borrowings raised	52 570 616	–	52 570 616	–
Acquired through acquisitions	424 581	–	–	–
Repayments	(10 390 394)	–	(10 390 394)	–
Closing balance	42 604 803	–	42 180 222	–

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
18. Borrowings *(continued)*				
Analysis of movements in the instalment purchase agreements were as follows:				
Opening balance	81 589 470	90 886 654	–	–
Borrowings raised	42 283 584	39 960 194	–	–
Acquired through acquisitions	6 713 991	–	–	–
Repayments	(52 507 543)	(49 257 378)	–	–
Closing balance	78 079 502	81 589 470	–	–
Minimum payments due on instalment purchase agreements are as follows:				
– within one year	47 548 413	41 701 697	–	–
– in second to fifth year inclusive	36 069 563	48 101 255	–	–
	83 617 976	89 802 952	–	–
Less: Future finance charges	(5 538 474)	(8 213 482)	–	–
Present value of minimum payments due	78 079 502	81 589 470	–	–
Analysis of present value of minimum payments due:				
– within one year	44 708 986	36 752 154	–	–
– in second to fifth year inclusive	33 370 516	44 837 316	–	–
	78 079 502	81 589 470	–	–
Non-current liabilities				
At amortised cost	58 678 648	44 837 316	25 308 132	–
Current liabilities				
At amortised cost	62 005 657	36 752 154	16 872 090	–
	120 684 305	81 589 470	42 180 222	–

It is the group policy to purchase certain property, plant and equipment under instalment purchase agreements.

The instalment purchase agreements are repayable in monthly instalments of R4 574 333 (2012: R3 670 501) including interest and capital.

Interest rates are linked to prime overdraft rate and varied between 6,5% and 9,0% (2012: 7,0% and 9,0%) during the year. There were no breaches in payments during the year. The instalment purchase agreements are secured over various items of property, plant and equipment as indicated in note 2.

Afrimat Aggregates (Operations) (Pty) Limited, a subsidiary, also provided a cession of R15 000 000 on its short-term insurance policy in favour of Standard Bank of South Africa Limited for borrowing facilities held.

The company negotiated an additional working capital finance facility of R50 000 000 with Standard Bank of South Africa Limited, through a medium-term loan. The purpose of this loan is to facilitate an increase in working capital. The loan is secured by a cession of trade receivables, bears interest at three-month JIBAR rate plus 2,5% and is payable in varying quarterly instalments, starting at R5 331 016 on 28 September 2012, over a period of three years. The capital portion of the repayment being R4 166 667. The company may not cancel or repay any portion of the medium-term loan before 30 September 2013. Thereafter, the company may, if it gives Standard Bank of South Africa Limited prior notice, cancel the whole or any part (being a minimum amount of R10 000 000) of the available facility.

Also included in medium-term loans is a FirstRand Bank Limited loan, secured by a cession of trade receivables and favourable bank balances of SA Block (Pty) Limited (refer note 11 and note 12 respectively), bearing interest at prime of 8,5%, and is payable in monthly instalments of R214 335 over a period of two years.

18. Borrowings *(continued)*

The exposure of the group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	Group		Company	
	2013 R	2012 R	**2013 R**	2012 R
At floating rates	**120 684 305**	81 589 470	**–**	–
The fair value of borrowings equals their carrying amount.				
The carrying amounts of the group's borrowings are all denominated in South African Rand.				
The group has the following undrawn borrowing facilities with FirstRand Bank Limited and Standard Bank of South Africa Limited:				
Floating rate:				
– Expiring within one year	**69 231 784**	96 297 306	**–**	370 000

19. Provisions

	Group		
	Environmental rehabilitation R	Dismantling R	Total provisions R
Balance at 1 March 2011	18 681 455	10 095 163	28 776 618
Discount unwinding	1 307 695	–	1 307 695
Additions	621 280	554 506	1 175 786
Total changes	1 928 975	554 506	2 483 481
Balance at 1 March 2012	20 610 430	10 649 669	31 260 099
Discount unwinding	**1 442 723**	**–**	**1 442 723**
Additions	**557 240**	**464 636**	**1 021 876**
Total changes	**1 999 963**	**464 636**	**2 464 599**
Balance at 28 February 2013	**22 610 393**	**11 114 305**	**33 724 698**

Group policy is that environmental rehabilitation and dismantling estimates will be reviewed annually and be re-assessed by independent consultants every three years. All environmental rehabilitation and dismantling provisions at year-end have been reviewed by management. The expected timing of any outflows of these provisions will be on the closure of the respective mines. Estimates are based on costs that are reviewed regularly and adjusted as appropriate for new circumstances. Future cash flows are appropriately discounted. A discount rate of 7,0% (2012: 7,0%) was used.

20. Trade and other payables

	Group		Company	
	2013 R	2012 R	**2013 R**	2012 R
Trade payables	**77 612 974**	77 181 359	**69 193**	562 410
Amounts due to related parties	**933 287**	1 424 253	**–**	–
Taxes and other statutory liabilities	**8 404 160**	3 536 740	**633 039**	83 284
Accrued expenses	**59 518 486**	33 636 818	**6 216 218**	5 707 620
Other payables	**5 515 569**	1 272 722	**73 959**	45 435
	151 984 476	117 051 892	**6 992 409**	6 398 749

Trade and other payables are payable within normal trade terms.

The fair values of trade and other payables, are considered to be equal to the carrying value due to their short-term nature.

The carrying values of trade and other payables, are all denominated in South African Rand.

The amounts due to related parties are in respect of non-controlling shareholders of a subsidiary, Labonte 3 (Pty) Limited. The payables have no fixed repayment terms and bear interest at prime (2012: prime).

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
21. Revenue				
Sale of goods and services	1 332 274 610	989 167 355	44 703 244	31 583 964
Interest received (trading)	5 309 956	6 970 115	–	–
	1 337 584 566	996 137 470	44 703 244	31 583 964
22. Other income				
Settlement of defined benefit plan liability	–	2 367 764	–	–
Sundry income	–	–	–	225 925
	–	2 367 764	–	225 925
The defined benefit plan, consisted of the Lancaster Pension Fund governed by the Pension Fund Act of 1956. The retirement benefit liability was settled during the prior year based on the approval obtained from the Financial Services Board ('FSB'), on 4 April 2012, to convert the fund from a defined benefit plan to a defined contribution plan with retrospective effect form 1 August 2011.				
23. Other net gains/(losses)				
Reclassification of profit on disposal of financial instruments	–	245 173	–	–
Profit on disposal of assets	96 868	–	–	–
	96 868	245 173	–	–
24. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Income from subsidiaries				
Administration and management fees	–	–	44 703 244	31 583 964
Operating lease charges	58 390 252	58 529 759	871 838	784 862
Premises				
– Contractual amounts	6 404 731	4 107 067	836 271	764 201
Equipment				
– Contractual amounts	48 795 637	52 190 929	35 567	20 661
Lease rentals on operating lease – other				
– Contractual amounts	3 189 884	2 231 763	–	–
Amortisation of intangible assets	2 437 457	659 556	–	–
Depreciation of property, plant and equipment	55 449 750	45 735 363	1 432 927	1 327 191
Profit on disposal of assets	(96 868)	–	–	–
Loss/(profit) on disposals of property, plant and equipment	3 009 064	(5 280 386)	–	–
Reclassification of profit on disposal of financial instruments	–	(245 173)		
Impairment of goodwill	4 745 527	337 483	–	–
Impairment of investments in subsidiaries on receipt of restructuring dividend	–	–	–	4 765 713
Increase/(decrease) in inventory provision for impairment	527 513	(608 253)	–	–
Audit fees – current year	2 294 183	2 233 811	718 492	873 515
Employee costs	284 659 163	220 972 684	31 085 098	27 234 737
Defined contribution plan contributions	13 950 474	9 910 226	1 578 408	1 036 841
Defined benefit plan contributions	–	1 315 307	–	–
Share-based payment expense	3 354 207	2 973 597	2 166 280	1 677 926
Short-term employee expenses	267 354 482	206 773 554	27 340 410	24 519 970

