Afrimat Integrated Annual Report 2012

AFRIMAT®
LIMITED

Integrated Annual Report 2012

Contents

AFRIMAT®

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

Definitions

"ASPASA"	Aggregate and Sand Producers Association of South Africa
"B-BBEE"	Broad-based Black Economic Empowerment
"board"	Board of directors of Afrimat Limited
"CSDP"	Central Securities Depository Participant
"CEO"	Chief Executive Officer
"Clinker Group"	"SA Block (Pty) Limited and its 100% owned subsidiary Clinker Supplies (Pty) Limited (jointly referred to as the "Clinker Group"), 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 associated companies
"HDI"	Historically Disadvantaged Individual
"HEPS"	Headline earnings per ordinary share
"IFRS"	International Financial Reporting Standards
"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"	Year ended 28 February 2011
"SABS"	South African Bureau of Standards
"SENS"	Stock Exchange News Service
"SARMA"	South African Readymix Association
"SHE"	Safety, health and environment
"Social & Ethics and Sustainability Committee"	Former Sustainability Committee
"year" or "year under review" or "FY2012"	Year ended 29 February 2012

About this report

Scope

Afrimat is a leading black empowered open pit mining group, providing construction materials and industrial minerals. This integrated report provides an overview of both the South African and foreign operations of the group for the financial year ended 29 February 2012.

The group operates through three core business units:

- Mining & Aggregates
  - Aggregates
  - Industrial minerals
  - Contracting services
- Concrete Products
- Readymix

There have been no significant changes from last year's report in terms of the scope and boundary of this report, nor in the measurement methods applied.

Corporate information

The group's executive directors are Andries van Heerden (CEO), Hendrik Verreynne (FD) and Gert Coffee and they can be contacted at the registered office of the company.

Company information:
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 Afrimat Limited Integrated Annual Report 2012 is available in hard copy, on request, from the company secretary and is also posted on the group's website: www.afrimat.co.za.

The company's contact details are disclosed on the inside back cover of this report.

Basis of preparation

In line with the requirements of King III this integrated annual report provides a consolidated review of the group's financial, social, economic and environmental performance for the year 1 March 2011 to 29 February 2012. 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 articulates the group's commitment to the overall business performance which furthers social sustainability
- Brand architecture which aligns fundamental culture and sustainability
- Deepening management resources in health, safety, environment, transformation and risk, aiding economic, social and environmental sustainability

The annual financial statements have been prepared in accordance with IFRS, the requirements of the Companies Act, 71 of 2008, 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. In respect of those which have not been applied, explanation is offered where any non-adherence has occurred.

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.

Forward-looking statements

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 29 February 2012. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its 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 this integrated annual report.

This integrated annual report has been reviewed by the Audit & Risk Committee, the board, 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

In FY2012 Afrimat delivered solid growth, capitalising on more favourable economic conditions and product diversification.

Performance highlights

Revenue up **16,6%** to **R996,1 million**

Profit after tax up **18,4%**

HEPS up **17,0%** to **62,6** cents per share

Net cash from operating activities up **12,1%**

Net debt : equity ratio < **0%**

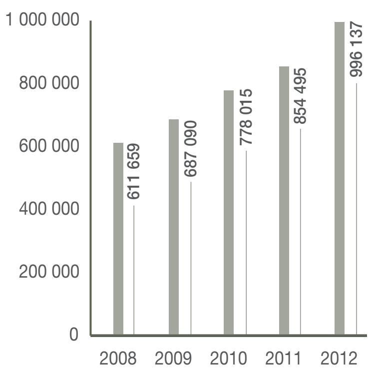
Total dividend up **11,8%** to **19,0** cents per share

Net asset value **R4,69** per share

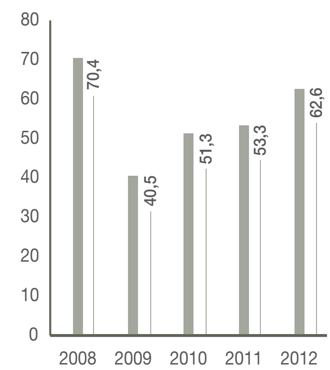
Solid performance from all segments

AFRIMAT®

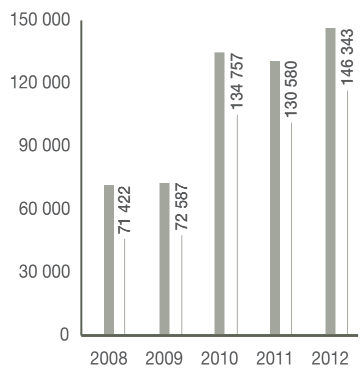
Revenue (R'000)



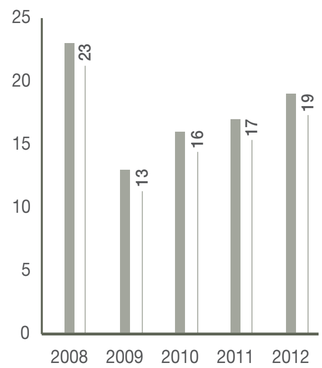
HEPS (cents)



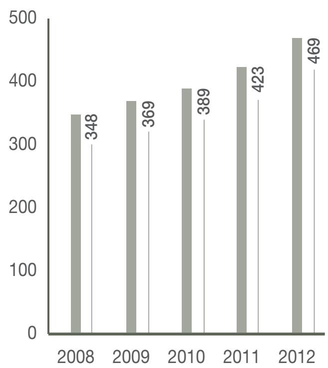
Net cash from operating activities (R'000)



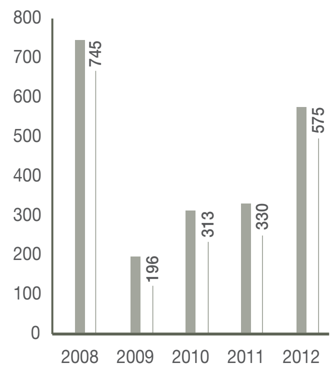
Dividends (cents per share)



Net asset value per share (cents)



Share price at year-end (cents per share)



Afrimat is a leading black empowered open pit mining company, providing construction materials and services as well as industrial minerals for a range of applications in various industry sectors. Its core subsidiaries have been successfully operating for more than 45 years.

The group supplies a broad range of products and services including aggregates, industrial minerals (dolomite and agricultural lime), concrete products (bricks, blocks and pavers) and readymix. The acquisition post year-end of the Clinker Group, South Africa's leading supplier of clinker (used in concrete products), has further advanced Afrimat's product diversification.

In addition Afrimat has established a strong foothold in contracting services comprising mobile crushing, screening, drilling and blasting, which offer mobility beyond fixed areas of operation. Afrimat's flexibility extends further to project scale, with the group servicing major infrastructure and construction projects for public sector and government enterprises through to small private sector contracts.

Afrimat has a workforce of 1 605 employees and boasts a consistently low staff turnover which has resulted in a deep skills pool. Real transformation, starting with staff and management and extending to community upliftment, is integral to the group's sustainable business strategy. In addition environmental conservation is a strategic and operational imperative.

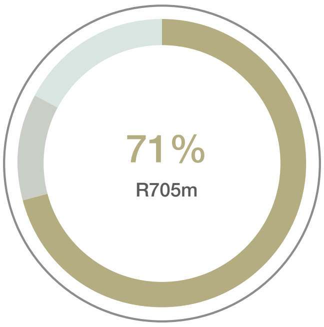
The group's head office is situated in Cape Town with operations extending across South Africa and into Namibia.

Mining & Aggregates

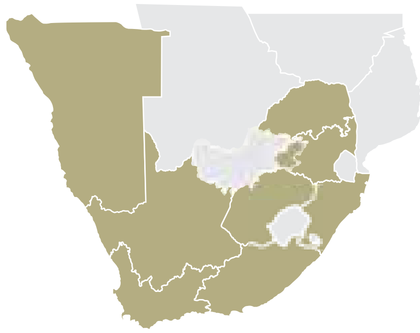
- Commercial quarries
- Sand and gravel mines
- Dolomite mine
- Contracting services – consisting of mobile crushing and drilling & blasting

Full review of operation on page 20.

Contribution to revenue



Area of operation

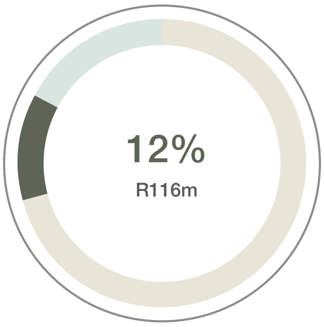


Concrete Products

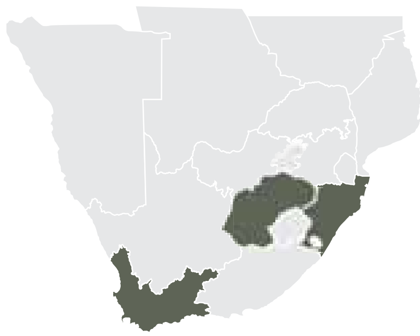
- Concrete brick/block factories

Full review of operation on page 21.

Contribution to revenue



Area of operation

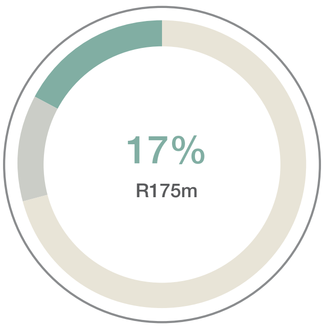


Readymix

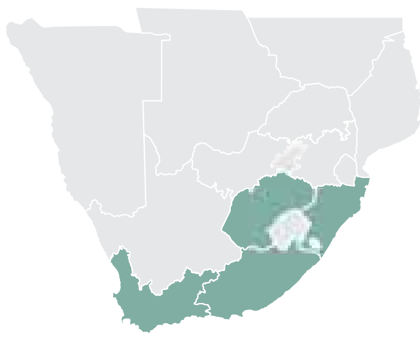
- Fixed and mobile concrete batching plants

Full review of operation on page 21.

Contribution to revenue



Area of operation



Five year review

	2012 R	Restated 2011 R	Restated 2010 R	2009 R	2008 R
Financial results and status					
Revenue	996 137 470	854 495 775	778 015 852	687 090 781	611 659 677
Operating profit	130 130 432	109 597 858	108 923 749	95 047 731	137 116 980
Profit after tax	90 917 042	76 762 649	72 912 631	58 097 312	95 409 650
Headline earnings	86 060 667	74 080 561	70 437 121	54 074 971	92 547 890
Net operating assets	629 379 859	604 096 567	574 859 415	535 904 328	485 446 536
Total assets	1 000 377 433	939 990 095	833 944 978	754 581 483	660 414 544
Total equity	671 906 281	605 565 234	557 772 359	493 768 961	464 901 420
Total liabilities	328 471 152	334 424 861	276 172 619	260 812 522	195 513 124
Net cash from operating activities	146 343 295	130 579 439	134 757 595	72 587 134	71 422 658
Number of ordinary shares in issue	143 262 412	143 262 412	143 262 412	133 762 412	133 762 738
Profitability ratios					
Operating profit margin	13,1%	12,8%	14,0%	13,8%	22,4%
Earnings per ordinary share (cents)	65,7	55,0	53,1	43,2	72,3
Headline earnings per share (cents)	62,6	53,5	51,3	40,5	70,4
Dividends declared (cents)					
– Interim	6,0	6,0	6,0	5,0	7,0
– Final	13,0	11,0	10,0	8,0	16,0
Total	19,0	17,0	16,0	13,0	23,0
PBIT return on net operating assets/liabilities	20,7%	18,1%	18,9%	17,7%	28,2%
Return on shareholders funds	12,8%	12,2%	12,6%	11,0%	19,9%
Utilisation of assets ratios					
Revenue: fixed assets ratio	2,32	2,12	2,02	1,80	1,98
Revenue: net operating assets ratio	1,57	1,41	1,35	1,28	1,26
Net asset value per share (cents)	469	423	389	369	348
Tangible net asset value per share (cents)	389	343	308	282	264
Liquidity and solvency ratios					
Current assets: current liabilities	2,04	1,74	1,66	1,75	2,02
Debt/overdraft less cash: equity	(4,9%)	5,2%	10,7%	18,8%	5,8%
Total liabilities: shareholders funds	48,9%	55,2%	49,5%	52,8%	42,1%
Dividend cover (based on headline earnings)	3,16	3,04	3,07	3,11	3,01
Interest cover	28,28	20,27	12,83	10,92	43,6
Productivity, efficiencies and consumption					
Number employees at year-end	1 605	1 630	1 440	1 462	1 498
Revenue per weighted number of employees	614 549	569 284	540 289	469 966	424 469
Depreciation	45 735 363	44 880 075	38 642 472	37 612 796	33 305 777
Amortisation of intangible assets	659 556	659 564	659 564	543 840	543 839
	46 394 919	45 539 639	39 302 036	38 156 636	33 849 616
Electricity usage (Rands)	21 089 140	13 610 957	9 798 571	6 948 028	6 243 305
Fuel usage (Rands)	90 086 588	64 455 066	49 315 387	64 779 211	47 955 834
– Average fuel price (Western Cape) (Rand/litre)	9,57	7,59	6,73	8,94	6,31
Cement usage (Rands)	93 329 816	88 203 858	92 596 820	91 724 204	73 070 486
Disabling injuries frequency rate	2,86	2,47	3,66	4,38	4,12

Value added statement

for the year ended 29 February 2012

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

	2012 R	Restated 2011 R
Revenue	996 137 470	854 495 775
Cost of services provided	602 287 132	530 107 509
Value added by operations	393 850 338	324 388 266
Non-operating income	10 267 028	9 968 655
Total value added	404 117 366	334 356 921
Applied as follows		
To remunerate employees		
– Salaries, wages, pensions, bonuses and other benefits	218 344 819	174 481 807
To reward providers of capital		
– Dividends	23 618 784	22 445 835
– Interest on loans	10 545 414	10 952 236
To the state		
– Direct taxes	38 976 942	31 870 384
To replace assets		
– Depreciation	45 735 363	44 880 075
To expand the group		
– Retained earnings	66 896 044	49 726 584
Total value added	404 117 366	334 356 921

To be highly respected for our expertise, innovation and professional approach in providing quality materials, industrial minerals and services throughout Southern Africa.

Vision

Our vision is pursued through:

- Well-managed operations
- Innovation and flexibility
- Responsible, honest and motivated personnel
- Effective, reliable systems
- Delighted stakeholders
- Healthy finances
- Concern for people and the environment

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 that form the golden thread weaving through every aspect of our culture and performance are:

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

Acquisition timeline

1954
Glen Douglas dolomite mine established (acquired in 2011)

1963
Prima Klipbrekers established

1963
Malans established (acquired in 2008)

1965
Lancaster Quarries established

1973
Lancaster Precast established

2003
Empowerment transaction between Mega Oils and Prima Klipbrekers

2007
Afrimat formed from merger of Lancaster and Prima Klipbrekers

2007
Afrimat listed on main board of JSE in "Construction and Building Materials" sector

2008
Acquired Malans Group and Denver Quarries

2008
Acquired two quarries and a concrete brick and block factory in KwaZulu-Natal

2009
National footprint expanded into Gauteng, Limpopo and Mpumalanga

2009
Acquisition of Sunshine Crushers in Dundee, KwaZulu-Natal

2010
Afrimat BEE Trust acquires 15,8% interest in group

2010
BEE shareholding increased to 26,1%

2010
Acquisition of Blue Platinum quarry

2011
Diversification into industrial minerals with acquisition of Glen Douglas dolomite mine

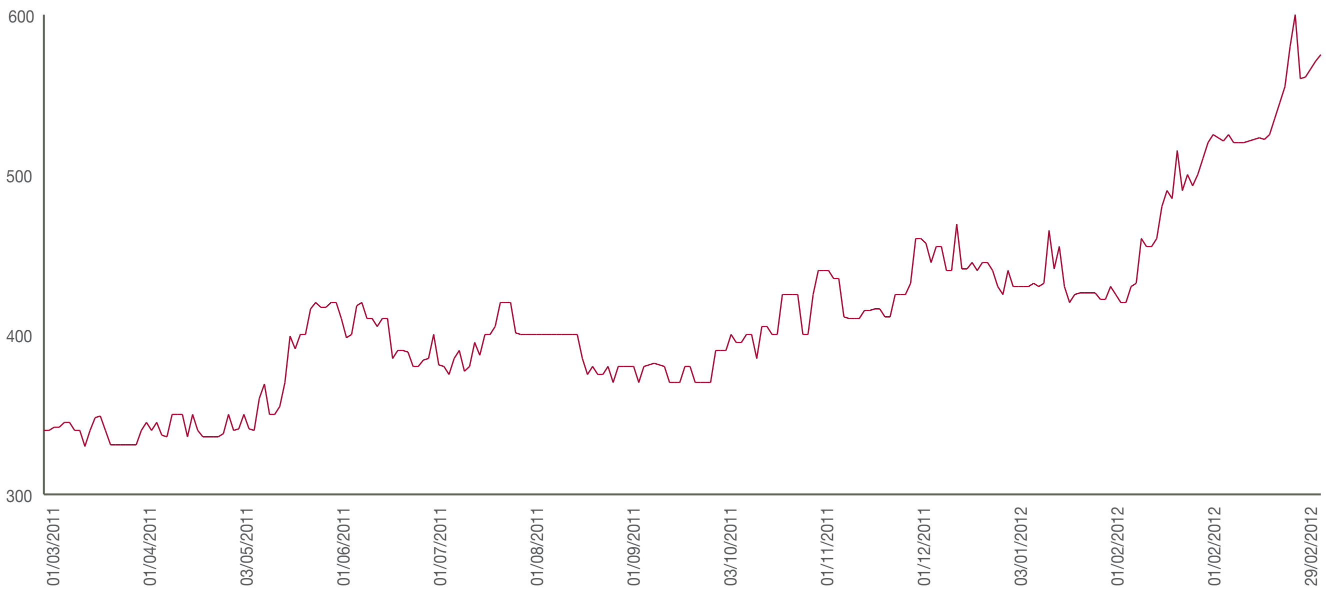
2012
Clinker Group acquired effective March 2012