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
25. Investment revenue				
Dividend revenue				
Inter-company	–	–	180 706 580	30 768 568
	–	–	180 706 580	30 768 568
Interest revenue				
Bank	5 037 600	5 333 035	1 037 564	2 015 996
Deemed interest/preference dividends (BEE structure)	4 560 079	4 323 786	4 560 079	4 323 786
Group companies	–	–	525 864	648 844
Other interest	1 213 339	610 207	226 157	243 620
	10 811 018	10 267 028	6 349 664	7 232 246
	10 811 018	10 267 028	187 056 244	38 000 814
26. Finance costs				
Instalment purchase agreements	7 928 815	6 960 966	–	–
Bank	4 550 172	2 110 343	2 790 533	35
South African Revenue Services	1 320	12 730	–	–
Group companies – loans	–	–	5 711 101	1 972 648
Environmental rehabilitation	1 442 723	1 307 695	–	–
Other interest paid	372 538	153 680	1 173 128	2
	14 295 568	10 545 414	9 674 762	1 972 685
27. Taxation				
Major components of the tax expense/income				
Current				
Local income tax				
– current year	39 950 807	31 711 968	11 643	–
– recognised in current year for prior years	(3 371 543)	387	–	–
Secondary tax on companies				
– current year	1 862 411	2 461 946	1 862 411	2 435 461
– recognised in current year for prior years	(1 100 616)	–	(1 100 616)	–
	37 341 059	34 174 301	773 438	2 435 461
Deferred				
Deferred income tax – current year	3 298 492	4 802 641	(1 298 327)	(1 111 201)
	40 639 551	38 976 942	(524 889)	1 324 260
Tax rate reconciliation				
Standard tax rate (%)	28,0	28,0	28,0	28,0
Permanent differences (%)	(0,1)	0,1	(28,7)	(31,1)
Prior year adjustment (%)	(0,4)	–	–	–
Effect of higher Namibian tax rate (%)	0,1	0,1	–	–
Secondary tax on companies (%)	0,5	1,8	0,4	8,6
Effective rate (%)	28,1	30,0	(0,3)	5,5

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
28. Notes to the cash flow statements				
28.1 Cash generated from/(used in) operations				
Profit before taxation	144 416 781	129 893 984	175 120 374	24 005 764
Adjustments for:				
Depreciation and amortisation	57 887 207	46 394 919	1 432 927	1 327 191
Share of profit of associate	(67 744)	(41 938)	–	–
Impairment of goodwill	4 745 527	337 483	–	–
Loss/(profit) on sale of property, plant and equipment	3 009 064	(5 280 386)	–	–
Profit on disposal of assets	(96 868)	–	–	–
Reclassification of profit on disposal of financial instruments	–	(245 173)	–	
Impairment of investments in subsidiaries	–	–	–	4 765 713
Investment revenue	–	–	(180 706 580)	(30 768 568)
Interest received	(10 811 018)	(10 267 028)	(6 349 664)	(7 232 246)
Finance costs	14 295 568	10 545 414	9 674 762	1 972 685
Net effect of settlement of employee share options	(5 118 167)	–	(11 359 383)	–
Tax effect on treasury shares used for acquisitions	(974 121)	–	–	–
Retirement fund expense	–	1 315 307	–	–
Contributions to retirement benefit fund	–	(1 002 658)	–	–
Settlement of retirement benefit liability	–	(2 367 764)	–	
Movements in provisions	921 876	1 175 786	–	–
Share-based payment reserve	3 354 207	2 973 597	2 166 280	1 677 926
Changes in working capital (excluding the effects of acquisition on consolidation):				
Inventories	(5 651 803)	3 721 475	–	–
Trade and other receivables	(7 352 347)	(6 427 360)	291 582	626 184
Trade and other payables	17 862 464	323 122	593 660	(1 828 340)
	216 420 626	171 048 780	(9 136 042)	(5 453 691)
28.2 Tax (paid)/refunded				
Opening balance as per statement of financial position	(6 935 428)	1 760 396	532 556	532 556
Current tax for the year recognised in statement of comprehensive income (refer note 27)	(37 341 059)	(34 174 299)	(773 438)	(2 435 461)
Adjustment in respect of businesses sold and acquired during the year (refer note 30)	1 428 466	–	–	–
Closing balance as per statement of financial position	(1 931 053)	6 935 428	–	(532 556)
	(44 779 074)	(25 478 475)	(240 882)	(2 435 461)
28.3 Interest revenue				
Interest revenue (refer note 25)	10 811 018	10 267 028	6 349 664	7 232 246
Adjustments for:				
Deemed interest	129 198	(278 369)	129 198	(278 369)
	10 940 216	9 988 659	6 478 862	6 953 877
28.4 Finance costs				
Amount as per statement of comprehensive income (refer note 26)	14 295 568	10 545 414	9 674 762	1 972 685
Adjustments for:				
Rehabilitation discount unwinding	(1 442 723)	(1 307 695)	–	–
	12 852 845	9 237 719	9 674 762	1 972 685

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
29. Dividends				
Dividends paid				
Current year interim dividend paid	11 460 993	8 595 745	11 460 993	8 595 745
Previous year final dividend paid	18 624 113	15 758 865	18 624 113	15 758 865
Dividends received on treasury shares	(120 702)	(1 000 676)	–	–
Dividends paid by subsidiaries to non-controlling shareholders	388 100	264 850	–	–
	30 352 504	23 618 784	30 085 106	24 354 610
The company has made the following distributions to shareholders:				
Interim dividends paid	–	–	8,0	6,0
Final dividends declared	–	–	20,0	13,0
Distributions paid (cents)	–	–	28,0	19,0
30. Acquisitions of businesses				
Business combinations during the year is 100% of SA Block (Pty) Limited and its 100% owned subsidiary Clinker Supplies (Pty) Limited ('Clinker Group') from 1 March 2012 and 54% of Meepo Ya Mmu (Pty) Limited ('Meepo') from 1 November 2012.				
Purchase consideration and fair value of assets acquired:				
Fair value of assets acquired				
Investment in subsidiaries	–	–	(121 760 353)	–
Intangible assets	(10 975 874)	–	–	–
Property, plant and equipment	(60 578 839)	–	–	–
Deferred tax (assets)/liabilities	9 370 318	–	–	–
Other assets	(60 660)	–	–	–
Inventories	(12 011 165)	–	–	–
Trade and other receivables	(24 887 678)	–	–	–
Trade and other payables	17 070 115	–	–	–
Tax (assets)/liabilities	(1 428 466)	–	–	–
Borrowings	7 138 572	–	–	–
Provisions	100 000	–	–	–
Cash	(9 239 295)	–	–	–
Fair value of assets acquired	(85 502 972)	–	(121 760 353)	–
Goodwill on acquisitions (refer note 4)	(36 257 381)	–	–	–
Total purchase consideration	(121 760 353)	–	(121 760 353)	–
Purchase consideration settled in shares (refer note 15)	25 805 535	–	25 805 535	–
Purchase consideration settled in cash	(95 954 818)	–	(95 954 818)	–
Net cash outflow on acquisition				
Cash acquired	9 239 295	–	–	–
Cash paid on acquisition	(95 954 818)	–	(95 954 818)	–
	(86 715 523)	–	(95 954 818)	–

Acquisition-related costs of R1 593 241 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 28 February 2013.

The acquired businesses contributed after tax profits of R46 609 905 to the group for the 2013 period. The revenue included in the consolidated statement of comprehensive income since 1 March 2012 contributed by the acquired businesses was R286 119 451.

Goodwill recorded with the above Clinker Group acquisition is primarily attributable to the profit generating ability of this business resulting from its products having distinct characteristics that are difficult to replicate or substitute.

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
31. Commitments				
Authorised capital expenditure				
Contracted after year-end, but not provided for				
– Property, plant and equipment	4 176 049	20 867 982	130 641	90 850
Not yet contracted for				
– Property, plant and equipment	108 602 592	57 887 103	565 859	1 460 382
Total authorised capital expenditure	112 778 641	78 755 085	696 500	1 551 232
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	3 963 930	4 341 734	1 637 924	1 549 172
– in second to fifth year inclusive	7 253 093	8 221 702	968 042	2 049 365
	11 217 023	12 563 436	2 605 966	3 598 537

Operating lease payments represent rentals payable by the group for quarries, other premises, motor vehicles and equipment. Certain leases carry standard escalation clauses in line with inflation.

Authorised capital expenditures are to be funded from surplus cash and bank financing.

32. Contingencies

Guarantees

Guarantees to the value of R50 683 922 (2012: R23 895 362) were supplied by Standard Bank of South Africa Limited to various parties, including the Department of Mineral Resources and Eskom.

Guarantees to the value of R6 141 927 (2012: R6 329 927) were supplied by FirstRand Bank Limited to various parties, including the Department of Mineral Resources and Eskom.

These guarantees are in respect of environmental rehabilitation costs and will only be payable in the event of default by the group.

33. Related parties

Subsidiaries and related trusts

During the year under review, the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. Those transactions occurred under terms that are no less favourable than those arranged with third parties. For a list of the group's subsidiaries and related trusts, refer to note 5.

		Company 2013	Company 2012
Loan balances owing (to)/by	Subsidiaries	(51 738 914)	(31 997 910)
Sales of goods to – gross values	Subsidiaries	44 703 244	31 583 964
Interest paid to	Subsidiaries	(5 711 101)	(1 972 648)
Interest received from	Subsidiaries	525 864	648 844

The company has provided an unlimited omnibus securityship to Standard Bank of South Africa Limited in respect of funding provided by the bank to its subsidiaries.

Directors

Remuneration

Details relating to executive and non-executive directors' remuneration are disclosed in note 35.

Share options

Share options have been granted to certain executive directors of Afrimat Limited and employees of its subsidiaries. These are more fully disclosed in note 16.

Shareholding

Refer to the 'Analysis of shareholders' on page 96 for a list of shareholders with a beneficial interest of 5,0% or more in the company.

Associate

Details regarding the group's associate are set out in note 6. Transactions with the associate are entered into at the prevailing market rates.

33. Related parties *(continued)*

Treasury shares

The company acquired Nil (2012: Nil) of its own shares through purchases on the JSE Limited in the Afrimat Share Incentive Trust and 1 108 337 (2012: 995 664) in Afrimat Aggregates (Operations) (Pty) Limited. Refer to note 15 for further disclosure.

Other related parties

Retirement funds

The group provides retirement benefits for its permanent employees through various defined-contribution plans. The funds are registered under and governed by the Pension Funds Act, 1956, as amended. The latest valuation received from the fund administrators confirmed that the funds were in a sound financial position.

34. Earnings per share

	Group 2013	Group 2012
Number of shares in issue		
Total shares in issue	143 262 412	143 262 412
Treasury shares	(204 242)	(6 145 174)
Net shares in issue	143 058 170	137 117 238
Net shares in issue		
March	141 797 976	137 459 774
April	142 391 207	137 459 774
May	142 333 152	137 455 774
June	142 846 028	137 455 774
July	143 031 625	137 455 774
August	143 158 172	137 455 774
September	143 158 172	137 455 774
October	143 158 172	137 455 774
November	143 158 172	137 229 942
December	143 158 172	137 229 942
January	143 158 172	137 229 942
February	143 058 170	137 117 238
Weighted average number of net shares in issue	142 867 266	137 371 771
Adjusted for effect of future share-based compensation payments	3 880 639	3 212 176
Diluted weighted average number of shares	146 747 905	140 583 947
Profit attributable to ordinary shareholders (Rand)	103 035 685	90 249 978
Earnings per ordinary share (cents)	72,1	65,7
Diluted earnings per ordinary share (cents)	70,2	64,2

	2013		2012	
	Gross R	Net of tax R	Gross R	Net of tax R
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders	–	103 035 685	–	90 249 978
Loss/(profit) on disposal of property, plant and equipment	3 009 064	2 166 526	(5 280 386)	(4 314 134)
Profit on disposal of assets	(96 868)	(69 745)	–	–
Reclassification of profit on disposal of financial instruments	–	–	(245 173)	(212 660)
Impairment of goodwill	4 745 527	4 745 527	337 483	337 483
Headline earnings		109 887 993		86 060 667
Headline earnings per share ('HEPS') (cents)		76,9		62,6
Diluted HEPS		74,9		61,2

	Basic salary R	Incentive bonus R	Travel allowance R	Other allowances R	Pension R	Medical aid R	Total R
35. Directors' emoluments							
2013							
Paid by company							
Executive							
Andries J van Heerden	2 503 046	415 294	167 417	–	–	15 954	3 101 711
Hendrik P Verreynne	1 639 640	330 000	36 000	–	180 360	–	2 186 000
Gert J Coffee	1 295 100	136 425	310 420	–	–	9 900	1 751 845
	5 437 786	881 719	513 837	–	180 360	25 854	7 039 556
Non-executive	**Fees**						
Marthinus W von Wielligh	563 000	–	–	–	–	–	563 000
Francois du Toit	145 000	–	–	–	–	–	145 000
Loyiso Dotwana	248 000	–	–	–	–	–	248 000
Hendrik JE van Wyk	205 000	–	–	–	–	–	205 000
Laurie P Korsten	175 000	–	–	–	–	–	175 000
Phuti RE Tsukudu	183 000	–	–	–	–	–	183 000
	1 519 000	–	–	–	–	–	1 519 000
Total	6 956 786	881 719	513 837	–	180 360	25 854	8 558 556
2012							
Paid by company							
Executive							
Andries J van Heerden	2 328 874	793 750	162 630	–	–	15 126	3 300 380
Hendrik P Verreynne	1 409 009	384 000	36 863	–	154 991	–	1 984 863
Peter G Corbin (deceased on 12 August 2011)	144 010	–	94 956	21 484	–	17 364	277 814
Gert J Coffee	1 190 640	322 500	310 888	–	–	9 360	1 833 388
	5 072 533	1 500 250	605 337	21 484	154 991	41 850	7 396 445
Non-executive	**Fees**						
Marthinus W von Wielligh	540 200	–	–	–	–	–	540 200
Francois du Toit	112 000	–	–	–	–	–	112 000
Loyiso Dotwana	226 200	–	–	–	–	–	226 200
Hendrik JE van Wyk	222 000	–	–	–	–	–	222 000
Laurie P Korsten	167 000	–	–	–	–	–	167 000
Phuti RE Tsukudu	167 400	–	–	–	–	–	167 400
	1 434 800	–	–	–	–	–	1 434 800
Total	6 507 333	1 500 250	605 337	21 484	154 991	41 850	8 831 245

AFRIMAT®

36. Events after the reporting period

The group acquired 94 171 108 Infrasors shares, representing 50,7% of the issued share capital of Infrasors Holdings Limited ('Infrasors'), from Hanchurch Asset Managers and certain retiring management of Infrasors, with effect from 1 March 2013 for cash of R32 959 888 (35 cents per share), excluding settlement and brokerage fees of R143 114. The effect of the acquisition will only be reflected in the results for the financial year ending 28 February 2014.