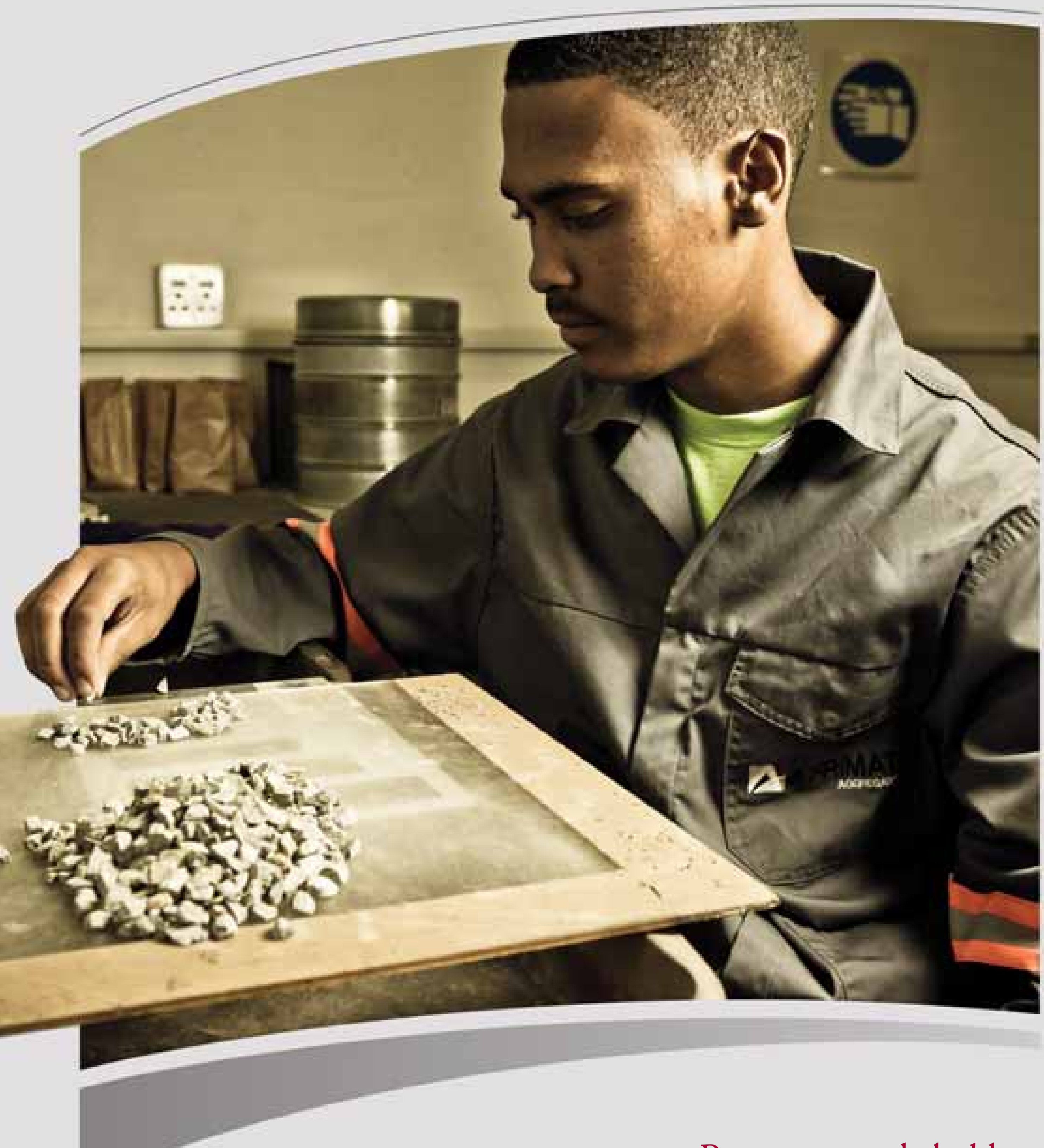
Share performance

	2012	2011	2010	2009	2008
Number of ordinary shares in issue	**143 262 412**	143 262 412	143 262 412	133 762 412	133 762 738
Number of treasury shares	**6 145 174**	5 149 510	3 398 280	855 829	119 563
Weighted number of ordinary shares in issue less treasury shares	**137 371 771**	138 596 357	137 236 345	133 480 115	131 381 662
Market price per share at year-end (cents)	**575**	330	313	196	745
Price : earnings ratio	**9,2**	6,2	6,1	4,8	10,6
Market capitalisation based on issued shares	**823 758 869**	472 765 960	448 411 350	262 174 328	996 532 398
Market capitalisation based on issued shares less treasury shares	**788 424 118**	455 772 577	437 774 733	260 496 903	995 641 654
Headline earnings per share (cents)	**62,6**	53,5	51,3	40,5	70,4

Market price per share at date of listing 820 cents (7 November 2006 – issue price 500 cents)

Share price (cents)





Reports to stakeholders

Stewardship of shareholders' investment, employees' livelihood and wellbeing and the environment in which the group operates is central to decision-making at Afrimat.

Matie von Wielligh
Chairman

Introduction

Given a still volatile economic *milieu*, Afrimat delivered a pleasing performance reflecting the strength of its business model and management skills. Notwithstanding challenges in a somewhat still-depressed market, the group delivered satisfying growth in key performance indicators including profitability. (See the "CEO's report and strategy", the annual financial statements and accompanying notes for further details.)

Our focus on trimming costs, expanding into new markets and enhancing geographic spread benefited the group in an unpredictable market.

The trading environment

Despite the slow-paced recovery and high levels of uncertainty in the general business environment, it would appear that the economic cycle is bottoming out locally and globally and trending upward.

With regard to the construction sector there is sufficient commitment by government to infrastructure development to drive many exciting future prospects for the group, notwithstanding that the upswing is taking longer than expected. However, we are not yet entirely convinced regarding government's ability to execute its infrastructure plans as communicated.

Strategy

Afrimat has continued its successful strategy of diversification into complementary areas and other products utilising its core competencies, and this will remain the group's focus going forward.

The key division – *Mining & Aggregates* – reflected the success of product diversification into industrial minerals through the recently acquired Glen Douglas dolomite mine. We are confident that Glen Douglas will continue to deliver growth in line with expectations, realising significant return on Afrimat's investment.

Investor sentiment

During the year Afrimat's share price appreciated pleasingly, with trading and volumes picking up. The share price increased 68,6% over the year, outperforming all peers. Afrimat is firmly entrenched in its position as one of the JSE Top 50 performers and is routinely included on JSE "to watch lists".

We are satisfied with Afrimat's increasing recognition in the market of the fact that Afrimat shares hold obvious value for investors. Notably, our consistent ability to declare dividends affirms the group's stable performance in trying times. This year the group declared a final dividend of 13 cents per share, higher than the 11 cents per share for FY2011, and taking the total dividend for the year to 19 cents per share compared to 17 cents last year.

Sustainability

Responsible corporate citizenship and sustainability management are fundamental to Afrimat's corporate culture. To this end the Sustainability Committee mandate was extended during the year to include social and ethics related matters. The committee is responsible for driving goals and reporting on all endeavours in this regard and meets twice per year. During the year Afrimat's sustainability programme was prioritised and as a result achieved excellent progress.

A thorough exercise was conducted group-wide to ensure that all corporate governance processes and procedures are aligned with the King III Report and the new Companies Act. Results confirmed that Afrimat is largely compliant, save in the area of insufficient independent non-executive directors serving in the Audit & Risk

Committee. However, we are satisfied that our non-executive directors are able to act independently. (See notes explaining any non-compliance in "Corporate governance" on page 24 for further explanation.)

Advancements in B-BBEE were also made during the year with the ratings for most business units at a satisfactory level. The group's overall BEE shareholding credentials were unchanged. Afrimat BEE Trust's share purchase scheme is financially sound and to date yielded significant benefits for participants.

In addition a marked growth in learnerships and skills development programmes was attained. (See "Human resources and remuneration" on page 34 for more detail.)

Prospects

In the short-term we expect difficult business conditions to continue, with steadily improving economic health anticipated over the medium-term. Both government's commitment to rectifying the infrastructure backlog and continuing power station development bode well for Afrimat's future sales. We will though, keep a watch on SANRAL and the impact its upheaval could have on road building contracts, against the overarching framework in which our diversified product offering cushions the negative impact of sales reduction to any one customer.

Internally we remain focused on creating a challenging and enriching environment for Afrimat's people, ensuring that we attract and retain the very best talent available.

Our people

It was with great sadness that we said goodbye to executive director Peter Corbin during the year, following his lengthy battle with cancer. Peter will be remembered for his passion for people, wise advice and vast knowledge, which contributed greatly to Afrimat's success. He will be sorely missed.

CEO Andries van Heerden again led a committed and passionate team. Thanks to Andries and each staff member for their determination that enabled Afrimat to continue growing. Thanks to my fellow directors for their commitment, contribution and support during the past year.

Thank you also to our loyal stakeholders for your confidence in the group. Our aim remains to reward your confidence with sustained outstanding performance.

Matie von Wielligh
Chairman

18 June 2012

Andries van Heerden
CEO

Year at a glance

Afrimat had a good year cementing the group's growth strategy communicated to stakeholders a while back. I am pleased with the solid performance and the group's resilience in a still tough, albeit recovering market. We continued the "growth through diversification" strategy, successfully expanding into previously untapped sectors, and post year-end acquired the Clinker Group to add further impetus to our Mining & Aggregates division.

The commendable results reflect the benefit of the ongoing focus on new business development and the continuous search for growth opportunities for the group. Our successful entry into industrial minerals through the recently acquired Glen Douglas mine and the significant prospects of the Clinker Group acquisition, is evidence that this approach is delivering good results. The year also bore testimony to the strength of the businesses with a competitive advantage to extract maximum value for shareholders.

Afrimat ended the year in a strong financial position supported by a healthy cash flow and robust balance sheet. Importantly, its operating margin of 13,1%, affirms its positioning as an industry leader, more than double the industry average margin of 6,4%.

Performance highlights

Mining & Aggregates benefited from the superior performance of the Glen Douglas dolomite mine (included for the full year compared to only two months in the previous year) to offset market challenges such as record high fuel prices, and posted an 11% increase in sales volumes. Glen Douglas gives Afrimat access to the industrial minerals market, where there is stable demand for metallurgical products.

The turnaround strategy at Glen Douglas progressed ahead of expectations during the year. The success of the turnaround lay not only in the financial performance of the mine, which exceeded even our most optimistic expectations, but in the fact that the turnaround was driven to a large extent by the original workforce. The next phase is the optimisation programme which will include the upgrade of the original plant to take advantage of new technology. The further improvements of Glen Douglas are expected to position the *Mining & Aggregates* division for continued growth. We have seen no drop-off in demand for aggregates over the year for the entire group, with strong marketing efforts ensuring that this should continue. In addition, demand for metallurgical dolomite is less cyclical than that for other aggregates and so provides a natural product hedge, and agricultural lime provides a neat add-on.

Concrete Products and Readymix enjoyed the benefits of increased government spend on housing projects which equated to higher volumes. *Readymix* did, however, feel the impact of ongoing pricing pressure in the still beleaguered Western Cape. It is good to note that whereas *Readymix* was previously a marketing channel for aggregates but offered little fiscal reward for Afrimat, the division has now once again started to contribute to group profits.

Existing BEE shareholders and Afrimat's black employees together hold in aggregate 26,12% of Afrimat's issued shares. We have set our sights enhancing all aspects of B-BBEE on an ongoing basis in line with the Mining Charter, ensuring that each operating subsidiary is rated as at least a Level 4 contributor. The group's key emphasis will be on enhancing employment equity and skills development programmes, social and labour initiatives, and ensuring that our business partners are at least Level 6 rated.

Financial results

See "Operational overview" on pages 20 to 21.

Strategy

Afrimat's strategy will remain first and foremost, pragmatic. We intend to continue differentiating which will act as a buffer to volatility in the market and business environment. The overarching objective will be to raise profitability across the board.

We will continue to identify suitable acquisitions in high growth markets. This search is supported by a strong balance sheet and the dedicated New Business Development team who will remain focused on identifying and pursuing opportunities in existing markets.

Afrimat's competitive differentiators are as follows:

- Sound financial platform
- Entrepreneurial culture
- Extensive experience and logistical expertise
- Solid presence in growth markets
- Diverse and integrated product and services offering
- Wide geographic distribution
- Vertical integration
- Extensive fleet including mobile crushers, transport, drilling and blasting equipment
- Well-maintained plant and equipment and well-equipped workshop infrastructure
- Loyal customer base
- Consistently low staff turnover resulting in a deep skills pool
- Commitment to protecting the environment and sustainable development

In addition, cost control, improving efficiencies, upgrading of facilities, intelligent geographic distribution and product differentiation will remain key focus areas in the short to medium-term.

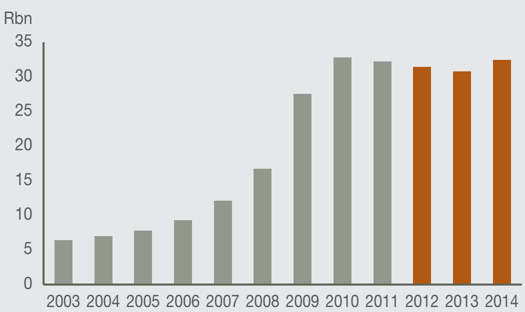
The well-managed and -utilised capacity ensures fast and flexible reaction to market demand, underpinning Afrimat's positioning as a leading supplier of construction materials and industrial minerals.

What is happening in our environment

We are surprised at rumblings of a dire future for the construction industry. Our market intelligence reveals an altogether different scenario and we note a definite upswing in activities.

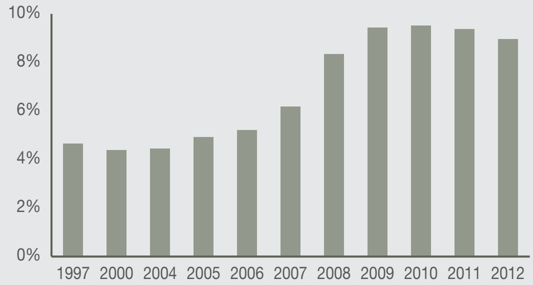
Government is bringing to market an increasing number of infrastructure projects, although smaller in scale and more geographically dispersed. In fact these project characteristics ideally suit the Afrimat business model.

Provincial and national roads expenditure



We also note a direct correlation between infrastructure spend and GDP (see below).

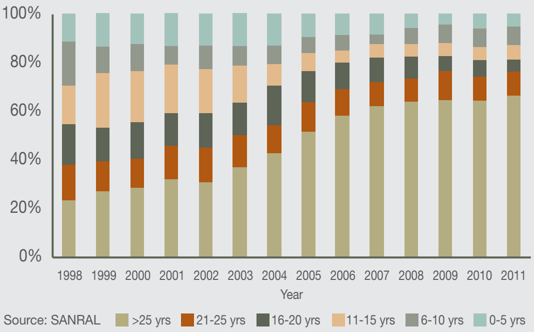
Infrastructure spend as % of Gross Domestic Product



With moderate growth in Gross Domestic Product forecast for the next two years – 2,7% growth in 2012 and 3,6% for 2013 – infrastructure spend should continue to rise. As a result of government's National Development Plan, investment spending is forecast to grow and the construction industry should grow accordingly.

The road maintenance backlog must be alleviated by government as a matter of urgency. Below we illustrate research that over 80% of national roads are twenty years old or older, with twenty years being the maximum design specification of such roads.

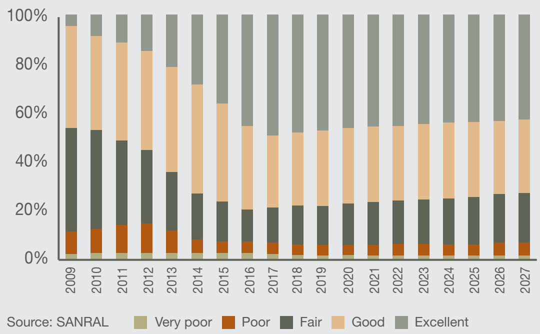
National roads pavement age trend



Source: SANRAL

Further supporting future growth in government spend (in addition of course to the reiterated commitment in February's State of the Nation address) is the target road condition analysis below, which shows government's aspiration of 70% of all non-toll national roads to be in good to excellent condition by 2027:

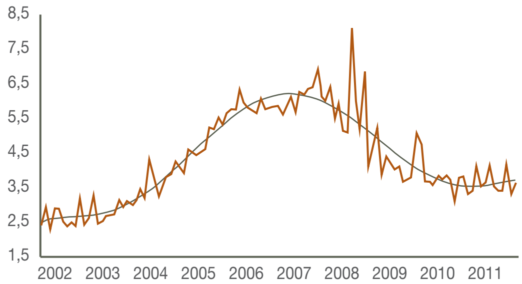
Forecasted non-toll national road network condition



Source: SANRAL

The number of building plans passed is slowly picking up. Research confirms our assertion that the cycle has bottomed out and is slowly ticking upward.