	2013 R
Purchase consideration:	
– Cash paid (including settlement and brokerage fees)	33 103 002
– Direct cost relating to acquisition – charged in the statement of comprehensive income	328 878
Fair value of assets acquired as provisionally determined (see below)	32 261 438
Excess of cost over the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities	841 564
The fair value of assets and liabilities arising from the acquisition, provisionally determined, are as follows:	
Cash and cash equivalents	11 155 621
Property, plant and equipment	146 336 636
Investment property	3 040 000
Mineral rights	2 690 170
Held-to-maturity investments	11 676 167
Other financial assets	21 653 364
Deferred tax assets	556 103
Inventories	16 858 766
Trade and other receivables	38 592 788
Trade and other payables	(41 424 030)
Borrowings	(100 714 658)
Deferred tax liabilities	(18 752 431)
Rehabilitation provision	(26 747 203)
Non-controlling interest	(32 659 855)
Net assets acquired	32 261 438
Unaudited *pro forma* loss after tax assuming the business combination for full year	(302 719 451)
Unaudited *pro forma* revenue assuming the business combination for full year	290 003 182
Unaudited *pro forma* loss from operations assuming the business combination for the full year	(23 954 227)
Acquisition costs included in Afrimat's operating expenses for the year ending 28 February 2013	(328 878)

As a result of Afrimat's holding in Infrasors surpassing 35% of the issued ordinary share capital of Infrasors, Afrimat is required, in terms of section 123 of the Companies Act No. 71 of 2008, as amended, to extend an unconditional mandatory offer to the remaining Infrasors ordinary shareholders. As announced on 4 March 2013, an unconditional mandatory offer was made to the minority shareholders of Infrasors for Afrimat to purchase Infrasors shares held by them at 35 cents per ordinary share and a circular to this effect was posted to Infrasors shareholders on 22 April 2013. Subsequent to year-end, Afrimat restricted R32 000 000 in cash in favour of Standard Bank of South Africa Limited in order for Standard Bank to supply the necessary guarantee to the Takeover Regulation Panel to satisfy the full offer consideration.

A further announcement was made on 7 June 2013 extending the period of the unconditional mandatory offer and increasing the offer consideration to 65 cents per ordinary share in order to encourage Infrasors minority shareholders to accept the revised offer consideration and simplify the incorporation of Infrasors into the Afrimat stable. Afrimat restricted a further R28 million in cash in favour of Standard Bank of South Africa Limited in order for Standard Bank to supply the revised offer consideration (total cash restricted R60 million).

There were no other material events between the reporting date and the date of this report.

37. Financial risk management

The group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and borrowings.

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

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks when beneficial with prior approval from the board. The board provides guidance on overall risk management, as well as on written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

There has been no change in the group's objectives, policies and processes for managing its financial risks or the method to measure them.

(a) Market risk

(i) Foreign exchange risk

The group is not exposed to currency risks as the group executes its operating activities in its functional currency (ZAR or R).

At reporting date the group had no exposure to currency risks for unhedged payables denominated in foreign currencies (2012: RNil).

(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the statement of financial position as available-for-sale investments. The group is not exposed to commodity price risk.

The group's investments in equity securities are publicly traded on the JSE Limited. R12 301 382 of the available-for-sale investments of R13 742 148 comprise an investment in a guaranteed fund with no negative price risk and limited positive exposure.

As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Important risk variables are stock exchange prices or indices.

As all the group's equity investments are classified as available-for-sale investments, any change in market prices of investments will have no effect on the group's profits. Movements in market prices will be charged directly to equity.

(iii) Interest rate risk

The group's interest rate risk arises from cash and cash equivalents and borrowings as set out in notes 12 and 18. Cash and cash equivalents invested and borrowings obtained at variable interest rates expose the group to cash flow interest rate risk. Financial instruments obtained at fixed rates expose the group to fair value interest rate risk.

The group's policy is to invest cash and cash equivalents and to obtain borrowings at variable interest rates and not to make use of any interest rate derivatives,which expose the group to cash flow interest rate risk in South Africa.

Sensitivity analysis

Interest rate risks are presented by way of sensitivity analyses 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.

The group measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on the profit after tax-based on the group's exposure at 28 February. The group regards a 200 basis points (2012: 200 basis points) change in the Reserve Bank repo rate as being reasonably possible at the reporting dates.

	Movement in basis points	Effect on profit after tax R
37. Financial risk management *(continued)*		
(a) Market risk *(continued)*		
(iii) Interest rate risk (continued)		
2013		
Cash and cash equivalents	+200	1 933 366
	-200	(1 933 366)
Borrowings	+200	(1 737 854)
	-200	1 737 854
Bank overdraft	+200	(707 310)
	-200	707 310
2012		
Cash and cash equivalents	+200	1 908 818
	-200	(1 908 818)
Borrowings	+200	(1 174 888)
	-200	1 174 888
Bank overdraft	+200	(261 310)
	-200	261 310

(b) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Potential concentrations of credit risk consist principally of trade receivables and short-term cash deposits.

(i) Trade receivables

Trade receivables are disclosed net of provision for impairment. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings. The utilisation of credit limits and adherence to payment terms are regularly monitored. Credit risk is limited due to the large number of customers comprising the group's customer base and their dispersion across geographical areas, accordingly the group has limited concentrations of credit risk. Provision for impairment is considered adequate as most of the balance relates to customers that have a good track record with the company and limited bad debt write-offs have been experienced in the past.

The group manages the ageing of trade receivables on a contractual basis. The ageing of trade receivables at 28 February was:

Contractual	2013	2012
Current or past due less than 30 days	83,1%	69,8%
Between 30 and 60 days	11,2%	17,1%
Between 60 and 90 days	2,6%	4,0%
More than 90 days	3,1%	9,1%
Total	**100,0%**	100,0%

The group's concentration of credit risk is limited to South Africa and Namibia.

(ii) Cash and cash equivalents

The group invests surplus cash with F1+ and approved F1 national short-term rated financial institutions.

(iii) Financial guarantees

Credit risk arises in relation to financial guarantees given to certain parties.

Guarantees in respect of environmental rehabilitation costs payable only when the group is in default were supplied by Standard Bank of South Africa Limited and FirstRand Bank Limited to the Department of Mineral Resources as well as performance guarantees to Eskom.

(c) **Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group monitors its cash flow requirements through monthly cash forecasts which includes the servicing of financial obligations, but excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

37. Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The following table details the group's undiscounted contractual maturities for its financial liabilities:

	Carrying values R	Total cash flows R	Less than 1 year R	Between 1 and 5 years R	Over 5 years R
Group					
At 28 February 2013					
Medium-term loans	**42 604 803**	**46 446 897**	**19 784 371**	**26 662 526**	**–**
Instalment purchase agreements	**78 079 502**	**83 617 976**	**48 264 913**	**35 353 063**	**–**
Trade and other payables	**143 580 316**	**143 580 316**	**143 580 316**	**–**	**–**
Bank overdraft	**49 118 762**	**49 118 762**	**49 118 762**	**–**	**–**
	313 383 383	**322 763 951**	**260 748 362**	**62 015 589**	**–**
At 29 February 2012					
Instalment purchase agreements	81 589 470	89 802 952	41 701 697	48 101 255	–
Trade and other payables	113 515 152	113 515 152	113 515 152	–	–
Bank overdraft	18 146 542	18 146 542	18 146 542	–	–
	213 251 164	221 464 646	173 363 391	48 101 255	–
Company					
At 28 February 2013					
Medium-term loans	**42 180 222**	**46 022 316**	**19 359 790**	**26 662 526**	**–**
Loans from subsidiaries	**62 352 185**	**62 352 185**	**62 352 185**	**–**	**–**
Trade and other payables	**6 359 370**	**6 359 370**	**6 359 370**	**–**	**–**
Exposure to omnibus securityship	**49 118 762**	**49 118 762**	**49 118 762**	**–**	**–**
	160 010 539	**163 852 633**	**137 190 107**	**26 662 526**	**–**
At 29 February 2012					
Loans from subsidiaries	42 188 893	42 188 893	42 188 893	–	–
Trade and other payables	6 315 465	6 315 465	6 315 465	–	–
Exposure to omnibus securityship	18 146 542	18 146 542	18 146 542		
	66 650 900	66 650 900	66 650 900	–	–

(d) Capital risk management

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

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

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

The group's strategy is to maintain the net debt:equity ratio to below 25%. The net debt:equity ratios at 28 February were as follows:

	2013 R	2012 R	**2013** R	2012 R
Total borrowings	**120 684 305**	81 589 470	**42 180 222**	–
Less: Cash and cash equivalents	**(85 142 799)**	(114 410 298)	**(44 184 004)**	(23 487 969)
Net debt	**35 541 506**	(32 820 828)	**(2 003 782)**	(23 487 969)
Total equity	**761 852 233**	671 906 281	**601 489 743**	465 122 691
Total capital	**797 393 739**	639 085 453	**599 485 961**	441 634 722
Net debt:equity ratio (%)	**4,7**	(4,9)	**(0,3)**	(5,0)

37. Financial risk management *(continued)*

(e) Fair value estimation

The determination of the fair value of financial instruments measured as such in the statement of financial position is made using the fair value measurement hierarchy. The fair value hierarchy is identified in levels as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	Level 1 R	Level 2 R	Level 3 R	Total balance R
Group				
At 28 February 2013				
Assets				
Available-for-sale financial assets				
– Equity securities	83 440	–	–	83 440
– Environmental funds	–	13 658 708	–	13 658 708
Total assets	83 440	13 658 708	–	13 742 148
Group				
At 29 February 2012				
Assets				
Available-for-sale financial assets				
– Equity securities	48 440	–	–	48 440
– Environmental funds	–	13 243 251	–	13 243 251
Total assets	48 440	13 243 251	–	13 291 691

The group has no financial liabilities that are measured at fair value. The company has no financial assets or liabilities that are measured at fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as available-for-sale.

Environmental funds consist of available-for-sale equity investments, where the fair value is indirectly derived from prices quoted in level 1, and therefore included in level 2.

Segmental **report**

for the year ended 28 February 2013

	Mining & Aggregates*			Concrete Products		
	Change	2013 R	2012 R	Change	2013 R	2012 R
Segmental revenue		**914 209 055**	746 396 039		**296 717 668**	122 101 335
Intersegmental		**(67 821 466)**	(41 886 308)		**(10 723 636)**	(5 989 582)
Revenue from external customers	20,1%	**846 387 589**	704 509 731	146,3%	**285 994 032**	116 111 753
Contribution from operations	11,1%	**117 480 395**	105 760 474	107,6%	**27 294 857**	13 145 048
Contribution margin on external revenue (%)		**13,9%**	15,0%		**9,5%**	11,3%
Operating profit	6,1%	**117 577 263**	110 808 958	97,0%	**27 294 857**	13 851 964
Assets	13,1%	**615 210 850**	543 749 911	83,0%	**126 328 809**	69 026 087
Liabilities	3,1%	**168 720 448**	163 690 279	146,4%	**33 033 386**	13 405 969
Depreciation and amortisation		**47 162 958**	36 910 001		**6 004 703**	3 049 169
Capital expenditure (excluding acquisitions through business combinations)		**58 930 237**	56 284 530		**16 642 001**	13 388 331

* *Industrial Minerals, Contracting Services and Aggregates have been combined into a single operating segment, as the segments have similar economic characteristics and are similar in respect of the nature of the production processes and nature of the regulatory environment.*

	2013 R	2012 R
**** Unsegmental assets**		
Unsegmental assets consist of the following unallocated assets:		
Goodwill	**132 706 771**	101 194 917
Other financial assets	**115 397 881**	83 601 597
Deferred tax	**3 008 993**	5 405 963
Current tax receivable	**5 220 020**	3 133 310
Cash and cash equivalents	**134 261 561**	132 556 840
Other assets	**7 480 101**	7 590 047
	398 075 327	333 482 674
**** Unsegmental liabilities**		
Unsegmental liabilities consist of the following unallocated liabilities:		
Provisions	**33 724 698**	31 260 099
Deferred tax	**80 610 005**	70 354 411
Current tax payable	**3 288 967**	10 068 738
Bank overdraft	**49 118 762**	18 146 542
Other liabilities	**6 947 468**	6 270 272
Borrowings	**42 180 222**	–
	215 870 122	136 100 062

Readymix			Unsegmental and eliminations**			Total		
Change	2013 R	2012 R	Change	2013 R	2012 R	Change	2013 R	2012 R
	205 501 538	176 572 871		**–**	–		**1 416 428 261**	1 045 070 245
	(298 593)	(1 056 885)		**–**	–		**(78 843 695)**	(48 932 775)
16,9%	**205 202 945**	175 515 986	–	**–**	–	34,3%	**1 337 584 566**	996 137 470
22,2%	**9 995 707**	8 181 860	19,6%	**(2 288 713)**	(2 846 145)	22,7%	**152 482 246**	124 241 237
	4,9%	4,7%					**11,4%**	12,5%
15,5%	**9 995 707**	8 653 138	121,0%	**(7 034 240)**	(3 183 628)	13,6%	**147 833 587**	130 130 432
13,9%	**61 648 460**	54 118 761	19,4%	**398 075 327**	333 482 674	20,1%	**1 201 263 446**	1 000 377 433
42,6%	**21 787 257**	15 274 842	58,6%	**215 870 122**	136 100 062	33,8%	**439 411 213**	328 471 152
	3 286 619	5 108 558		**1 432 927**	1 327 191		**57 887 207**	46 394 919
	5 508 385	786 532		**1 853 830**	1 472 850		**82 934 453**	71 932 243