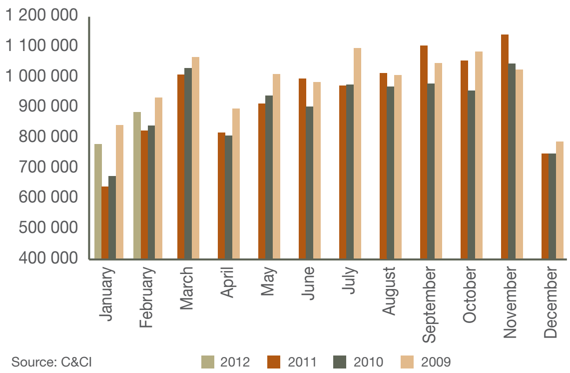
Building plans passed – total
Rbn, constant prices, seasonally adjusted



Source: Stanlib

In terms of cement sales, the current trend of escalating volumes bodes well for aggregates sales going forward.

SA cement monthly sales (tons)



Source: C&CI

Being realistic we recognise that all is not favourable in the construction industry as the economic downturn in the last few years has resulted in legacy overcapacity. But Afrimat operates in markets much wider than only the construction industry offering excellent opportunities.

We also view any expansion into Africa with caution as international competition in many parts of Africa is driving margins lower.

Clinker Group acquisition

Afrimat initially acquired the Clinker Group in March 2012 for R123,5 million, and by the end of March 2012 had paid an amount of R120,8 million after final contractual price adjustments.

The Clinker Group recorded R35 million profit after tax for its last financial year, which equates to a potential return for Afrimat in excess of 25% per annum. More important, however, is the anticipated strategic impact of the acquisition for the group – clinker (used in the manufacture of concrete) has distinct characteristics that are difficult to replicate or substitute, rendering the product resistant to market fluctuations.

The Clinker Group acquisition also adds synergistic benefits to Afrimat. Combining and exploiting these will result in new opportunities for Afrimat in line with its long-term diversification strategy. Clinker Group's main operations are located near Vereeniging and Sasolburg and therefore close to the Glen Douglas dolomite mine, creating exciting opportunities for synergy.

Sustainability

The board views this integrated annual report as a formal communication with all stakeholders illustrating our commitment to operating as a "triple bottom line" business that delivers to its

stakeholders while still safeguarding its people, the surrounding communities and the environment.

We take seriously our responsibility to adhere to sustainable business practices in all areas in which we operate (see "Sustainability" on page 27 for further details).

How we see the future

Overall the commercial and residential building markets have stabilised with small increases in activity evident. Demand for metallurgical products remains stable. In addition, government's commitment to infrastructure will continue to spur growth in the construction industry. On the downside municipal financial woes will continue to pose a challenge and the recent upheaval at SANRAL is cause for concern. Afrimat's diversification strategy is, however, a very good hedge against negative impacts from any individual customer.

The Western Cape region is showing welcome signs of improvement, boding well for Mining & Aggregates growth. Afrimat is well positioned to take advantage of new opportunities in the region as and when they arise.

We are planning R79 million of capital expenditure for the next twelve months – a significant portion of which will go towards the further upgrade of the Glen Douglas dolomite mine and the remainder will be used for normal capital replacement.

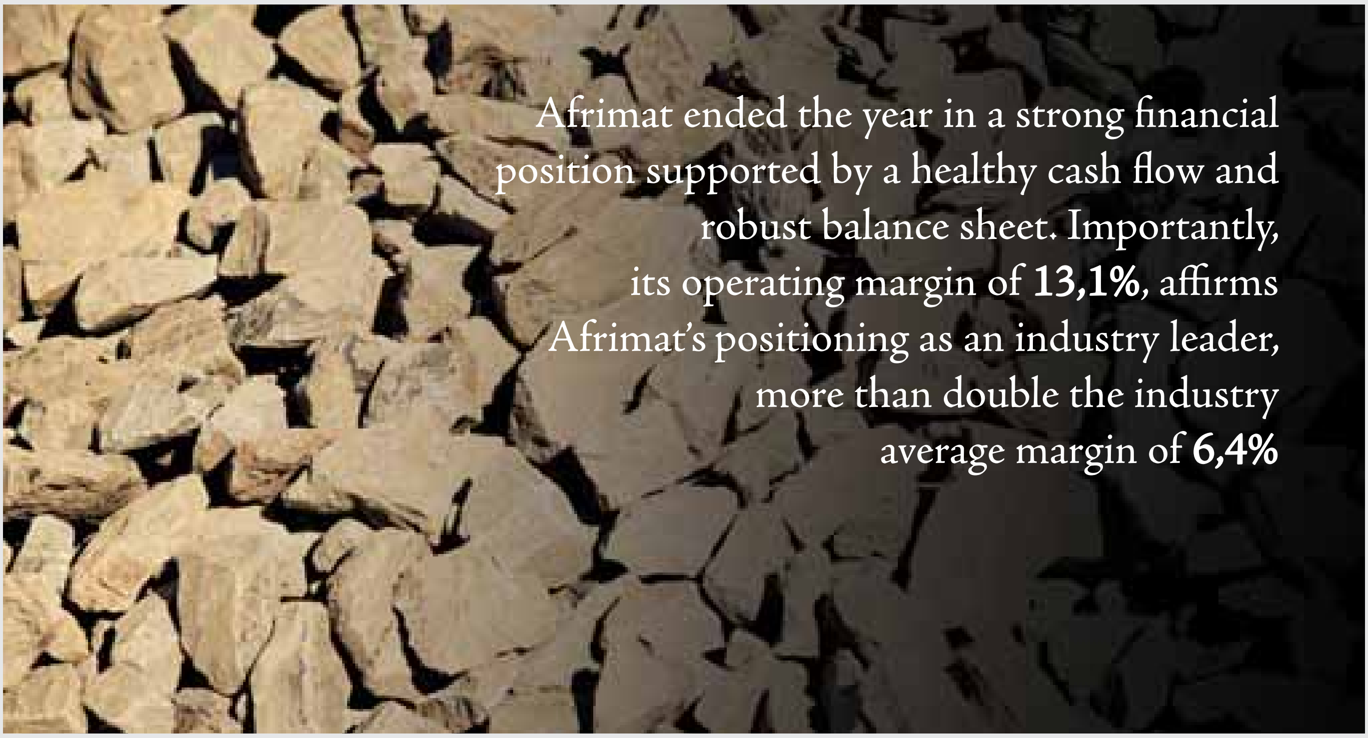
Appreciation

The group's performance in uncertain times could not have been achieved without the efforts of the entire Afrimat team and the support of the board. I appreciate your many hours of hard work and invaluable expertise, and look forward to another year of growth.

I also thank our business partners, suppliers and advisers as well as our customers and shareholders for their support and ongoing loyalty.

Andries van Heerden
CEO

18 June 2012



Executive directors

Andries J van Heerden (46) — 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".

Hendrik P Verreynne (55) — 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.

Gert Johannes Coffee (61) — Chief Operating Officer: Mining & Aggregates

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 as the chief operating officer of the Mining & Aggregates division.

Non-executive directors

Loyiso Dotwana (48)

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 (65)

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.

Reports to stakeholders

Non-executive directors *(continued)*

Dr Laurie P Korsten (70)

PhD (Honoris Causa) (Potchefstroom University)

Laurie began his professional career at 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 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 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 (60)

Chairman

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

Matie has over 36 years' professional experience in the mining industry. At Iscor Mining and Kumba Resources he served in various management positions before becoming managing director of Sishen Iron Ore Company until 2006. At Kumba Resources he was general manager of the Iron Ore business. He has extensive experience and currently consults on business strategy, financial and information management, new business development, feasibility studies and project management.

Phuti RE Tsukudu (58)

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 sixteen years' experience as an independent consultant and over ten 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 (68)

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.

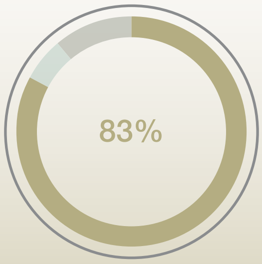
Mining & Aggregates

(including industrial minerals and contracting services)

Highlights 2012

- Sales volumes up 11%
- Increasing number of government infrastructure projects
- Successful entry into industrial minerals through Glen Douglas dolomite mine
- Progress on Glen Douglas dolomite mine's turnaround strategy ahead of expectations
- Clinker Group acquisition

Contribution to operating profit



Operations

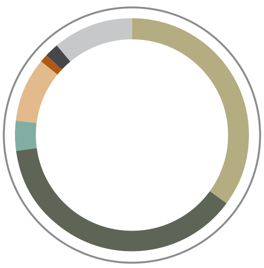
- Commercial quarries (25)
- Sand and gravel mines (9)
- Dolomite mine (1)
- Contracting services consisting of mobile crushing and drilling & blasting
- Clinker supplies (from 1 March 2012)

Business model

The business unit extracts metallurgical dolomite and aggregates through open cast mining. A wide variety of products of varying sizes and technical specifications are produced, primarily for large-scale civil engineering and infrastructure projects and the metallurgical industry.

Reflecting cohesive vertical integration, Afrimat's proprietary commercial quarries – located in eight of South Africa's provinces and in Namibia – also supply the majority of raw materials for the *Concrete Products* and *Readymix* divisions. The broad geographic footprint is enhanced by Afrimat's flexible delivery model utilising mobile equipment, which has positioned the group to become a key player in contracting.

Revenue sources for this business unit



Roads	35%
Concrete manufacturers	38%
Bulk fill	4%
Steelmakers	9%
Agriculture	1%
Rail	2%
Other	11%

Financial performance

R'000	Audited Feb 2012	Restated audited Feb 2011	% change
Revenue	704 509	581 878	21,1
Operating profit	110 809	98 779	12,2
Operating profit margin (%)	15,7	17,0	
Capital expenditure	56 285	38 938	
Headcount	1 016	996	

Key distinguishing features

- Diverse customer base
- Wide product range complimented by tailormade and flexible solutions for unique customer needs
- Quality geological resources
- High processing quality standards and compliance to COLTO and SABS standards

Operational challenges

- Medupi contracting activities reaching maturity
- Uncertainty with regard to SANRAL
- Municipalities' financial woes remain
- Cost pressures – particularly energy price increases

Prospects

Increased government infrastructure spend is expected, which should continue to generate significantly more projects. Glen Douglas dolomite mine, currently outperforming all expectations, provides access to the industrial minerals market with the optimisation programme set to be implemented in the year ahead. Further, leveraging the complementary and supplementary strengths of the recently acquired Clinker Group will provide additional product diversification and growth opportunities.

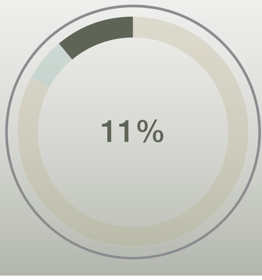
Budgeted capital expenditure for FY2013 in Mining & Aggregates amounts to R61 million.

Concrete Products

Highlights 2012

- Volumes up 7,1%
- Pricing remained steady
- Increased activity in government housing sector

Contribution to operating profit



Operations

- Concrete brick & block factories **(8 + S.A. Block from 1 March 2012)**

Business model

The business unit operates primarily in KwaZulu-Natal, the Free State and in Worcester in the Western Cape, manufacturing concrete blocks and bricks largely for low-cost housing projects. In line with the group's vertical integration policy, more than 90% of raw material needs (excluding cement) is sourced from the group's own quarries and sand mines.

Financial performance

R'000	Audited Feb 2012	Restated audited Feb 2011	% change
Revenue	116 112	105 630	9,9
Operating profit	13 852	10 963	26,4
Operating profit margin (%)	11,9	10,4	
Capital expenditure	13 388	3 545	
Headcount	429	475	

Key distinguishing features

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

Operational challenges

- Municipalities' financial woes
- Cost pressures – particularly energy price increases
- Highly labour intensive manufacturing processes

Prospects

Increased government infrastructure spend is expected, which should continue to generate significantly more low-cost housing projects.

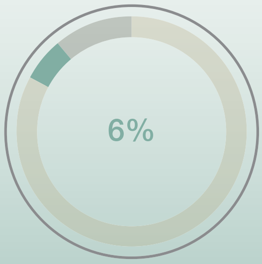
Budgeted capital expenditure for FY2013 in Concrete Products amounts to R11 million.

Readymix

Highlights 2012

- Volumes up 2,8%
- Successful turnaround
- Increased demand from government low-cost housing

Contribution to operating profit



Operations

- Batching sites (13)

Business model

The business unit supplies readymix concrete primarily to civil engineering and infrastructure projects through fixed and mobile readymix plants.

Close to 90% of Readymix's raw material needs (excluding cement) is sourced from the group's own quarries and sand mines.

Financial performance

R'000	Audited Feb 2012	Restated audited Feb 2011	% change
Revenue	175 516	166 988	5,1
Operating profit	8 653	2 428	256,4
Operating profit margin (%)	4,9	1,5	
Capital expenditure	787	1 554	
Headcount	137	140	

Key distinguishing features

- Products meet standards set by SARMA
- Flexible solutions for unique customer needs

Operational challenges

- Ongoing pricing pressure in Western Cape market

Prospects

Looking ahead the increase in government's spend on infrastructure development will drive growth. In addition, the number of building plans passed is increasing. The cycle appears to have bottomed out and is slowly improving.

Budgeted capital expenditure for FY2013 in Readymix amounts to R5 million.

Stakeholder engagement

In line with the recommendations of the King III Report, Afrimat has adopted a stakeholder-inclusive approach to corporate governance. The group's stakeholders are identified and reviewed by the board annually in line with the recognition that stakeholder interests are dynamic and the process of identifying stakeholders needs to be ongoing.

Stakeholders have been identified to include shareholders, investors, business partners, employees, customers, government departments including the DMR, individuals or entities with which the group does business, the communities in which the group operates and the media and society at large.

Stakeholder group	Nature of engagement
Employees	▪ Policies, procedures and guidelines ▪ Newsletters ▪ Employee fora ▪ Employment Equity Committees ▪ Training ▪ Performance reviews and counselling ▪ Employee surveys
Customers and major contractors	▪ Site visits ▪ Sales and project meetings ▪ Customer surveys ▪ Product catalogues
Investors and media	▪ Annual and interim reports ▪ Results presentations ▪ SENS announcements ▪ Media releases ▪ Shareholder general meetings ▪ Afrimat operational site visits ▪ JSE showcases ▪ Investor polls ▪ Business updates
Financiers	▪ Business performance reviews
Trade unions	▪ Regular update meetings
Suppliers and business partners	▪ Business updates ▪ Events ▪ Procurement requirements
Government, particularly DMR, and regulatory bodies	▪ Formal and informal meetings ▪ Tenders ▪ Mining licence applications ▪ Annual compulsory information submissions ▪ Interaction during inspections by government departments
Communities in which the group operates	▪ Community and social investment projects ▪ Donations ▪ Community fora
Industry	▪ Industry organisation activities
General	▪ Website postings

The group is a member of the following industry associations:

- ASPASA
- SARMA
- Institute of Quarrying
- Cape Town Chamber of Commerce

Governance and sustainability

The board operates on the view that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and value creation.

Corporate governance

Approach and statement of compliance

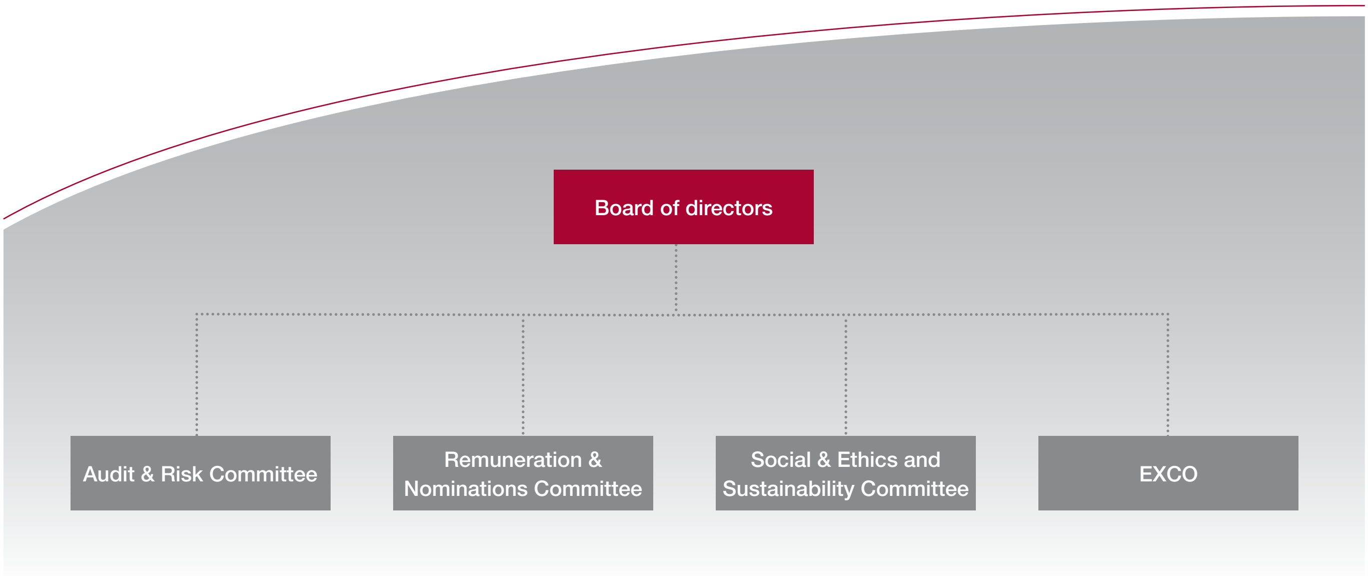
The board is committed to upholding the fundamental principles of governance, which include discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders.

Afrimat recognises that governance principles and practices are dynamic and evolve, so the approach to governance embraces relevant local and international best practice. The new Companies Act came into effect on 1 May 2011, and the board confirms its commitment to the implementation of and compliance with this.

During the year Afrimat commissioned a King III gap analysis, which was conducted by the FD, HP Verreynne and company secretary PGS de Wit. Identified areas of non-compliance are explained below:

Area of non-compliance	Explanation of non-compliance
The majority of the non-executive directors 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 Nomination 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. HJE 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 required. 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.

Corporate governance is executed through the following structure, discussed in more detail below in this report.



The board

The board is responsible and accountable for the performance and affairs of the group and has full control over all the subsidiaries of the group. The board exercises sound judgement and leadership with integrity based on principles of fairness, accountability and responsibility.

The full board comprises:

Executive directors: AJ van Heerden (CEO), HP Verreynne (FD), GJ Coffee
Non-executive directors: L Dotwana, F du Toit, LP Korsten,
Independent non-executive directors: PRE Tsukudu, HJE van Wyk, MW von Wielligh (Chairman)

Of the nine directors, three are executive, three are non-executive and the remaining three are independent non-executive directors. The board is chaired by independent non-executive director MW von Wielligh. Afrimat is cognisant of the recommendations of the King III Report for a majority of independent non-executive directors on the board and the board committees and will take this into account in future appointments. However, in the interests of cost management the board will not remediate this until further board appointments are necessary, as the current size and composition of the board is considered appropriate for the size of the group. In addition the non-executive directors have demonstrated the ability to act independently.

Afrimat's definition of independent is in line with the King III Report recommendations. Non-executive directors are non-permanent employees of the group. The company secretary assesses the board composition in terms of King III compliance annually.

The Chairman, independent non-executive director MW 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 on the board. The deviation from King III Report recommendations in respect of the membership of the Audit & Risk Committee will only be remediated when further board appointments are necessary.

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 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 group.

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.

Afrimat's board, under the guidance of the company secretary, reviews the independence of each independent non-executive director annually. This ensures the business is managed ethically and within prudently determined risk parameters in conformity with accepted standards of best practice. The non-executive directors hold separate meetings four times a year to discuss the performance of the group and of the executive directors.

The group's memorandum of incorporation provides for one-third of the directors to retire by rotation after a three-year term of office. Accordingly, L Dotwana and F du Toit will retire at the upcoming annual general meeting and being eligible, will stand for re-election.

The board meets at least four times a year with ad-hoc meetings when necessary to review strategy, planning, financial performance, resources, operations, risk, capital expenditure, standards of conduct, transformation, diversity, employment equity, human resources and environmental management.

Details of directors' attendance at board and board committee meetings during the year are set out below:

Name	Board meetings	Audit & Risk Committee meetings	Remuneration & Nominations Committee meetings	Social & Ethics and Sustainability Committee meetings	Non-executive directors' meetings
PG Corbin *(deceased 12 August 2011)*	2/2		1/1	1/1	
GJ Coffee	4/4			2/2	
L Dotwana*>	4/4	4/4	3/3	2/2	4/4
F du Toit *	4/4				4/4
AJ van Heerden (CEO)	4/4	4/4<	3/3	2/2	
LP Korsten*	3/4	3/4			3/4
PRE Tsukudu**	4/4		3/3	2/2	4/4
HJE van Wyk**#	4/4	4/4			4/4
HP Verreynne (FD)	4/4	4/4<			
MW von Wielligh**~ (Chairman)	4/4	4/4	3/3	2/2	4/4

** Non-executive   ** Independent non-executive   # Audit & Risk Committee chairman   ~ Remuneration & Nominations Committee chairman*
> Social & Ethics and Sustainability Committee chairman   < By invitation

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 good corporate governance. It further sets out the roles and responsibilities of the board and its directors in line with triple bottom line reporting practices. The Charter outlines the board's primary function which is to provide guidance to the group's strategy, purpose, values and governance.

The directors are required to exercise effective leadership, integrity and judgement, based on fairness, accountability, responsibility, transparency and ethical business conduct. The board ensures the group is a responsible corporate citizen, cognisant of the impact its operations may have on the environment and society in which it operates, while acting in accordance with its own Code of Conduct.

The Charter takes into consideration recommendations for improvement as set out in the King III Report and JSE Listings Requirements. The charter is reviewed annually.

Board processes

Company secretary

In accordance with the recommendations of the King III Report, the company secretary is not a director of Afrimat and accordingly maintains an arm's length relationship with the board and its directors. The board is comfortable that company secretary, PGS de Wit, a Chartered Accountant and an Associate Member of the Chartered Institute of Secretaries, is sufficiently qualified and skilled to act in accordance with and update directors in terms of the recommendations of the King III Report and other relevant regulations and legislation.

The company secretary keeps record of, *inter alia*, shareholder registers, meeting attendance registers, meeting minutes, resolutions, directors' declarations of personal interest/s and all notices and circulars issued by the company. 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.

Share dealings and conflicts of interest

Directors 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 Share Dealing Committee 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 the senior executives 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".

Self-evaluation

The board undertakes a comprehensive annual self-evaluation exercise. The company secretary compiles the self-evaluation programme which is then assessed and reviewed by the directors prior to implementation.

During the year the Chairman reviewed each director's performance and communicated the outcome. (The Chairman's performance was evaluated by the directors and CEO.)

The annual self-evaluation included a comprehensive review of performance across key performance areas such as financial and business knowledge, business judgement and willingness to "go against the flow", entrepreneurialism, strategic and conceptual capability and industry and group knowledge and insight.

Only minor shortcomings were identified and corrective measures have already been put in place following discussions at board level.

Succession planning

The formal succession plan for the Chairman, CEO, board and senior management is reviewed annually by the Remuneration & Nominations Committee. In addition the committee regularly reviews the group's succession strategy and makes recommendations to the board. Successes in succession planning were evident in the ongoing advancement and promotion of staff through management training.

New appointments

The entire board participates in a formal and transparent process for the appointment of new board members, including the CEO. The Remuneration & Nominations Committee recommends suitable candidates following a vetting process which takes into account a candidates' skills offering, experience and diversity.

In the case of new appointees, the Chairman and company secretary are responsible for implementing a comprehensive induction programme including introductions to key senior management and operational 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 group's structure and an overview of the group'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. During the year the induction programme was updated and distributed to the board for approval.

In order to ensure maximum efficacy as early as possible after appointment, the induction programme is also extended to new senior management.

Ongoing training and development of the board is also considered important. Directors attended courses and in-house presentations were conducted by the company secretary (IFRS, new Companies Act, King III, seminars at the Institute of Directors). Certain directors visited operational sites and attended presentations to investors during the year.

Subsidiaries and business units

The group ensures sound corporate governance throughout the group by communicating policies on corporate governance and ethics to subsidiary boards and their executives. The FD, company secretary and Audit & Risk Committee monitor application of and compliance with recommendations and legislation at subsidiary level.

Board committees

During the year board functions were supported by the following committees:

- EXCO;
- Audit & Risk Committee;
- Remuneration & Nominations Committee; and
- Social & Ethics and Sustainability Committee.

The board is satisfied that all committees have satisfied their responsibilities during the year. 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 and the minutes of committee meetings are available. 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.

Attendance at board meetings and committee meetings, with the exception of EXCO, is set out on page 25.

EXCO

Members: AJ van Heerden (CEO and committee chairman), GJ Coffee, A Gerber, JHP van Heerden and HP Verreynne (FD).

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.

Audit & Risk Committee

Members: HJE van Wyk (committee chairman), MW von Wielligh, LP Korsten, L Dotwana.

Refer to page 41 for a detailed Audit & Risk Committee report.

Remuneration & Nominations Committee

Members: L Dotwana, AJ van Heerden (CEO), MW von Wielligh (Chairman and committee chairman), PRE Tsukudu.

Refer to page 35 for a detailed Remuneration & Nominations Committee report.

Social & Ethics and Sustainability Committee

Members: L Dotwana (Chairman), PRE Tsukudu, MW von Wielligh, AJ van Heerden , GJ Coffee.

The committee met twice during the year. Attendance at meetings is set out in the table on page 25.

Due to the extension of its mandate during the year to include social and ethics related concerns, the committee is responsible for initiating goals and reporting on safety, health and environment as well as responsible corporate citizenship, ethics, values and transformation. To retain control and oversight of related management initiatives, the committee meets twice a year. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the committee, ultimately the board remains responsible for group sustainability.

The committee's responsibilities are codified in a Social & Ethics and Sustainability Committee Charter, which is reviewed annually. Responsibilities of the committee include developing the framework policies and guidelines and reviewing their progressive implementation by Afrimat and its subsidiaries on an ongoing basis. The committee encourages independently managed subsidiaries and associates to develop policies, guidelines and practices congruent with the group's policies, and assesses reports relating to compliance, risks and liabilities from subsidiaries. The committee is further tasked with consideration of national and international regulatory and technical developments and guidelines in the field of SHE management. It further monitors key indicators ensuring that such information is communicated to other companies managed by or associated with Afrimat.

Key indicators monitored by the committee:

Indicator	Target
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
Labour relations	Minimise labour unrest
Safety and health	DIFR to be Nil
Environment including: ▪ Carbon footprint ▪ Water and forestry compliance and returns	No harm to environment Compliance to EMP for mining licences
DMR compliance including: ▪ Mine works plan ▪ Social and labour plan ▪ EMP ▪ Mining Charter returns	No mining licences lost due to non-adherence
Mining rights/licenses 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

Sustainability

Sustainable business

Afrimat is committed to operating a sustainable triple bottom-line business that in addition to delivering sound business growth for shareholders, also enhances and safeguards its people, the surrounding communities and the environment.

The group's vision, value system and strategic objectives are closely integrated in all policies, procedures, decision-making processes and operations with sustainability as the ultimate objective.

Over the past years Afrimat has racked up significant achievements in its sustainability efforts. In the previous financial year a Sustainability

Committee was constituted from the then SHE Committee. During the year the committee expanded to include a social and ethics mandate, as required by the Companies Act. The company then went a step further and established a Sustainability Department. Since its inception marked growth is evident in learnerships and skills development programmes (see "Skills Development"). This is in line with the group's drive in respect of skills development as a shortage of skilled employees for technical and operational roles represent a risk to sustainability.

In addition, commendable progress has been made in ensuring compliance with new legislation and regulations, such as the new Companies Act and mining, environmental safety and health related regulations.

Operating in the mining arena, the group further recognises the imperative for environmentally-conscious practices and is unswerving in its compliance with all legal requirements and mining licence conditions.

As a responsible corporate citizen Afrimat maintains the highest ethical standards in carrying out its business activities. To enhance this, the group has a Code of Conduct setting out overall principles and guidelines. Strict adherence to the provisions of the Code is a condition of employment with Afrimat *(see Ethical Leadership on page 29).*

Transformation

Afrimat recognises that integrated transformation practices are critical for the sustainability of the group and South Africa generally.

B-BBEE

As a licenced mining group in terms of the Mining Charter, B-BBEE shareholding is required to exceed 26% in all of Afrimat's mining-licenced subsidiaries.

Significant improvement in Afrimat's B-BBEE ratings has been achieved over time relative to the B-BBEE Codes of Good Practice:

Subsidiary name	2012 level	2011 level
Glen Douglas Dolomite (Pty) Limited	*	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
Afrimat Concrete Products (Pty) Limited	5	5
Afrimat Aggregates (Eastern Cape) (Pty) Limited	5	6

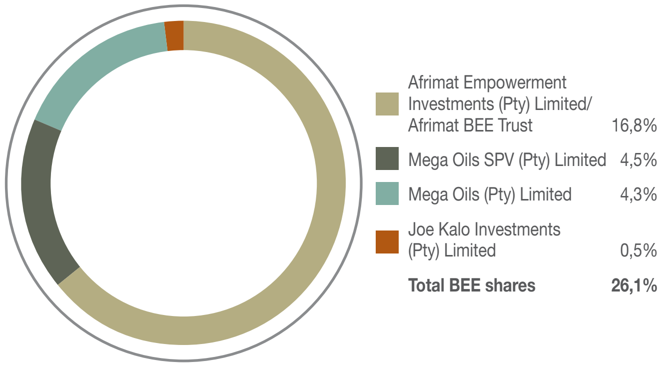
(**New rating in progress*)

Each subsidiary has a dedicated BEE Committee which drives improvements in B-BBEE ratings.

Ownership

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

External and internal BEE shareholders of Afrimat Limited



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 the pool of management skill, suitable candidates are identified to undergo management development training and HDI candidates are prioritised wherever viable.

Employment equity

Afrimat has a formal policy setting out non-discriminatory employment practices, to which no changes were made during the year. The group seeks to be an employer of choice by striving to create a fulfilling work environment that will attract and retain the best available talent. Further, Afrimat actively recognises and rewards initiative, effort and merit across the board. 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 Remuneration & Nominations Committee on page 35).*

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

Of the group's 1 605 workforce, 80,1% are HDIs.

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

Skills development and training (see Human Resources & Remuneration page 34).

Preferential procurement

Afrimat has a formal procurement policy detailing affirmative procurement/supplier targets. The preference is for suppliers with minimum Level 6 B-BBEE contribution and black shareholding greater than 25%.

Enterprise development

A number of successful enterprise development projects were established by the group for the benefit of black entrepreneurs in recent years. These included:

- 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
- Sand mining business

Afrimat provides extensive management advice, administration services and working capital funding to these enterprises and also procures services from them.

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 profit after tax of each B-BBEE rated subsidiary for projects of this nature and is committed to expenditure and action in terms of the social and labour plans required by the DMR for mining licence purposes. An annual progress report is submitted to the DMR.

The group's General Manager Corporate Affairs and General Manager Sustainability are key drivers of the group's programme in this regard. Some major initiatives during the year included support of schools, crèches and community upliftment organisations.

Risk management

Risk management is embedded in the operational ethos and activities of the group and firm processes are in place to drive and report on sustainability issues.

Ethical leadership

The board strives to ensure that the group conducts its business with the utmost integrity towards all its stakeholders, including its shareholders, employees, customers, suppliers, government, labour unions and society at large. Ethical leadership and conduct is not only a requirement for employment with Afrimat, but a key risk mitigator.

To assist this endeavour Afrimat has a documented Code of Conduct (see below) for employees 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.

The group further 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.

Code of Conduct

Every employee and director of Afrimat is expected to subscribe to the Code, which sets out the group's commitment to best practice corporate governance including transparent communications with all stakeholders and procedures for avoiding conflicts of interest and insider trading. In addition, the Code contains guidelines on confidentiality, fair and ethical market competition and sound environmental practices. Updated annually, the Code is presented to management and is filtered down to staff members. Any violation of the Code is considered a serious offence and is dealt with accordingly. The CEO and senior management make an annual declaration confirming no transgressions of the Code.

To give practical effect to the Code, Afrimat provides and monitors a whistleblowing system for employees to report any unethical behaviour by fellow employees, directors and shareholders of the group, or any third party. A full whistleblowing awareness campaign was conducted during the year including posters on notice boards at all operational sites. During the year various minor cases of theft by employees were reported. The incidents were in turn reported to the SAPS and the appropriate disciplinary action taken.

Risk processes

Notwithstanding strong ethical leadership and values, Afrimat is exposed to a variety of risks in the ordinary course of business. The board is responsible for setting the group's risk appetite and assessing the effectiveness of the risk management processes. The CEO and FD report any changes in risks to the board on a quarterly basis. Assisted by the EXCO and the Audit & Risk Committee, they are responsible for identifying, evaluating and managing key risk areas, performance indicators and relevant non-financial risk aspects.

Afrimat has a formal risk policy in place which is reviewed annually, underpinned by a risk register which is reviewed twice a year in terms of a formal risk assessment. Changes are reported to the Audit & Risk Committee together with an impact assessment and recommendations for risk management. In assessing risk Afrimat compares performance to profit growth and return on new investments against targets determined in the annual budget process. In addition the group monitors profit margins, utilisation of assets, liquidity/solvency, debt and productivity ratios on a monthly basis against predetermined targets.