Analysis
of shareholders

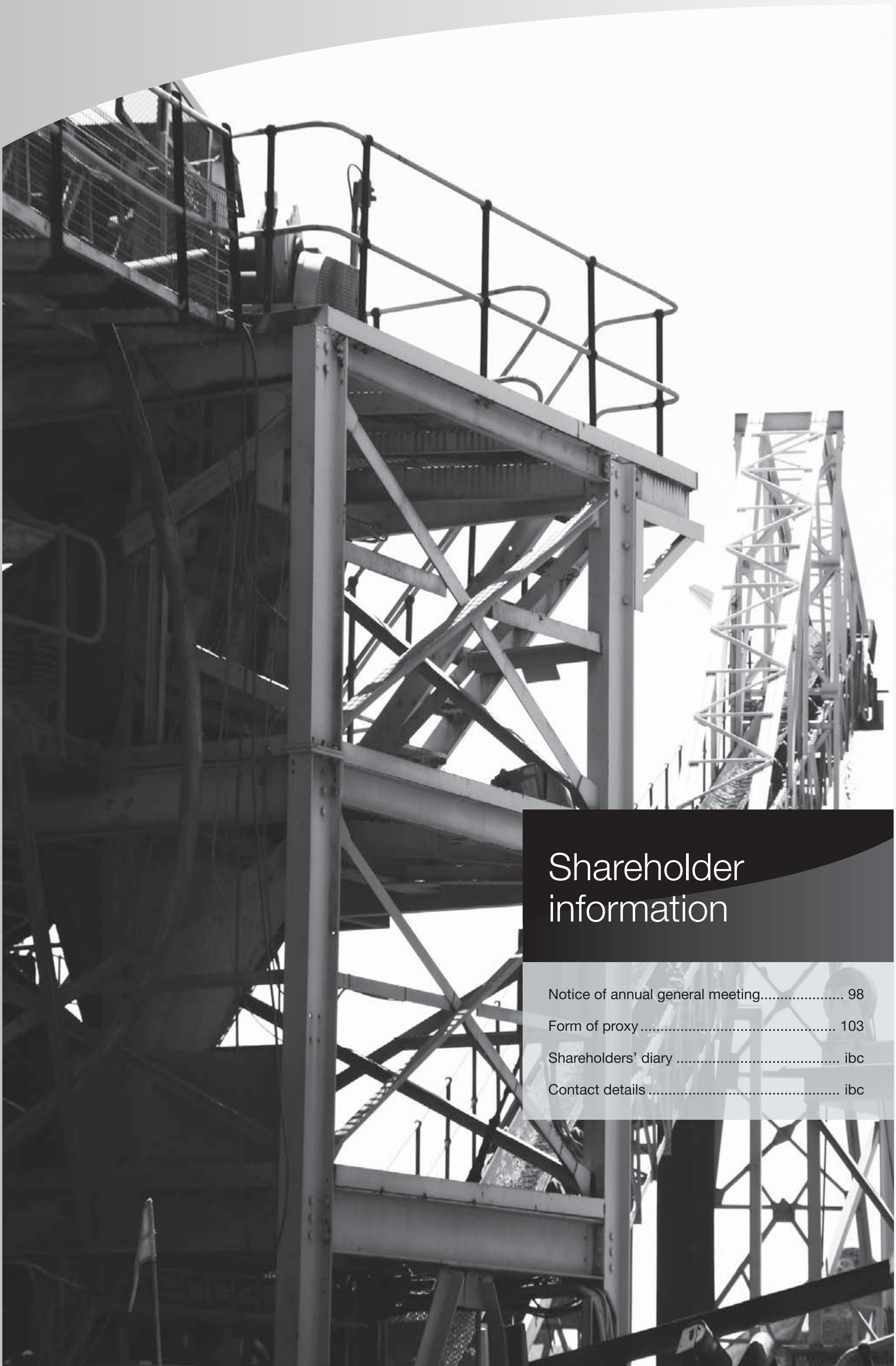
as at 28 February 2013

	Number of shareholders	%	Number of shares	%
Shareholding				
1 – 1 000 shares	1 044	39,6	513 598	0,4
1 001 – 10 000 shares	1 185	45,0	4 706 495	3,3
10 001 – 100 000 shares	306	11,6	8 925 393	6,2
100 001 – 1 000 000 shares	75	2,9	23 417 287	16,3
1 000 000 shares and over	24	0,9	105 699 639	73,8
	2 634	100,0	143 262 412	100,0
Analysis of holdings				
Non-public shareholding				
Directors	8	0,4	35 377 777	24,7
Treasury shares – Afrimat Share Incentive Trust	1	–	101 784	0,1
– Afrimat Aggregates Operations (Pty) Limited	1	–	102 458	0,1
Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust	1	–	30 442 575	21,2
	11	0,4	66 024 594	46,1
Public shareholding	2 623	99,6	77 237 818	53,9
	2 634	100,0	143 262 412	100,0

Major, founder and BEE shareholders

	Number of shares	%	Number of BEE shares	%
Francois du Toit	19 408 502	13,6	–	–
Mega Oils (Pty) Limited	6 239 529	4,4	6 239 529	4,4
Korum Trust (TCB Jordaan)	9 910 000	6,9	–	–
Andries J Van Heerden	4 975 026	3,5	–	–
Maryke E van Heerden	1 198 543	0,8	–	–
Laurie P Korsten (indirect)	6 450 000	4,5	–	–
Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust	30 442 575	21,2	30 442 575	21,2
Jan HM Korsten	1 226 907	0,9	–	–
Joe Kalo Investments (Pty) Limited	738 234	0,5	738 234	0,5
	80 589 316	56,3	37 420 338	26,1
Other	62 673 096	43,7	–	–
	143 262 412	100,0	37 420 338	26,1

Directors, management and employees hold 54% of the issued shares.



Shareholder information

Notice of
annual general meeting

Afrimat Limited
(Registration number 2006/022534/06)
Share code: AFT
ISIN: ZAE000086302
('Afrimat' or 'the company')

Notice is hereby given that the annual general meeting of Afrimat will be held at The Cedar Conference Room, Poplars Restaurant, Racecourse Road, Durbanville, on Wednesday, 31 July 2013 at 14:00 for the purposes of:

- considering and adopting the annual financial statements of the company for the year ended 28 February 2013;
- re-electing directors;
- re-electing the Audit & Risk Committee members;
- appointing auditors;
- considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below; and
- transacting any other business as may be transacted at an annual general meeting.

For purposes of the holding of the general and annual general meetings, the Companies Act No. 71 of 2008, as amended, requires that a record date be determined by the directors to establish those shareholders of the company that are entitled to attend and to vote at the relevant general or annual general meeting.

Accordingly, for purposes of the annual general meeting of the company, the **record date** is hereby set at close of business on **Friday, 26 July 2013** with the **last day** to trade in the shares of the company on the JSE Limited being **Friday, 19 July 2013**.

Special resolutions

Special resolution 1: General authority to repurchase company shares

'Resolved that the company and/or its subsidiaries be and is hereby authorised, by way of general authority, to acquire ordinary shares issued by the company, in terms of section 16 of the company's memorandum of incorporation and in terms of the Listings Requirements of the JSE Limited ('JSE'), being that:

- any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
- any such acquisition is authorised by the company's memorandum of incorporation;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of the passing of this special resolution;
- an announcement will be published on SENS as soon as the company has acquired ordinary shares since the previous annual general meeting constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details of such repurchases;
- acquisitions in the aggregate in any one financial year may not exceed 10% (ten percent) of the company's ordinary issued shares nor may acquisitions in the aggregate, from the date of passing of this special resolution, exceed 10% (ten percent) of the company's ordinary issued shares at the date of passing of this special resolution;
- in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the volume weighted average price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of repurchase of such ordinary shares by the company;
- at any point in time, the company will only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company will satisfy the solvency and liquidity test immediately after any repurchase; and
- the company or its subsidiaries will not repurchase securities during a prohibited period in accordance with the JSE Listings Requirements.'