The general levels of risk tolerance are included in the policy. However, additional risk analysis is conducted when major decisions are made. Performance of major investments is monitored and deviations from predetermined targets are addressed by management.

While the cyclical nature of the business poses a significant risk, the group has mitigated this through ongoing geographical expansion, product diversification and mobility/flexibility in its business model.

Key risks currently facing the group are industry-related and include:

Risk	Risk mitigation
Volatile macro-economic situation	▪ Aggressive search for new expansion and diversification opportunities ▪ Careful cost control ▪ Pre-emptive anticipation and forecasting of market conditions ▪ Proactive innovative solutions ahead of event occurrence to maintain competitive advantage
Theft and fraud	▪ Strict internal controls
Increased complexity of legal compliance	▪ Focused attention by dedicated staff

Risk	Risk mitigation
Key staff turnover	▪ Active management of internal culture and climate ▪ Active involvement in leadership mentoring and advancement ▪ Succession planning
Liquidity management	▪ Strict debtors control
Uncertainty of certain road contracts due to SANRAL's current position – albeit limited exposure to these contracts	▪ Proactive pursuit of other contracts
Increased fuel price hikes above inflation	▪ Focus on energy consumption reduction programmes

The group's reputational risk is managed through strategic relationships and liaison with stakeholders, investors, analysts and the media. The CEO is the central point of contact assisted by investor and media communication specialists.

Internal control

The board is responsible for the group's systems of internal control and risk management. The Audit & Risk Committee and the FD 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 annually by the Audit & Risk Committee.

The internal control systems are designed to manage rather than eliminate risk. Absolute assurance cannot be provided as these internal control systems are designed 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. 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.

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.

Based on the field work undertaken by Internal Audit during the year, reasonable assurance was provided *vis-à-vis* the adequacy of the internal controls tested and the associated risk management process.

Internal audit

The group's Internal Audit Charter is reviewed annually. The charter clearly defines the internal audit function's terms of reference and adherence to these is monitored by the Audit & Risk Committee. The in-house internal audit function adheres to the standards set by the Institute of Internal Auditors, and acts independently from management.

The key duties of the internal audit function include:

- 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
- Providing a source of information as appropriate regarding instances of fraud, corruption, unethical behaviour and irregularities

The company secretary, PGS de Wit, is the Chief Audit Executive overseeing internal auditors G Webster and H van Heerden. They report directly to the chairman of the Audit & Risk Committee – the Chief Audit Executive attends all Audit & Risk Committee meetings as an invitee, and contributes feedback in respect of the internal audit function. Further, quarterly meetings are held with the CEO and FD to keep them abreast of findings and as a safeguard that all serious findings are known and addressed at the highest level.

The capabilities of the Chief Audit Executive, the internal auditors and head office specialists who perform certain internal audits are reviewed annually by the Audit & Risk Committee.

Afrimat's approach to internal audits is risk-based. During the year findings were reviewed and remediated by management and follow-up audits were conducted to ensure corrective action was implemented.

IT governance and risk management

Afrimat recognises Information Technology ("IT") governance as an integral part of the company's holistic approach to governance and risk management. 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 and the internal audit function in assessing and reporting on the effectiveness of general IT and application systems controls.

During the year a significant advance was achieved when a formal IT Governance Charter was implemented. The framework deals with the following:

- IT organisation structure
- IT processes
- Communication
- Risk management
- Accountability
- Performance measures
- Life cycle management
- Training
- Support
- Access and data security
- Application software changes
- Assurance

Further advancements included the completion of the roll-out of the Winbridge quarrying weighbridge/sales control system to all aggregates operations and the continuation of the Accpac enterprise resource planning system rollout (replacement of all financial, logistics, manufacturing and maintenance application systems) throughout the group. In addition further refinement of the business' continuity and disaster recovery systems took place.

Legal compliance

The CEO, FD, company secretary and senior management are responsible for legal compliance. During the year an annual compliance certification was completed by all senior management and no incidence of non-compliance was evident. Further, the outcomes of compliance audits by external bodies and internal management confirmed this.

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 evaluates their independence. 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 the external auditing firm's divisions in order to maintain independence. The independence of the external auditor is formally reviewed annually.

Health and safety

Afrimat's commitment to a safe and healthy working environment is demonstrated by strict compliance with the South African Occupational Health and Safety Act, 1993, the Mines Health and Safety Act, and other relevant regulations and internationally recognised standards and guidelines.

Each geographical region has a dedicated SHE Committee, led by a SHE Officer, reporting to the Group SHE Manager and Afrimat's General Manager Sustainability. The Group SHE Manager is responsible for new policies, which are raised and discussed at each operation's monthly safety meeting. Responsibility for compliance rests at every level – each SHE department, each operation's management and each employee. New policies are communicated from the top down through the company notice boards and management meetings.

Health and safety risks are identified through process-based Hazard Identification Risk Assessments ("HIRA") at each site. Risks identified during the HIRA process are mitigated and/or managed by compiling and then implementing safe work practices. HIRAs and risk mitigation are performed using Afrimat's established scoring mechanisms to determine the likelihood of the hazard actually occurring, and the anticipated consequences of the incident/accident.

Site-specific safe work practices and other related controls are developed and implemented for hazards with an unacceptable risk rating, and all staff who may be affected receive the relevant training. Hazards are re-rated after implementing safe work practices and controls. The process is repeated until all hazards and associated risks are at acceptable levels. During the year codes of practice were developed for conveyor belts, as well as procedures for emergencies.

Afrimat also has a well-developed Incident Management System. All incidents are investigated by local management and high risk accidents are escalated to SHE management and the board. Regular in-house audits are conducted by the Group SHE manager and regional safety officers.

Afrimat is a member of independent associations ASPASA, which audits the quarries, and SARMA, which audits the readymix plants. Further, the DMR performs random inspections at the group's quarries. Areas for improvement identified during these audits are addressed by management.

During the year Afrimat achieved a DIFR of 2,86 (2011: 2,47) reflecting an increased number of injuries, of which the majority were of a minor nature and preventable. As a result management has increased its focus on ensuring compliance to health and safety procedures.

A range of health and safety courses were conducted to increase SHE awareness, including:

- Basic safety induction training
- First aid
- Safe work practices
- Hazard and risk identification
- Fire training
- SHE operator and policy training

In order to protect the health and wellbeing of all employees, Afrimat conducts pre-employment and annual medical examinations.

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. 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. There were no changes to the policy in FY2012.

The group highlights issues around HIV/AIDS awareness through channels such as the staff newsletter, posters on notice boards and information leaflets in support of World AIDS Day.

Environmental conservation

Afrimat is committed to the protection of the environment in line with the regulations of the DMR.

The group manages its environmental footprint with EMPs that focus on responsible mining, reducing emissions through upgrades to diesel-driven equipment and maintaining all equipment at optimum working levels and efficiency. Afrimat is today well-respected in the industry for its EMPs.

As Afrimat is aware that its activities may have unintentional negative effects on the environment, the group is committed to continually identifying advanced means of limiting this impact. These include limiting potential dust emissions, decreasing noise pollution, safe storage of oil and diesel, and a heightened focus on recycling. To this end the group monitors national and international regulatory guidelines and developments.

Further, third party audits by ASPASA (every second year), SARMA and external consultants support Afrimat's efforts in this regard and provide added opportunity for refinement and improvement.

Environmental progress reports are submitted annually to the DMR in terms of mining licence requirements. In addition, mine rehabilitation assessments are conducted by external consultants and provisions are raised to meet these future obligations.

During the year Afrimat put in place certain measures to conserve precious resources and decrease carbon footprint, including:

- Benchmarking of operational output and the use of electricity, fuel and explosives, helping to determine where energy is being used inefficiently
- Close monitoring of power factor corrector capacitors to reduce electricity usage
- Introduction of sequential start-up of electrical motors to decrease electricity usage
- Production times changed to non-peak electricity consumption periods
- Used oil is sold to oil waste recycling companies

In respect of the group's environmental policy:
Afrimat remains committed to environmental stewardship and the responsible use of South Africa's natural resources. The group takes full responsibility for ensuring that its environmental management practices meet the expectations of all stakeholders. Afrimat endorses a holistic approach to environmental management within the boundaries of its operations, and in terms of the impact of its activities on surrounding areas, interested and affected parties, users and communities.

Afrimat management is committed to leading environmental management efforts leading by example. Staff are encouraged and empowered to participate and contribute freely towards all environmental management initiatives.

Afrimat is committed to:

- Integrating environmental management in day-to-day management processes
- Optimising the recovery and use of resources by practicing responsible mining and rehabilitation processes
- Complying fully with all applicable environmental legislation, other requirements and best practices
- Educating staff in terms of environmental management concerns and responsibilities
- Monitoring and reporting on the environmental performance of the business
- Continuously improving the environmental performance
- Supporting industry-related environmental improvement initiatives and sharing our knowledge of environmental management with industry stakeholders
- Controlling company pollution sources impacting land, air and water

Afrimat is acutely aware of the potential for conflict between our operational activities and environmental conservation goals. The group strives to reach a balance between the economic utilisation of finite resources and the preservation of the natural environment.

The environmental policy is monitored for relevance and revised every two years or as necessary. Management and employees are encouraged to contribute and comment on the policy during the review process.

Human resources and remuneration

Afrimat regards its employees as a key success driver, especially in an industry where skills are scarce.

Employment

The group strives to attract and retain employees of the highest calibre to uphold performance and sustainability, and in parallel prioritises optimal working conditions and opportunities for development. Evidence of the group's success in this regard is a very low staff turnover at all levels, with most turnover attributable to natural retirement.

Afrimat looks to surrounding communities to supplement its project labour force.

Afrimat adopts a strategy of low automation in existing business and newly commissioned plants to ensure the preservation of jobs. An example of this is the new brick/block plants commissioned in KwaZulu-Natal, which are labour intensive.

All employees are remunerated in line with the Basic Conditions of Employment Act or better. Union members' benefits are also specified in collective agreements.

Labour relations

Solidarity, National Union of Mineworkers, WELUSA and WAWUSA are currently the representative unions in the group. Communication with these unions continued during the year, facilitated by the Skills Development and Employment Equity Consultative Committees of each subsidiary. No incidents of labour unrest were reported during the year.

Skills development

Afrimat's skills development programme is aimed at empowering employees and enabling them to reach their full potential, in line with the Skills Development Act. Group-wide training boosts the scarce skills pool in the industry generally by equipping employees with technical, administrative and management skills. The General Manager for Sustainability, supported by human resources and other managers in the group, are responsible for skills development and training.

A total of R2 971 979 was committed to training spend for the year. In aggregate 944 employees participated in courses (see below), of which 87% were HDIs.

Courses covered the induction of new employees, IT systems, health and safety training and basic operational training, specifically:

Type	Focus
Learnerships	▪ Boilermaking ▪ Welding ▪ Fitting ▪ Diesel mechanical ▪ Spray painting ▪ Electrical
NQF	▪ NQF 3 – 8
Certificates, diplomas, degrees	▪ Project management ▪ Skills development facilitating ▪ Finance for non-financial managers ▪ Advanced management development workshops ▪ Mine management ▪ Sales management ▪ HR management ▪ MBA (black employee)
Adult Basic Education Training	
Other training courses	▪ Accpac and Winbridge application software user training ▪ Safety, health and environment ▪ Advanced driver courses ▪ Plant operator ▪ Earth moving equipment operator

A total of 36 learnerships are in place of which 64% is HDI employees – remuneration paid to these learners during the year amounted to R369 377. In addition, four internships were granted during the year.

Skills development needs are determined by regular performance appraisals and through day-to-day interaction with employees. Afrimat further has a formal "Talent Management Programme", which uses a Talent Management Matrix to guide succession planning, identification of key performers, staff retention (motivation and reward), young talent development and performance management. The Talent Matrix is in place for the top thirty senior performers. Talent assessment and development initiatives ensure employees remain abreast of new technology and/or are equipped with skills required for a future promotion.

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. It is an independent and objective body 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.

The committee meets three times a year and is chaired by independent non-executive board Chairman MW von Wielligh and comprises independent non-executive director PRE Tsukudu and non-executive director L Dotwana. The CEO is a member of the committee but is excluded from deliberations in respect of his own remuneration. Details of directors' attendance at the Remuneration & Nominations Committee meetings are set out on page 25.

A formal Charter is in place and is reviewed annually.

The committee regularly updates the board regarding committee activities, makes appropriate recommendations and tables the company's remuneration policy at the annual general meeting for a non-binding advisory vote by shareholders.

Should the committee require information from any employee or need to obtain external legal or other independent professional advice, it is authorised by the board to do so at the expense of the group.

Remuneration policy

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 in the best interests of the company and its stakeholders. The Remuneration & Nominations Committee ensures an appropriate level of transparency as well as a level of equity and consistency across the group.

The group pays market-related salaries relevant to the geographical area and position, taking into account employees' qualifications, experience and performance. This is benchmarked against financial and advisory firm Deloitte's salary research and external consultants, Compensation Technologies, are also used in the process 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 are further incentivised for performance with a "short-term incentive bonus", and long-term a share appreciation rights scheme. These 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 also adjusted for changes in the general cost of living, while incentivised performance is calculated in terms of defined profit targets and key performance indicators (KPIs) including risk-related elements.

"Afrimat Limited's Remuneration Policy 2013

1. Purpose

Afrimat Limited and its subsidiaries are committed to ensuring that its remuneration practices enable the company to:

1.1.1 Attract and retain critical talent;

1.1.2 Motivate employees to perform in the best interests of the company and its stakeholders;

1.1.3 Appropriately compensate employees for the services they provide to the company;

1.1.4 Provide an appropriate level of transparency; and

1.1.5 Ensure a level of equity and consistency across the group.

2. Policy

The structure of remuneration of senior executives and of non-executive directors is separate and distinct.

2.1 Remuneration of non-executive directors

2.1.1 The board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

2.1.2 All new members of the board are to be provided with a formal letter of appointment setting out the key terms and conditions to the appointment. The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Director fees are not linked to the performance of the company.

2.1.3 Each non-executive director receives a fee in the form of cash for being a director of the company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services. No non-executive directors receive retirement benefits or bonuses.

2.1.4 The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

2.1.5 The level of annual non-executive director fees is approved by shareholders in accordance with the requirements of the Companies Act 2008 (Act 71 of 2008). The board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

2.1.6 Non-executive directors do not participate in the share appreciation rights scheme.

2.1.7 Non-executive directors have long been encouraged by the board to hold shares in the company. It is considered good governance for directors to have a stake in the company on whose board he or she sits.

2.2 Remuneration of executive directors and key senior executives

2.2.1 The policy of the board is to pay base salaries which are competitive with those paid to executives in organisations of similar size and market sector, to motivate executives to pursue the long-term growth and success of the company. Senior executives enter into formal performance agreements and a letter of appointment describing their remuneration, term of office, duties, rights and responsibilities as well as any termination entitlements.

2.2.2 Remuneration is viewed on three levels:

- **Immediate remuneration:** Total cost of employment (guaranteed annualised remuneration) (TCOE) packages are reviewed and determined with regard to current market rates and are benchmarked against comparable industry packages. Remuneration packages are capped at a monetary level, and the employee has, within reasonable parameters set by General Manager Human Resources, the opportunity to elect the monetary value to basic salary (retirement funded), car allowance (retirement funded or non-retirement funded, as elected by the employee), retirement fund, medical aid. TCOE is payable in twelve monthly payments.
- **Short-term incentive remuneration:** The CEO may place the employee on a short-term incentive scheme, where an annual incentive bonus becomes payable based on performance of the employee and performance of the business. It is the policy of the board that the performance criteria of all such bonuses should be relevant and stretching. Criteria used to determine the annual merit based performance bonus is the setting of key objectives for each executive and measuring performance against these targets which centre on company performance, improvement in net profit and improvement in return to shareholders. Overall levels of incentives payable are reviewed annually in accordance with marketplace movements, and are approved by the Remuneration & Nomination Committee.
- **Share appreciation right options:** Upon recommendation of the CEO, the Remuneration & Nomination Committee may grant equity-based remuneration in the form of share appreciation rights options. Share appreciation right options are granted to executives and key employees having regard, among other things, to the past and potential contribution of the person to the group and the need to retain the skills of the employee. Overall levels of share appreciation right options granted are reviewed annually in accordance with marketplace movements. Every qualifying position will be capped in terms of the maximum total share appreciation right options.

2.3 Remuneration of employees

The policy of the board is to pay base salaries which are competitive with those paid to employees in organisations of similar size and market sector, to motivate employees to pursue the long-term growth and success of the company.

Employees are categorised in two groups:

2.3.1 Salaried employees:

- Monthly paid employees, whose remuneration is based on a total cost of employment (TCOE) per annum, paid in twelve instalments. Salaried employees enter into formal performance agreements and a letter of appointment describing their remuneration, term of office, duties, rights and responsibilities as well as any termination entitlements.

Remuneration of salaried employees is viewed on three levels:

- **Immediate remuneration:** Total cost of employment (guaranteed annualised remuneration) (TCOE) packages are reviewed and determined with regard to current market rates and are benchmarked against comparable industry packages. Remuneration packages are capped at a monetary level, and the employee has, within reasonable parameters set by General Manager Human Resources, the opportunity to elect the monetary value to basic salary (retirement funded), car allowance (retirement funded or non-retirement funded, as elected by the employee), retirement fund, medical aid.
- **Short-term incentive remuneration:** The CEO may place the employee on a short-term incentive scheme, where an annual incentive bonus becomes payable based on performance of the employee and performance of the business. It is the policy of the board that the performance criteria of all such bonuses should be relevant and stretching. Criteria used to determine the annual merit based performance bonus is the setting of key objectives for each executive and measuring performance against these targets which centre on company performance, improvement in net profit and improvement in return to shareholders. Overall levels of incentives payable are reviewed annually in accordance with marketplace movements, and are approved by the CEO.
- **December bonus:** With the exception of employees participating in the Short-Term Incentive Bonus Scheme (STIBS) at a potential bonus level of 15% or higher, employees are to allocate 7% of their TCOE to a December bonus. The bonus is calculated on the basis of the employee's salary in December, and is payable *pro rata* for the proportion of a *calendar year* worked completed in December for employees who commenced employment, or were upgraded to salaried employees in the course of the twelve (12) months prior to payment of the bonus. An employee whose employment is terminated prior to December is entitled to a refund of the bonus allocated to a December bonus in the calendar year of termination of service.
- **Share appreciation right options:** Upon recommendation of the CEO, the Remuneration & Nomination Committee may grant equity-based remuneration in the form of share appreciation rights options. Share appreciation right options are granted to executives and key employees having regard, among other things, to the past and potential contribution of the person to the group and the need to retain the skills of the employee. Overall levels of share appreciation right options granted are reviewed annually in accordance with marketplace movements and are capped per position level.

2.3.2 Wage-earning employees:

- Employees whose remuneration is based on an hourly rate. These employees earn their wage in monthly instalments of the average hours worked in any month. For the purpose of averaging of working hours, it is deemed that an employee works an average of 21,67 days per month

(5 day week) and 195 hours per month (45 hours per week, 9 hours per day). Hours not worked (all hours absent) are deducted from the monthly average, while hours on leave (authorised absence) are added to the monthly average. To this effect the actual hours that the employee normally would have worked is used.

- Overtime is payable for all hours worked in excess of the weekly standard work hours (normally 45 hours), payable at the legal minimum levels.
- All basic conditions of employment are established on the minimum legal levels and recorded on the letters of employment of the employees, and may be reviewed annually through collective/individual agreement, within the limits mandated by the Remuneration & Nominations Committee.
- Where a provision is made for a December bonus, such bonus is payable on a *pro rata* basis for the proportion of a *calendar year* completed up to December, for employees who commenced employment in the course of the twelve (12) months prior to payment of the bonus. When employees leave the employment prior to the bonus month (December) no *pro rata* bonus is payable.

2.4 Payments at termination

- Termination payments are based on specific contractual arrangements. There will be no additional payment made for termination due to misconduct, other than what is payable in terms of the existing contractual obligations and the relevant statutory requirements.

2.5 Disclosure of remuneration

- Remuneration reported will included appropriate values for all elements of remuneration, incorporating fixed remuneration, performance-based remuneration comprising payments made and value for benefits provided and equity-based components of remuneration. Reported remuneration will relate to the financial year in which the remuneration is earned.
- Other than disclosure included in annual reports, annual information forms or proxy circulars, remuneration information is confidential between the company and the employee, other than when disclosure is required by law, and there is a mutual obligation and expectation to retain that confidentiality. Remuneration data may be used for valid internal benchmarking, review and analysis and may be disclosed pursuant to regulatory and compliance requirements, but is otherwise required to be dealt with sensitively and confidentially. Similarly, performance data is to be used only for performance management and related review and benchmarking processes.

2.6 Orientation/induction

2.6.1 Executives and directors

The company provides new directors and senior executives with a formal orientation program, which includes reports on operations and results, company policies, Code of Conduct and public disclosure filings by the company. Board meetings are often combined with presentations by the company's management and employees to give additional insight into the company's business. Management is also available for discussion with all new directors and senior executives.

2.6.2 Employees

Each new employee receives orientation relative to the operation where employed, addressing all aspects of employment conditions, disciplinary and grievance procedures, health, safety and environmental responsibilities, reporting lines and workplace procedures.

2.7 Amendment of this policy

2.7.1 This policy has been adopted by the board of Afrimat. Any amendment to this policy can only be approved by the Afrimat board.

2.7.2 The board has the responsibility of reviewing this policy on a regular basis to ensure compliance with the law and corporate governance best practice."

The Afrimat Limited Remuneration Policy 2013 was approved by the board on 2 November 2011 and shall further be considered for approval by the shareholders at the annual general meeting scheduled for 1 August 2012.

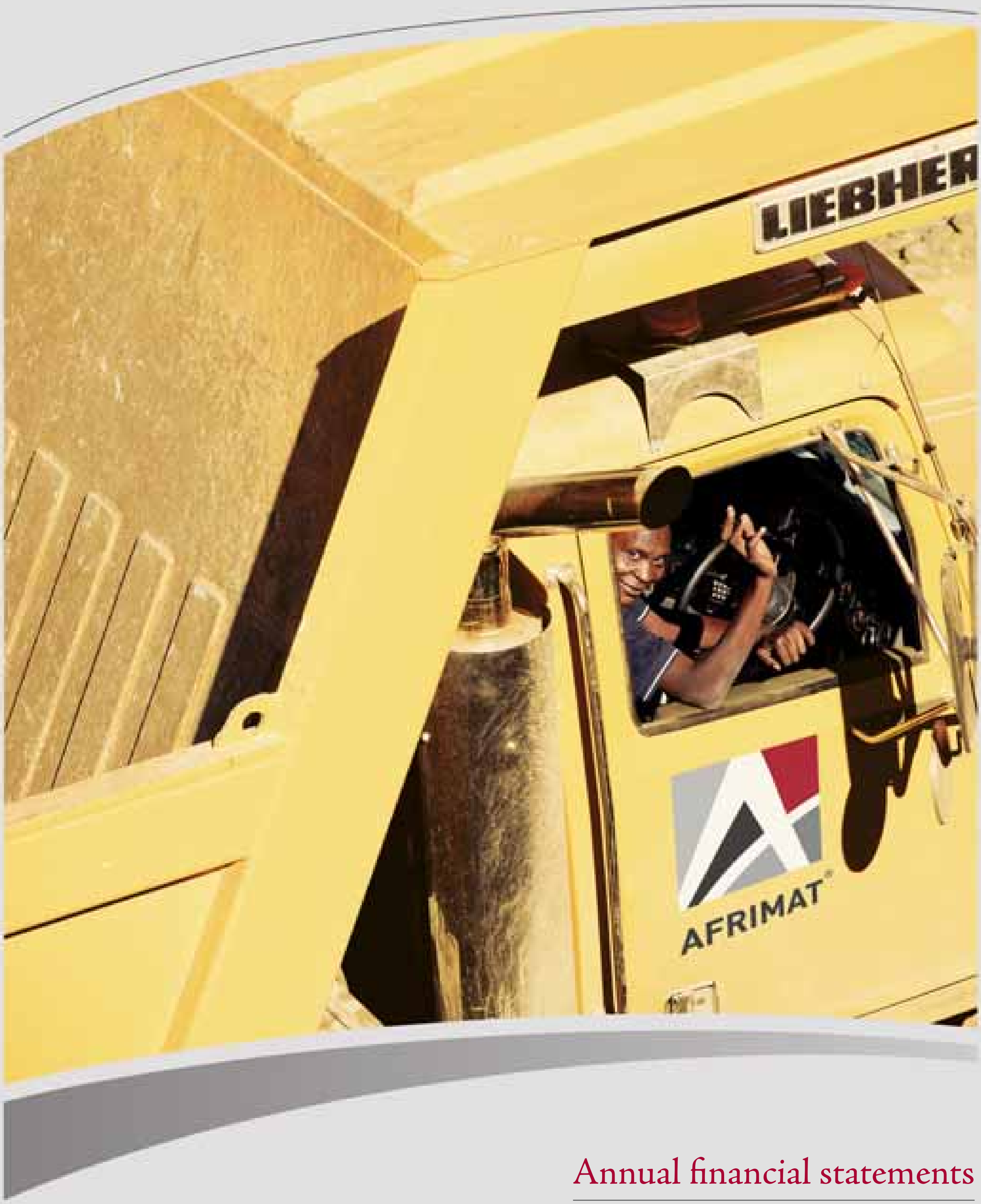
Non-executive directors fees

The fee structure for non-executive directors is set out in detail below:

Type of fee (per annum)	Proposed annual fee 2012/13 R	2011/2012 R
Board		
Chairman	R440 000	R 416 000
Board member	R125 000	R 112 000
Audit & Risk Committee		
Chairman	80 000	R 70 000
Member	50 000	R 45 000
Remuneration & Nominations Committee		
Chairman	44 000	R 41 500
Member	29 000	R 27 700
Social & Ethics and Sustainability Committee		
Chairman	44 000	R 41 500
Member	29 000	R 27 700

Prescribed officers

In accordance with the Companies Act, Afrimat has defined its prescribed officers as those who exercise general control over the whole or a significant portion of the business and activities of the group, or regularly participate to a material degree in the exercise of general executive control over, and management of the whole or a significant portion of, the business and activities of the group. The executive directors of the board are identified as the group's prescribed officers and their remuneration is detailed in note 37 of the annual financial statements.



Annual financial statements

Afrimat Limited annual financial statements

for the year ended 29 February 2012

Contents

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

The annual financial statements have been audited in compliance with the Companies Act 2008 (Act 71 of 2008).

Publication date: 18 June 2012

AFRIMAT®

Directors' responsibility statement

The annual financial statements set out on pages 43 to 84 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:

AJ van Heerden
CEO

HP Verreynne
FD

Cape Town
18 June 2012

Declaration by company secretary

I, PGS 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 2008 (Act 71 of 2008), and that all such returns are true, correct and up-to-date.

PGS de Wit
Company secretary

Cape Town
18 June 2012

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 HJE van Wyk. It further comprises independent non-executive board Chairman MW von Wielligh and non-executive directors L Dotwana and LP 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.

Meeting attendance

The committee met four times during the year and attendance is set out in the table on page 25. 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 revised the risk policy to further assist 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 HP Verreynne as the group's 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 in general.

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.

HJE van Wyk
Audit & Risk Committee chairman

18 June 2012

To the members of Afrimat Limited

We have audited the group annual financial statements and annual financial statements of Afrimat Limited, which comprise the consolidated and separate statements of financial position as at 29 February 2012, and the consolidated and separate income statements and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 43 to 83.

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 the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Afrimat Limited as at 29 February 2012, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Mazars.

Mazars

Registered Auditor
Partner: Duncan Dollman
Registered Auditor
18 June 2012
Cape Town

Directors' report

for the year ended 29 February 2012

The directors of Afrimat present their report for the group for the year ending 29 February 2012.

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 43 to 84 set out fully the financial position, results of operations and cash flows for the year.

Headline earnings increased by 16,2%, translating into headline earnings per share of 62,6 cents (2011: 53,5 cents).

Operational review

The operations are reviewed in detail in the CEO's report and operational review, (pages 14 to 17), which form part of this integrated annual report.

Accounting policies

Detailed accounting policies are set out on pages 51 to 59 of the annual financial statements. Refer to note 36 for the effect of early adopting IAS 19.

Dividend

A higher final dividend of 13,0 cents per share (2011: 11,0 cents) was declared for the year on 14 March 2012 and paid on 10 April 2012. This is in line with the group's current dividend policy of three times cover. The final dividend was based on estimates utilising unaudited management accounts for the year. The total dividend (interim and final) for the year is 19 cents per share (2011: 17 cents per share). Secondary tax on companies amounting to R1 862 411 will be payable on the final divided declared.

Share capital

The total authorised ordinary share capital at year-end was R10,0 million, consisting of 1 000 000 000 ordinary shares of 1 cent each (2011: 1 000 000 000 ordinary shares of 1 cent each). There was no change to the authorised share capital during the year.

The total issued ordinary share capital at year-end was R1 434 624 consisting of 143 262 412 ordinary shares (2011: 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:

GJ Coffee	(executive director)
L Dotwana	(non-executive director)
F du Toit	(non-executive director)
LP Korsten	(non-executive director)
PRE Tsukudu	(independent non-executive director)
AJ van Heerden	(CEO)
HJE van Wyk	(independent non-executive director)
HP Verreynne	(FD)
MW von Wielligh	(independent non-executive Chairman)

L Dotwana and F du Toit will retire by rotation at the upcoming annual general meeting and being eligible, will stand for re-election.

PG Corbin passed away on 12 August 2011.

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 34 to the annual financial statements.

Directors' emoluments and employment contracts

Details of directors' emoluments are set out in note 37 to the annual financial statements. The company negotiated a new employment contract with AJ van Heerden (CEO), which is similar to that of any salaried employee.

Directors' shareholding at 29 February 2012

Director	Number of securities held – Direct – Beneficially	Indirect – Beneficially	Indirect – Non-beneficially	Percentage held (%)
2012				
GJ Coffee	300 000			0,21
PG Corbin (deceased)				–
L Dotwana		4 210 701		2,94
F du Toit			19 408 502	13,55
LP Korsten			7 000 000	4,89
PRE Tsukudu				–
AJ van Heerden	5 475 026		1 198 543	4,66
HJE van Wyk			112 000	0,08
HP Verreynne	100 000			0,07
MW von Wielligh	920 000	80 000		0,70
	6 795 026	4 290 701	27 719 045	27,10
2011				
GJ Coffee	300 000			0,21
PG Corbin	3 586 413			2,50
L Dotwana		4 210 701		2,94
F du Toit			19 788 502	13,81
LP Korsten			8 029 352	5,60
PRE Tsukudu				–
AJ van Heerden	5 475 026		1 198 543	4,66
HJE van Wyk			112 000	0,08
HP Verreynne	100 000			0,07
MW von Wielligh	896 000		1 574 000	1,72
	10 357 439	4 210 701	30 702 397	31,59

Associates of deceased PG Corbin hold 3 386 413 shares at 29 February 2012.

Between year-end and the date of this report the following directors' dealings took place:

Director	Direct – Beneficially	Indirect – Beneficially	Indirect – Non-beneficially	Total
HP Verreynne				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights scheme	256 438			256 438
– Sold	(102 575)			(102 575)

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

Company secretary

Pieter Gabriël Stephanus 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 2008 (Act 71 of 2008).

Interest in subsidiaries

The interest in subsidiaries is presented in note 5 to the annual financial statements. The interest of the holding company in the profits and losses of the subsidiaries, after taxation and profits attributable to non-controlling interests, is as follows:

	2012 R	2011 R
Profits	95 456 552	77 265 599
Losses	(1 500 596)	(2 340 609)

Special resolutions

A general authority was approved by the shareholders at the annual general meeting held on 3 August 2011 to acquire ordinary shares issued by the company, in terms of the Companies Act and in terms of the Listings Requirements of the JSE. Furthermore, the shareholders approved the non-executive directors' remuneration for the 2012 financial year.

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 combination

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 for R120,8 million, settled in shares of R25,8 million and cash of R95,0 million. The effect of the acquisition will only be reflected in the results for the financial year ending 28 February 2013.

The initial accounting for this business combination was incomplete at the time of this integrated annual report. Further disclosure requirements in terms of IFRS 3, such as the fair value of assets acquired and liabilities assumed, have not been disclosed as the effective date financials and valuations have not been finalised.

	Clinker Group R
Unaudited *pro forma* profit after tax assuming the business combination for full year	35 096 496
Unaudited *pro forma* revenue assuming the business combination for full year	212 978 426
Acquisition costs included in Afrimat's operating expenses for the year ending 29 February 2012	231 675

Afrimat is excited about the scale of the potential opportunity of this acquisition. The Clinker Group has complementary and supplementary strengths to those of the Afrimat group. Leveraging these combined strengths will result in new revenue opportunities in line with the group's long-term diversification strategy.

Memorandum of incorporation

A new proposed memorandum of incorporation has been prepared in terms of the requirements of the Companies Act and shall be considered for approval by shareholders at the upcoming annual general meeting on 1 August 2012.

Events after reporting date

Adjustments relating to events after the reporting date

The retirement benefit liability was settled during the year under review 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 from 1 August 2011.

Non-adjusting events after the reporting date

Save for the business combination, referred to under business combination above, and the proposed new memorandum of incorporation, there were no other material events between the reporting date and the date of this integrated annual report.