Reason and effect of special resolution number 1

The reason for the special resolution number 1 is to grant the company a general authority in terms of its memorandum of incorporation for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond fifteen (15) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- directors and management – see pages 22 and 23 of the integrated annual report;
- major beneficial shareholders – see page 96 of the integrated annual report;
- directors' interests in ordinary shares – see page 49 of the integrated annual report; and
- share capital of the company – see page 48 of the integrated annual report.

Litigation statement

The directors, whose names appear under board of directors on pages 22 and 23 of the integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve (12) months, a material effect of the financial position of the company or its subsidiaries.

Directors' responsibility statement

The directors, whose names appear under the board of directors on pages 22 and 23 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all necessary information.

Material changes

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

Statement by the board of directors of the company

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

(a) the intention of the directors of the company is to utilise the general authority to repurchase ordinary shares in the company if, at some future date, the cash resources of the company are in excess of its requirements or there are other good reasons for doing so. In this regard, the directors will take account of, *inter alia*, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company; and

(b) in determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:

- the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next twelve (12) months after the date of notice of this annual general meeting;
- the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next twelve (12) months after the date of this notice of the annual general meeting;
- the issued stated capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next twelve (12) months after the date of notice of this annual general meeting; and
- the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next twelve (12) months after the date of this notice of annual general meeting.

Special resolution 2: Future non-executive directors' remuneration

'Resolved that the company be and is hereby authorised, by way of general authority, to make the following fixed annual fee payments to non-executive directors with effect from 1 March 2013:

Chairman of the board	R467 000
Non-executive director	R130 000
Audit & Risk Committee Chairman	R86 000
Audit & Risk Committee member	R54 000
Remuneration and Nominations Committee Chairman	R46 000
Remuneration and Nominations Committee member	R30 000
Social & Ethics and Sustainability Committee Chairman	R46 000
Social & Ethics and Sustainability Committee member	R30 000

As well as a daily rate of R10 000 for non-executive directors utilised on extraordinary duties.'

Special resolution 3: Provision of financial assistance to related or inter-related companies and others

'Resolved that in terms of and subject to the provisions of section 45 of the Companies Act, the shareholders of the company hereby approve, as a general authority (subject to the requirements of the company's memorandum of incorporation and the Companies Act from time to time) and subject to compliance with section 45 of the Companies Act at any time and from time to time, the provision by the company of any direct or indirect financial assistance as contemplated in Section 45 of the Companies Act, to a related or inter-related company, or to any one (1) or more related or inter-related companies on such terms and conditions as the board of directors of the company, or any one (1) or more persons authorised by the board of directors of the company from time to time for such purpose, may deem fit, in the form, nature and extent, and for the amounts that the board of directors of the company, or any one (1) or more persons authorised by the board of directors of the company from time to time for such purpose, may determine from time to time. To the extent which the Companies Act requires any other approval by the shareholders of the company pursuant to the provision of financial assistance, such approval is hereby granted. This general authority will be valid up to and including the day before the second anniversary of this special resolution being adopted or until superseded by another special resolution, whichever period is shorter.'

Financial assistance

'Financial assistance' will have the meaning attributed to it in section 45(1) of the Companies Act; and 'related' and 'inter-related' will have the meanings so attributed in section 2 of the Companies Act. The reason for this special resolution is to obtain shareholder approval for financial assistance, when the need arises, to any related or inter-related companies in accordance with section 45 of the Companies Act. This special resolution will allow the company to continue to operate as it has in the past, providing financial assistance to companies within the Afrimat group, on the basis of certain day-to-day operational decisions where the company previously was not required to obtain shareholders' approval or consent. The passing of this special resolution will have the effect of the company having the necessary authority to provide financial assistance to related or inter-related companies contemplated in this special resolution as and when required to do so and to confer the necessary authority on the board of directors of the company to authorise financial assistance to any one (1) or more related or inter-related companies, generally as the board of directors of the company may deem fit, on the terms and conditions, and for the amounts that the board of directors of the company may determine from time to time. The granting of the general authority would obviate the need to refer each instance of provision of financial assistance for shareholder approval in the circumstances contemplated in this special resolution. This general authority would assist the company with, *inter alia*, making financial assistance available as inter-company loans to subsidiaries of the company, or inter-related companies, as well as granting letters of support and guarantees in appropriate circumstances. This would avoid undue delays and attendant adverse financial impact on subsidiaries, or related or inter-related companies, as it would facilitate the expeditious conclusion of negotiations. If this special resolution is approved by the shareholders of the company, thereby conferring general authority on the board of directors of the company to authorise financial assistance as contemplated above, then the board of directors of the company shall not adopt any resolution to authorise such financial assistance as contemplated in this special resolution unless the board of directors of the company:

- is satisfied that immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act;
- is satisfied that the terms under which such financial assistance is proposed to be given are fair and reasonable to the company as contemplated in section 45(3)(b)(ii) of the Companies Act; and
- has ensured that, to the extent which may be applicable, any conditions or restrictions in respect of the granting of financial assistance set out in the company's memorandum of incorporation have been satisfied as contemplated in section 45(4) of the Companies Act.

Ordinary resolutions

Ordinary resolution 1: Adoption of annual financial statements

'Resolved that the annual financial statements of the company for the year ended 28 February 2013 be and are hereby received and adopted.'

Ordinary resolution 2: Issue of shares or other equity securities for cash

'Resolved that the directors be authorised pursuant *inter alia* to the company's memorandum of incorporation, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company provided that it shall not extend beyond 15 months, to allot and issue any equity securities (which shall include for the purpose of this ordinary resolution 2, the grant or issue of options or convertible securities that are convertible into an existing class of equity securities) for cash subject to the Listings Requirements of the JSE Limited ('JSE') on the following bases:

(a) the allotment and issue of the equity securities must be made to persons qualifying as public shareholders as defined in the JSE Listings Requirements and not to related parties;

(b) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

(c) the number of equity securities issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen percent) of the company's issued ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;

(d) the maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those equity securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company;

(e) after the company has issued equity securities for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of equity securities in issue prior to that issue, the company shall publish on SENS an announcement containing full details of the issue (including the number of equity securities issued, the average discount to the weighted average traded price of the equity securities over the 30 business days prior to the date that the price of the issue is determined or agreed to by the directors and the effect of the issue on net asset value and earnings per share), or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time.'

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In terms of the JSE Listings Requirements a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution number 2 for it to be approved.

Ordinary resolution 3: Unissued ordinary shares

'Resolved that all the authorised but unissued ordinary shares of the company, be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised to allot, issue and otherwise to dispose of all or any of such shares at their discretion, in terms of and subject to the provisions of the Companies Act No. 71 of 2008, as amended, and the Listings Requirements of the JSE Limited and subject to the *proviso* that the aggregate number of ordinary shares which may be allotted and issued in terms of this ordinary resolution number 3, shall be limited to 10% (ten percent) of the number of ordinary shares in issue from time to time.'

A majority of the votes cast by all shareholders present, or represented by proxy at the annual general meeting, will be required to approve this resolution.

Ordinary resolution 4: Amendment of the Amended and Restated Trust Deed of the Afrimat BEE Trust

'Resolved that the Trust Deed is amended as contemplated in the agreement headed *"First Addendum to the Amended and Restated Trust Deed of the Afrimat BEE Trust"* entered into or to be entered into between the trustees Pieter L du Toit and Johannes M Kalo and the company.'