18 June 2012

Statements of financial position

at 29 February 2012

	Notes	Group 2012 R	Group Restated* 2011 R	Group Restated* 2010 R	Company 2012 R	Company 2011 R
Assets						
Non-current assets						
Property, plant and equipment	2	425 905 737	403 979 537	385 261 260	2 555 376	2 409 717
Intangible assets	3	13 159 928	13 819 484	14 479 048	–	–
Goodwill	4	101 194 917	100 842 960	101 331 899	–	–
Investments in subsidiaries	5	–	–	–	400 557 936	405 324 650
Investment in associate	6	44 193	24 305	5 549	147	147
Other financial assets	7	83 601 597	83 578 175	67 012 086	70 309 906	70 031 537
Deferred tax	9	5 405 963	4 938 781	4 569 767	1 059 513	–
Retirement benefit asset	10	–	–	3 330 105	–	–
		629 312 335	607 183 242	575 989 714	474 482 878	477 766 051
Current assets						
Inventories	11	71 826 698	75 548 173	68 861 850	–	–
Loans to subsidiaries	5	–	–	–	10 190 983	14 735 062
Current tax receivable		3 133 310	5 191 824	5 223 395	532 556	532 556
Trade and other receivables	12	163 548 250	157 120 890	130 956 272	5 015 947	5 642 131
Cash and cash equivalents	13	132 556 840	87 315 762	52 913 747	23 487 969	4 623 581
		371 065 098	325 176 649	257 955 264	39 227 455	25 533 330
Non-current asset held-for-sale	14	–	7 630 204	–	–	–
		371 065 098	332 806 853	257 955 264	39 227 455	25 533 330
Total assets		1 000 377 433	939 990 095	833 944 978	513 710 333	503 299 381
Equity and liabilities						
Equity						
Share capital	15	1 434 624	1 434 624	1 434 624	1 432 624	1 432 624
Share premium	16	352 149 773	352 149 773	352 149 773	352 149 773	352 149 773
Business combination adjustment	16	(105 788 129)	(105 788 129)	(105 788 129)	–	–
Treasury shares	17	(20 558 867)	(16 798 876)	(11 001 790)	–	–
Net issued share capital		227 237 401	230 997 392	236 794 478	353 582 397	353 582 397
Reserves	19	5 494 802	2 692 123	1 834 547	2 879 072	1 201 146
Retained income		435 564 227	368 668 183	318 941 599	108 661 222	110 334 328
Attributable to equity holders of parent		668 296 430	602 357 698	557 570 624	465 122 691	465 117 871
Non-controlling interests		3 609 851	3 207 536	201 735	–	–
Total equity		671 906 281	605 565 234	557 772 359	465 122 691	465 117 871
Liabilities						
Non-current liabilities						
Borrowings long-term	20	44 837 316	52 168 260	48 505 865	–	–
Provisions	21	31 260 099	28 776 618	13 160 285	–	–
Deferred tax	9	70 354 411	64 364 884	58 851 133	–	51 687
Retirement benefit liability	10	–	2 055 115	–	–	–
		146 451 826	147 364 877	120 517 283	–	51 687
Current liabilities						
Loans from subsidiaries	5	–	–	–	42 188 893	29 902 134
Borrowings short-term	20	36 752 154	38 718 398	43 364 590	–	–
Current tax payable		10 068 738	3 431 428	158 565	–	–
Trade and other payables	22	117 051 892	116 728 770	91 347 914	6 398 749	8 227 089
Bank overdraft	13	18 146 542	28 181 388	20 784 267	–	600
		182 019 326	187 059 984	155 655 336	48 587 642	38 129 823
Total liabilities		328 471 152	334 424 861	276 172 619	48 587 642	38 181 510
Total equity and liabilities		1 000 377 433	939 990 095	833 944 978	513 710 333	503 299 381

**(Refer to note 36 for details of restatement of 2011 and 2010)*

Income statements

for the year ended 29 February 2012

	Notes	Group 2012 R	Group Restated* 2011 R	Company 2012 R	Company 2011 R
Revenue	23	996 137 470	854 495 775	31 583 964	26 588 192
Cost of sales		(749 840 524)	(648 532 077)	–	–
Gross profit		246 296 946	205 963 698	31 583 964	26 588 192
Other income	24	7 893 323	3 405 144	225 925	114 844
Operating expenses		(124 059 837)	(99 770 984)	(43 832 254)	(29 255 270)
Operating profit	25	130 130 432	109 597 858	(12 022 365)	(2 552 234)
Investment revenue	26	10 267 028	9 968 655	38 000 814	32 365 912
Finance costs	27	(10 545 414)	(10 952 236)	(1 972 685)	(1 311 978)
Share of profit of associate	6	41 938	18 756	–	–
Profit before taxation		129 893 984	108 633 033	24 005 764	28 501 700
Taxation	28	(38 976 942)	(31 870 384)	(1 324 260)	(2 276 154)
Profit for the year		90 917 042	76 762 649	22 681 504	26 225 546
Attributable to:					
Owners of the parent		90 249 978	76 293 794	22 681 504	26 225 546
Non-controlling interests		667 064	468 855	–	–
		90 917 042	76 762 649	22 681 504	26 225 546
Earnings per ordinary share (cents)	35	65,7	55,0	–	–
Diluted earnings per ordinary share (cents)	35	64,2	54,5	–	–

**(Refer to note 36 for details of restatement of 2011)*

Annual financial statements

Statements of comprehensive income

for the year ended 29 February 2012

	Group		Company	
	2012 R	Restated* 2011 R	2012 R	2011 R
Profit for the year	**90 917 042**	76 762 649	**22 681 504**	26 225 546
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	**104 516**	122 923	**–**	–
Income tax effect	**(62 774)**	(16 288)	**–**	–
Net change in fair value of available-for-sale financial assets transferred to profit and loss	**(245 173)**	–	**–**	–
Income tax effect	**32 513**	–	**–**	–
Remeasurements of the net defined benefit liability/(asset)	**–**	(5 912 237)	**–**	–
Income tax effect	**–**	1 655 426	**–**	–
	(170 918)	(4 150 176)	**–**	–
Total comprehensive income for the year	**90 746 124**	72 612 473	**22 681 504**	26 225 546
Attributable to:				
Owners of the parent	**90 079 060**	72 143 618	**22 681 504**	26 225 546
Non-controlling interests	**667 064**	468 855	**–**	–
	90 746 124	72 612 473	**22 681 504**	26 225 546

**(Refer to note 36 for details of restatement of 2011)*

Statements of changes in equity

for the year ended 29 February 2012

	Share capital R	Share premium R	Treasury shares R	Business combination adjustment R	Other reserves R	Retained income R	Non-controlling interests R	Total equity R
Group								
Previously stated balance at 1 March 2010	1 434 624	352 149 773	(11 001 790)	(105 788 129)	1 834 547	325 667 580	201 735	564 498 340
Change from early adopting IAS19	–	–	–	–	–	(6 725 981)	–	(6 725 981)
Restated* balance at 1 March 2010	1 434 624	352 149 773	(11 001 790)	(105 788 129)	1 834 547	318 941 599	201 735	557 772 359
Changes:								
Movements in non-controlling interests	–	–	–	–	–	(126 064)	2 798 446	2 672 382
Share-based payments	–	–	–	–	750 941	–	–	750 941
Movement in treasury shares	–	–	(5 797 086)	–	–	–	–	(5 797 086)
Profit for the year	–	–	–	–	–	76 293 794	468 855	76 762 649
Other comprehensive income for the year	–	–	–	–	106 635	(4 256 811)†	–	(4 150 176)
Dividends paid	–	–	–	–	–	(22 184 335)	(261 500)	(22 445 835)
Total changes	–	–	(5 797 086)	–	857 576	49 726 584	3 005 801	47 792 875
Restated* balance at 28 February 2011	1 434 624	352 149 773	(16 798 876)	(105 788 129)	2 692 123	368 668 183	3 207 536	605 565 234
Changes:								
Movements in non-controlling interests	–	–	–	–	–	–	101	101
Share-based payments	–	–	–	–	2 973 597	–	–	2 973 597
Movement in treasury shares	–	–	(3 759 991)	–	–	–	–	(3 759 991)
Profit for the year	–	–	–	–	–	90 249 978	667 064	90 917 042
Other comprehensive income for the year	–	–	–	–	(170 918)	–	–	(170 918)
Dividends paid	–	–	–	–	–	(23 353 934)	(264 850)	(23 618 784)
Total changes	–	–	(3 759 991)	–	2 802 679	66 896 044	402 315	66 341 047
Balance at 29 February 2012	1 434 624	352 149 773	(20 558 867)	(105 788 129)	5 494 802	435 564 227	3 609 851	671 906 281
Company								
Balance at 1 March 2010	1 432 624	352 149 773	–	–	762 196	107 030 768	–	461 375 361
Changes:								
Share-based payments	–	–	–	–	438 950	–	–	438 950
Profit for the year	–	–	–	–	–	26 225 546	–	26 225 546
Dividends paid	–	–	–	–	–	(22 921 986)	–	(22 921 986)
Total changes	–	–	–	–	438 950	3 303 560	–	3 742 510
Balance at 28 February 2011	1 432 624	352 149 773	–	–	1 201 146	110 334 328	–	465 117 871
Changes:								
Share-based payments	–	–	–	–	1 677 926	–	–	1 677 926
Profit for the year	–	–	–	–	–	22 681 504	–	22 681 504
Dividends paid	–	–	–	–	–	(24 354 610)	–	(24 354 610)
Total changes	–	–	–	–	1 677 926	(1 673 106)	–	4 820
Balance at 29 February 2012	1 432 624	352 149 773	–	–	2 879 072	108 661 222	–	465 122 691
Notes	15	16	17	16	19			

† *This figure comprises remeasurements of the net defined benefit liability/(asset) net of tax.*

* *(Refer to note 36 for details of restatement of 2011 and 2010)*

Statements of cash flows

for the year ended 29 February 2012

		Group		Company	
			Restated*		
	Notes	2012 R	2011 R	2012 R	2011 R
Cash flows from operating activities					
Cash generated from operations	29.1	171 048 780	159 987 320	(5 453 691)	3 883 650
Interest income		9 988 659	9 968 655	6 953 877	7 287 412
Dividends received		22 050	–	30 768 568	25 078 500
Finance costs		(9 237 719)	(10 952 236)	(1 972 685)	(1 311 978)
Tax paid	29.2	(25 478 475)	(28 424 300)	(2 435 461)	(2 736 392)
Net cash from operating activities		146 343 295	130 579 439	27 860 608	32 201 192
Cash flows from investing activities					
Acquisition of property, plant and equipment	2	(71 932 243)	(45 976 840)	(1 472 850)	(1 940 040)
Proceeds on sale of property, plant and equipment		17 181 270	6 909 111	–	–
Acquisition of businesses	31	–	(33 189 089)	–	(33 204 735)
Acquisition of non-controlling interests		–	(3 275 108)	–	(3 275 108)
Purchase of financial assets		(252 945)	(4 763 439)	–	(4 747 151)
Proceeds with sale of financial assets		612 508	–	–	–
Net cash from investing activities		(54 391 410)	(80 295 365)	(1 472 850)	(43 167 034)
Cash flows from financing activities					
Purchase of treasury shares		(3 759 991)	(5 797 086)	–	–
Proceeds from borrowings		39 960 194	60 159 403	–	–
Repayment of borrowings		(49 257 380)	(55 195 662)	–	–
Loans received		–	–	16 831 840	35 502 989
Dividends paid	30	(23 618 784)	(22 445 835)	(24 354 610)	(22 921 986)
Net cash from financing activities		(36 675 961)	(23 279 180)	(7 522 770)	12 581 003
Total cash movement for the year		55 275 924	27 004 894	18 864 988	1 615 161
Cash at the beginning of the year		59 134 374	32 129 480	4 622 981	3 007 820
Total cash at the end of the year	13	114 410 298	59 134 374	23 487 969	4 622 981

* *(Refer to note 36 for details of restatement of 2011)*

Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa. The annual financial statements have been prepared using a combination of the historical cost and fair value basis of accounting. Those categories to which the fair value basis of accounting has been 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 1.19.

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

Changes in accounting policy

The group decided to early adopt the amended IAS19, issued in June 2011, retrospectively. According to the revised IAS19, actuarial gains and losses are renamed "remeasurements" and will be recognised immediately in other comprehensive income. The use of the corridor method, as previously applied, is no longer permitted. The revised standard has introduced the new concept of net interest on the net defined benefit liability (asset) and the ways in which the net interest is determined, represents a major change to the existing IAS19. Under the revised standard, the return on plan assets is estimated on the basis of the discount rate of the liability, rather than the expected rate of return of plan assets, as in the past. The full impact of the early adoption is disclosed in note 36.

1. Accounting policies

1.1 Business combination

Prima Klipbrekers (Pty) Limited, a subsidiary, was regarded as the acquirer for accounting purposes in terms of IFRS 3 when Afrimat was established. Consequently the group consolidated financial statements represent a continuation of the financial statements of this subsidiary.

(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. The direct costs attributable to the acquisition of the subsidiary or associate are expensed as incurred.

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

(b) Non-controlling interests

Non-controlling shareholders' interests included on the statement of financial position represent the portion of profit or loss and net assets in subsidiaries not held by the group. Non-controlling interests are presented separately in profit or loss 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 equity. Gains or losses on disposals to non-controlling interests are also recorded 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 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 income statement, 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 income statement 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 equipment	3 to 5 years
Dismantling costs	1 to 15 years

Where a part of an item of property, plant and equipment 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 income statement.

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 income statement 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 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 income statement 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 income statement 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.

1.4 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 all intangible assets, amortisation is provided on the straight-line basis so to write down the cost of the intangible assets, less their residual values, on the straight-line basis over their useful lives estimated to be between 20 to 30 years.

The amortisation charge is recognised as an operating expense in the income statement. 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 income statement.

The useful life of an intangible asset with a finite life is reviewed annually to determine whether the finite life assessment continues to be supportable. If not, the change in the useful life assessment is made prospectively.

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 income statement 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.

1.5 Financial instruments

Initial recognition

Financial instruments carried on the statement of financial position include cash and bank balances, investments, trade and other receivables, trade and other payables, 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 on the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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. Management determines the classification of financial assets at the time of the purchase and re-evaluates such designation at every reporting date.

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. They are included in non-current assets unless management intends to dispose of the investment within twelve 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. Investments 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 income statement 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 twelve 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 method and recognised in the income statement.

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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is disclosed under trade receivables.

If there is objective evidence that an impairment loss on loans or receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan or receivable's original effective interest rate. This impairment loss is recognised in the income statement.

Trade and other receivables
Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently carried at amortised cost. An allowance for estimated irrecoverable amounts is recognised in the income statement 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 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 income statement within operating expenses. When a trade receivable is uncollectible, it is written of against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

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 initially and subsequently recorded at fair value.

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

Bank overdrafts and borrowings
Bank overdrafts and borrowings are initially measured at fair value, which is the cash consideration received less transaction costs. Subsequently, bank overdrafts and borrowings are 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.

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

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.

Trade and other payables
Trade and other payables are initially recognised at fair value, being the original invoice amount. Subsequently trade and other payables are carried at amortised cost using the effective interest method.

1.6 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.

1.7 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Non-current assets held-for-sale are not depreciated while classified as held-for-sale.

1.8 Tax

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 a 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 and unused secondary tax companies credits can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused secondary tax on companies credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused secondary tax on companies credits 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.

Tax expense

Current and deferred taxes are recognised as income or an expense and included in the income statement, 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 income statement when there are items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible under existing tax legislation.

Secondary taxation on companies is provided in respect of declared dividends, net of dividends received or receivable, and is recognised as a taxation charge in the income statement in the year the related dividend is declared.

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

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 income statement in the period in which they occur.

1.10 Impairment of non-financial assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company 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 intangible assets with an indefinite useful life and 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 intangible assets with an indefinite useful life and 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 twelve 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 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 a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Defined contribution plans

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

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted annually by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to reporting date where the interim valuation is performed at an earlier date.

All past service costs are recognised immediately.

Remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recorded in other comprehensive income is not recycled. However, the entity may transfer those amounts recognised in other comprehensive income within equity. Past service cost is recognised in profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

– service cost, past-service cost, gains and losses on curtailments and settlements;
– net-interest expense or income;
– remeasurement.

A gain or loss on settlement is recognised in profit or loss as the difference between the present value of the defined benefit plan being settled and the settlement price.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

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 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 IFRS2: Share-based payments, IFRIC8: Scope of IFRS2 and AC503: Accounting for Black Economic Empowerment transactions.

1.15 Foreign currency transactions

The consolidated financial statements are presented in South African Rand which is the company's functional and presentation currency. Translation of operations conducted in Namibia due to the fixed exchange rate, do not result in translation gains or losses.

1.16 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.

1.17 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 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.

1.18 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 EXCO.

Segment revenue reflects both sales to external parties and inter-group transactions across segments. 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.

1.19 Significant accounting judgements and estimates

In the process of applying the group's accounting policies, management has not made any judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Property, plant and equipment

The useful lives and residual values of items of property, plant and equipment are assessed annually in order for depreciation to be provided. The actual lives and residual values of assets may vary depending on several factors. Consideration has to be 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.

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 note 18.

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.

1.20 New and amended standards adopted by the group

The group has adopted the following new and amended IFRSs as of 1 March 2011:

IAS 19, "Employee benefits" amended in June 2011. The impact on the group was as follows: the corridor approach was eliminated and all actuarial gains and losses were recognised in other comprehensive income as they occurred; all past service costs were immediately recognised, and interest cost and expected return on plan assets was replaced with a net interest amount that was calculated by applying the discount rate to the net defined benefit (liability) asset. The full impact of the early adoption is disclosed in note 36.