The reason for ordinary resolution 4 is to make various strategic amendments to the 'Amendment and Restated Trust Deed to the Afrimat BEE Trust', entered into between the trustees Pieter L du Toit and Johannes M Kalo and the company on or about 24 February 2010 ('Trust Deed'), in order to, *inter alia*, enable the non-executive directors of the company to participate in certain of the schemes established in terms of the Trust Deed.

A copy of the Trust Deed, as well as the above mentioned addendum thereto, is available on request from the company secretary or is available for inspection at the company's registered office from the date of this notice until 31 July 2013, being the date of the company's upcoming annual general meeting.

In terms of the JSE Listings Requirements a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution number 4 for it to be approved.

Ordinary resolution 5: Re-election of director

'Resolved that Laurie P Korsten be re-elected as a director of the company.'

A brief *curriculum vitae* in respect of Laurie P Korsten is set out on page 23 of the integrated annual report of which this notice forms part.

Ordinary resolution 6: Re-election of director

'Resolved that Phuti RE Tsukudu be re-elected as a director of the company.'

A brief *curriculum vitae* in respect of Phuti RE Tsukudu is set out on page 23 of the integrated annual report of which this notice forms part.

Ordinary resolution 7: Re-election of Audit & Risk Committee members

'Resolved that the following directors be re-elected as members of the Audit & Risk Committee of the company:
Loyiso Dotwana (non-executive director);
Laurie P Korsten (non-executive director);
Hendrik JE van Wyk (independent non-executive director) (Chairman); and
Marthinus W von Wielligh (independent non-executive director and Chairman of the board).'

Ordinary resolution 8: appointment of auditors

'Resolved that the directors be and are hereby authorised to reappoint the auditors, Mazars and Conrad Burger as the individual registered auditor, for the ensuing financial year and are authorised to fix the remuneration of the auditors.'

Ordinary resolution 9: remuneration policy

'Resolved that the company's remuneration policy be approved as a non-binding advisory vote.'

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution. (See Remuneration Policy on the company's website www.afrimat.co.za).

Ordinary resolution 10: signature of documentation

'Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions numbers 1 to 9 and special resolutions number 1 to 3 which are passed by the shareholders.'

Voting and proxies

A shareholder of the company entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Dematerialised shareholders who have elected own-name registration in the sub-register through a Central Securities Depository Participant ('CSDP') and who are unable to attend but wish to vote at the annual general meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

Shareholders who have dematerialised their shares through a CSDP or broker rather than through own-name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders are unable to attend, but wish to vote at the annual general meeting, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address below, to be received by no later than 48 hours prior to the meeting. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should the member subsequently decide to do so.

By order of the board

Pieter GS de Wit
Company secretary

18 June 2013

Registered office
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley
7530
(PO Box 5278, Tyger Valley, 7536)
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174

Transfer secretaries
Computershare Investor Services (Pty) Limited
(Registration number 2004/00364/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 5200

Form of **proxy**

AFRIMAT

Afrimat Limited
(Registration number 2006/022534/06)
('Afrimat Limited' or 'the company')
Share code: AFT
ISIN: ZAE000086302

For use at the annual general meeting of the company to be held at The Cedar Conference Room, Poplars Restaurant, Racecourse Road, Durbanville, on Wednesday, 31 July 2013 at 14:00 and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares ('certified shareholder') and/or dematerialised ordinary shares held through a Central Securities Depository Participant ('CSDP') or broker who have selected own-name registration ('own-name dematerialised shareholders'). Additional forms of proxy are available from the transfer secretaries of the company.

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (Full name in block letters)

of (Address)

being a member/members of Afrimat Limited and holding ordinary shares in the company hereby appoint

1. of or failing him/her

2. of or failing him/her

3. the Chairman of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the Afrimat Limited ordinary shares registered in my/our name(s), in accordance with the following instructions:

	For*	Against*	Abstain*
Special resolutions			
1. To give directors general authority to repurchase company shares			
2. To give the company general authority to pay fixed fee annual payments to non-executive directors			
3. To give the company general authority to provide financial assistance to related or inter-related companies and others			
Ordinary resolutions			
1. To adopt the 2013 annual financial statements			
2. To issue unissued shares for cash			
3. To place unissued shares under directors' control			
4. To approve the first addendum to the Amended and Restated Trust Deed of the Afrimat BEE Trust			
5. To re-elect Laurie P Korsten as a director of the company			
6. To re-elect Phuti RE Tsukudu as a director of the company			
7. To re-elect the Audit & Risk Committee members of the company			
8. To authorise the directors to reappoint the auditors together with Conrad Burger as the individual registered auditor and to fix their remuneration			
9. To approve the remuneration policy as a non-binding advisory vote			
10. To authorise the directors or the company secretary to sign documentation			

* *Please indicate with an 'X' in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/ she thinks fit.*

Signed at (place) on date 2013

Member's signature assisted by (if applicable)

Please read the notes on the reverse

Notes to
form of proxy

1. This form proxy is to be completed only by those members who are:
   a. holding shares in a certificated form; or
   b. recorded in the sub-register in electronic form in their 'own-name'.
2. Members who have dematerialised their shares, other than 'own-name' dematerialised shareholders, and who wish to attend the annual general meeting must contact their Central Securities Depository Participant ('CSDP') or broker who will furnish them with the necessary authority to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting 'the Chairman of the annual general meeting'. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the Chairman of the annual general meeting, if the Chairman is the authorised proxy, to vote in favour of the ordinary resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the Chairman of the annual general meeting.
8. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
13. Forms of proxy must be lodged with the transfer secretaries at the address given below by no later than 48 hours prior to the meeting:

    Computershare Investor Services (Pty) Limited
    Ground Floor
    70 Marshall Street
    Johannesburg, 2001
    PO Box 61051, Marshalltown, 2107
    Telephone: +27 11 370 5000
    Facsimile: +27 11 688 5200

Shareholders' **diary**

Financial year-end	28 February 2013
Announcement of annual results	9 May 2013
Annual general meeting	31 July 2013
Annual report posted	July 2013
Announcement of interim results	November 2013

Contact **details**

Registered office
Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174
Email: info@afrimat.co.za
Website: www.afrimat.co.za

Company secretary
Pieter GS de Wit
Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)
Email: pieter.dewit@afrimat.co.za
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174

Attorneys
Webber Wentzel
10 Fricker Road
Illovo, 2196
(PO Box 61771, Marshalltown, 2107)
Telephone: +27 11 530 5000
Facsimile: + 27 11 530 5111

Transfer secretaries
Computershare Investor Services (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 5200

Sponsor
Bridge Capital Advisors (Pty) Limited
2nd Floor, 27 Fricker Road, Illovo, 2196
(PO Box 651010, Benmore, 2010)
Telephone: +27 11 268 6231
Facsimile: +27 11 268 6538

Auditors
Mazars
Mazars House, Rialto Road, Grand Moorings Precinct
Century City, 7441
(PO Box 134, Century City, 7446)
Telephone: +27 21 818 5000
Facsimile: +27 21 818 5001

Commercial bankers
The Standard Bank of South Africa Limited
Corporate and Investment Banking
20th Floor, Main Tower, Standard Bank Centre
Heerengracht, Cape Town, 8001
(PO Box 40, Cape Town, 8000)
Telephone: +27 11 401 2574
Facsimile: +27 11 401 2550

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Afrimat Limited

Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue
and Old Oak Road, Tyger Valley
(PO Box 5278, Tyger Valley, 7536)

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Website: www.afrimat.co.za