There are no other IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 March 2011 that had a material impact on the group.

1.21 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 2012 or later periods, but the group has not early adopted them:

IFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 March 2015.

IFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 March 2013.

IFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and group intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 March 2013.

IFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 March 2013.

IFRIC 20 "Stripping costs in the production phase of a surface mine", effective for annual periods beginning on or after 1 March 2013. IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The group is yet to assess IFRIC 20's full impact and the group intends to adopt IFRIC 20 no later than the accounting period beginning on or after 1 March 2013.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

	2012			2011		
	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	44 605 364	(4 660 398)	39 944 966	44 629 926	(4 400 878)	40 229 048
Leasehold property	10 631 711	(2 261 850)	8 369 861	10 841 212	(2 064 719)	8 776 493
Plant and machinery	377 063 268	(145 452 791)	231 610 477	344 268 070	(126 231 842)	218 036 228
Motor vehicles	273 507 677	(136 522 867)	136 984 810	249 636 077	(121 386 950)	128 249 127
Office equipment	12 609 438	(9 322 577)	3 286 861	10 394 241	(7 516 544)	2 877 697
Dismantling costs	10 649 669	(4 940 907)	5 708 762	10 095 163	(4 284 219)	5 810 944
Total	729 067 127	(303 161 390)	425 905 737	669 864 689	(265 885 152)	403 979 537
Company						
Office equipment	5 537 392	(2 982 016)	2 555 376	4 064 542	(1 654 825)	2 409 717

	Opening carrying value R	Additions R	Additions through business combinations R	Change in category R	Disposals R	Depreciation R	Closing carrying value R
Movements in carrying value							
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 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

	Opening carrying value R	Additions R	Additions through business combinations R	Transferred to non-current asset held-for-sale R	Disposals R	Depreciation R	Closing carrying value R
Group – 2011							
Land and buildings	46 528 628	865 579	808 754	(7 630 204)	(50 000)	(293 709)	40 229 048
Leasehold property	6 151 220	3 169 254	–	–	–	(543 981)	8 776 493
Plant and machinery	209 165 599	22 529 683	12 870 375	–	(1 275 162)	(25 254 267)	218 036 228
Motor vehicles	117 548 623	15 246 923	14 541 781	–	(2 176 595)	(16 911 605)	128 249 127
Office equipment	1 978 440	1 999 900	203 796	–	(2 210)	(1 302 229)	2 877 697
Dismantling costs	3 888 750	2 165 501	330 977	–	–	(574 284)	5 810 944
Total	385 261 260	45 976 840	28 755 683	(7 630 204)	(3 503 967)	(44 880 075)	403 979 537
Company – 2012							
Office equipment	2 409 717	1 472 850	–	–	–	(1 327 191)	2 555 376
Company – 2011							
Office equipment	1 368 676	1 940 040	–	–	–	(898 999)	2 409 717

Certain property, plant and equipment has been encumbered as security for interest-bearing borrowings (note 20).

	Group	
	2012 R	2011 R
Carrying value of assets pledged as security:		
Property, plant and equipment	121 549 395	150 101 469

	Group 2012 R	Group 2011 R
3. Intangible assets		
Mining rights	13 159 928	13 819 484
Gross amount	19 119 291	19 119 291
Accumulated amortisation and impairment	(5 959 363)	(5 299 807)
Carrying value	13 159 928	13 819 484
Carrying value – opening balance	13 819 484	14 479 048
Amortisation for the year	(659 556)	(659 564)
Carrying value – closing balance	13 159 928	13 819 484

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 vary between 16 and 26 years (2011: 17 and 27 years).

	Group 2012 R	Group 2011 R
4. Goodwill		
Gross amount	103 103 919	102 414 479
Accumulated impairment	(1 909 002)	(1 571 519)
Carrying value	101 194 917	100 842 960
Carrying value – opening balance	100 842 960	101 331 899
Additions through business combinations	–	111 061
Adjustments	689 440	–
Impairment of goodwill	(337 483)	(600 000)
Carrying value – closing balance	101 194 917	100 842 960

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

	Group 2012 R	Group 2011 R
Lancaster Precast	20 468 422	20 468 422
Lancaster Quarries	16 877 717	16 877 717
Rodag Holdings	1 057 984	1 057 984
Prima Klipbrekers	122 216	122 216
Boublok	–	176 995
Malans	15 577 834	15 738 322
Denver	39 266 892	39 266 892
Scottburgh	1 300 000	1 300 000
Sunshine Crushers	5 723 351	5 723 351
Glen Douglas	800 501	111 061

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% (2011: 19%). The key assumptions used were growth rates of 0% to 10% (2011: 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 29 February 2012 goodwill in the amount of R337 483 (2011: R600 000) was identified as not recoverable and was subsequently written off as impaired.

Name of company	Nature of business	Total share capital	% holding 2012	% holding 2011	Carrying amount shares 2012	Carrying amount shares 2011	Carrying amount indebtness 2012	Carrying amount indebtness 2011
5. Investments in subsidiaries								
Afrimat Share Incentive Trust	Investment	–	–	–	–	–	1 389 875	1 360 935
AFT Aggregates (Pty) Limited	Aggregates	20	100,0	100,0	175 108	175 108	170 347	147 783
Boublok (Pty) Limited	Concrete Products	100	100,0	100,0	888 831	888 831	103 121	(730 340)
Capmat (Pty) Limited	Aggregates	4 000	87,5	87,5	6 255 231	6 255 231	1 669 770	1 330 315
Afrimat Concrete Products (Pty) Limited	Concrete Products and Readymix	10 000	100,0	100,0	67 378 835	67 378 835	–	641 457
Afrimat Aggregates (KZN) (Pty) Limited	Aggregates	30 000	100,0	100,0	35 182 874	35 182 874	–	–
Afrimat Readymix (Cape) (Pty) Limited	Readymix	200	100,0	100,0	5 267 084	5 267 084	(2 209 534)	(2 275 896)
Afrimat Aggregates (Operations) (Pty) Limited	Aggregates	100	100,0	100,0	106 220 430	106 220 430	(13 135 249)	(7 343 093)
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	3 646 852	–
Rodag Properties (Pty) Limited	Property	1 000	100,0	100,0	–	4 382 087	–	–
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	(12 945 990)	(9 367 704)
Afrimat Aggregates (Trading) (Pty) Limited	Aggregates	5 000	92,7	92,7	24 933 683	24 933 683	(11 025 455)	(7 306 803)
Community Quarries (previously Malans 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	–	–
Melani Materials (Pty) Limited	Aggregates	900	100,0	100,0	–	–	–	(5 733)
Labonte 3 (Pty) Limited	Property	1 000	50,0	50,0	149 494	149 494	1 424 253	2 345 067
Jeffreys Bay Crushers (Pty) Limited	Aggregates	200	49,5	100,0	100	384 727	(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 (previously Blue Platinum Ventures 56) (Pty) Limited	Contracting	100	100,0	100,0	3 180 001	3 180 001	–	–
Glen Douglas Dolomite (Pty) Limited	Aggregates	10 000	100,0	100,0	27 657 764	27 657 764	1 329 167	8 451 907
					400 557 936	405 324 650	(31 997 910)	(15 167 072)
Current assets								
Loans to subsidiaries							10 190 983	14 735 062
Current liabilities								
Loans from subsidiaries							(42 188 893)	(29 902 134)
							(31 997 910)	(15 167 072)

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.

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
6. Investment in associate				
Opening balance	24 305	5 549	147	147
Share of net profit after tax	41 938	18 756	–	–
Dividend received from associate	(22 050)	–	–	–
Closing balance	44 193	24 305	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:				
Ikapa Quarries (Pty) Limited (49%)				
Assets	2 003 081	816 834	–	–
Liabilities	(1 958 887)	(792 529)	–	–
Revenues	2 292 974	215 600	–	–
Profit	41 938	18 756	–	–
7. Other financial assets				
Available-for-sale				
Listed shares at fair value				
Old Mutual PLC shares	48 440	52 430	–	–
Environmental funds at fair value				
Green Horizons Environmental Rehabilitation Trust Fund	1 294 291	1 198 568	–	–
Liberty Life New Growth Rehabilitation Plan Trust	11 948 960	11 696 015	–	–
Liberty Life Endowment Policy	–	599 625	–	–
	13 243 251	13 494 208	–	–
Total available-for-sale financial assets	13 291 691	13 546 638	–	–
Loans and receivables				
Funding provided to Afrimat employees/preference shares in Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust	70 309 906	70 031 537	70 309 906	70 031 537
Total loans and receivables	70 309 906	70 031 537	70 309 906	70 031 537
Total financial assets	83 601 597	83 578 175	70 309 906	70 031 537
Non-current assets				
Available-for-sale	13 291 691	13 546 638	–	–
Loans and receivables	70 309 906	70 031 537	70 309 906	70 031 537
	83 601 597	83 578 175	70 309 906	70 031 537

The fair values of the financial assets were determined as follows:
The fair values of available-for-sale financial assets are based on the quoted market price.

Fair values are determined annually at reporting date.

None of these financial assets is either past due or impaired.

The 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 33.

In previous years Afrimat launched a broad-based BEE ownership initiative, whereby Afrimat's black employees acquired participating rights to 16,8% of the issued share capital of the company (24 050 000 shares), utilising funding provided by Afrimat to the Afrimat BEE Trust. Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust assisted employees with funding through the issuance of 1 000 preference shares to Afrimat Limited for a total subscription price of R64 205 000 as well as 1 000 preference shares for a total subscription price of R4 239 000. The preference shares are redeemable cumulative participating preference shares. Preference dividends are calculated at a rate of 70% of the prime interest rate. The company's shares held by Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust serve as security for the preference shares. As the current share price exceeds the carrying value of the loans no defaults have occurred or are expected.

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

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
8a. Financial instruments by category				
Assets as per statement of financial position				
Loans and receivables at amortised cost				
Other financial assets	70 309 906	70 031 537	70 309 906	70 031 537
Trade and other receivables	156 826 357	147 689 865	4 799 066	5 566 771
Cash and cash equivalents	132 556 840	87 315 762	23 487 969	4 623 581
Loans to subsidiaries	–	–	10 190 983	14 735 062
	359 693 103	305 037 164	108 787 924	94 956 951
Available-for-sale				
Other financial assets	13 291 691	13 546 638	–	–
	13 291 691	13 546 638	–	–
Total	372 984 794	318 583 802	108 787 924	94 956 951
The maximum exposure to credit risk at the reporting date is the fair value of each class of loans and receivables mentioned above and at company level includes the exposure to omnibus securityship as per note 38(c), which is considered equal to the amounts mentioned above.				
Liabilities as per statement of financial position				
Financial liabilities at amortised cost				
Borrowings	81 589 470	90 886 658	–	–
Loans from subsidiaries	–	–	42 188 893	29 902 134
Trade and other payables	113 515 152	108 296 857	6 315 465	7 467 311
Bank overdraft	18 146 542	28 181 388	–	600
Total	213 251 164	227 364 903	48 504 358	37 370 045
8b. Credit quality of fully performing financial assets				
Trade receivables				
Customers without external ratings				
Group 1 (New customers)	6 262 248	11 736 798	–	–
Group 2 (Existing customers – with no defaults in the past)	63 865 241	57 138 349	–	–
Group 3 (Existing customers – Some prior defaults, but fully recoverable)	27 154 498	24 449 182	–	–
	97 281 987	93 324 329	–	–
None of the financial assets have been renegotiated in the current year.				

	Group			Company	
	2012 R	Restated 2011 R	Restated 2010 R	2012 R	2011 R
9. Deferred tax					
The group decided to early adopt the amended IAS19, issued in June 2011, retrospectively. The deferred tax note was restated to be in line with the adopted IAS19. See note 36 for the effect of the early adoption of IAS19.					
Accelerated capital allowances for tax purposes	(74 667 547)	(70 530 967)	(61 715 046)	–	–
Provisions	9 111 633	5 545 372	1 315 350	256 514	157 412
Tax losses available for set off against future taxable income	5 109 550	6 909 176	6 266 116	1 012 098	–
Other deferred tax	(4 502 084)	(1 349 684)	(147 786)	(209 099)	(209 099)
	(64 948 448)	(59 426 103)	(54 281 366)	1 059 513	(51 687)

	Group			Company	
	2012 R	Restated 2011 R	Restated 2010 R	2012 R	2011 R
9. Deferred tax *(continued)*					
Reconciliation of deferred tax asset/(liability)					
Opening balance	(59 426 103)	(54 281 366)	(52 491 421)	(51 687)	(117 378)
Rate change	(22 472)	(20 102)	-	–	–
Acquired through business combinations	–	(7 653 882)	2 700 595	–	–
Accelerated capital allowances for tax purposes	(4 129 849)	461 571	(5 252 849)	–	–
Provisions	3 461 577	187 104	1 491 607	99 102	65 691
Increase/(decrease) in tax losses available for set off against future taxable income	(1 694 945)	385 362	(2 137 103)	1 012 098	–
Other	(3 136 656)	1 495 210	1 407 805	–	–
Closing balance	(64 948 448)	(59 426 103)	(54 281 366)	1 059 513	(51 687)
Non-current assets	5 405 963	4 938 781	4 569 767	1 059 513	–
Non-current liabilities	(70 354 411)	(64 364 884)	(58 851 133)	–	(51 687)
	(64 948 448)	(59 426 103)	(54 281 366)	1 059 513	(51 687)
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.					
Tax consequences of undistributed reserves					
STC on remaining reserves if all reserves are distributed	39 596 748	33 515 289	28 994 691	9 878 293	10 030 393
The introduction of dividends tax with effect from 1 April 2012 will result in shareholders having to pay dividend tax on dividends received and STC will no longer be paid by the company.					

10. Retirement benefits

Defined contribution plan

It is the policy of the group to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The group is under no obligation to cover any unfunded benefits.

	2012 R	Restated 2011 R	Restated 2010 R	Company 2012 R	Company 2011 R
The total group contributions to such schemes.	9 924 961	8 763 276	6 247 914	1 036 841	760 261

Defined benefit plan

The group decided to early adopt the amended IAS19, issued in June 2011, retrospectively. The retirement benefit note was restated to be in line with the adopted IAS19. See note 36 for the effect of the early adoption of IAS19.

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 year under review 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 from 1 August 2011.

	Group 2012 R	Group Restated 2011 R	Group Restated 2010 R	Company 2012 R	Company 2011 R
10. Retirement benefits *(continued)*					
Carrying value					
Present value of the defined benefit obligation	–	49 031 272	47 290 475	–	–
Fair value of plan assets	–	(46 976 157)	(50 620 580)	–	–
Retirement benefit liability/(asset)	–	2 055 115	(3 330 105)	–	–
Movements for the year					
Opening balance	2 055 115	(3 330 105)	(7 429 667)	–	–
Contributions by members	(1 002 658)	(2 533 637)	(2 380 466)	–	–
Net expense recognised in the income statement	1 315 307	2 006 620	1 501 075	–	–
Actuarial losses recognised in the statement of other comprehensive income	–	5 912 237	4 978 953		
Settlements (at conversion to defined contribution fund)	(2 367 764)	–	–		
Closing balance	–	2 055 115	(3 330 105)	–	–
Net expense recognised in the income statement					
Current service cost	1 271 577	2 543 153	2 495 020	–	–
Interest income on plan assets	(1 982 289)	(4 038 307)	(4 665 663)	–	–
Interest cost on defined benefit obligation	2 026 019	3 501 774	3 671 718	–	–
	1 315 307	2 006 620	1 501 075	–	–
Reconciliation of present value of the defined benefit obligation					
Opening balance	49 031 272	47 290 475	42 187 213	–	–
Current service costs	1 271 577	2 543 153	2 495 020	–	–
Interest cost	2 026 019	3 501 774	3 671 718	–	–
Actuarial losses	–	4 715 588	78 407	–	–
Benefits paid	(270 285)	(9 019 718)	(1 141 883)	–	–
Settlements (at conversion to defined contribution fund)	(52 058 583)	–	–		
Closing balance	–	49 031 272	47 290 475	–	–
Reconciliation of fair value of plan assets					
Opening balance	46 976 157	50 620 580	49 616 880	–	–
Interest income on plan assets	1 982 289	4 038 307	4 665 663	–	–
Actuarial losses	–	(1 196 650)	(4 900 546)	–	–
Contributions by employer	660 843	1 669 897	1 568 944	–	–
Contributions by plan participants	341 815	863 741	811 522	–	–
Benefits paid	(270 285)	(9 019 718)	(1 141 883)	–	–
Settlements (at conversion to defined contribution fund)	(49 690 819)	–	–		
Closing balance	–	46 976 157	50 620 580	–	–
The plan assets are invested in an Old Mutual guaranteed fund.					
Future contributions					
Expected contributions to be paid to plan during the next financial year	–	2 540 731	2 595 312	–	–
Key assumptions used					
Assumptions used by management including assumptions used on last valuation on 28 February 2011.					
Actual return on plan assets	1 982 289	2 841 658	(234 883)	–	–
Discount rates used (%)	8,31	9,15	9,18	–	–
Expected increase in salaries (%)	7,29	7,29	6,71	–	–

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
11. Inventories				
The amounts attributable to the different categories are as follows:				
Raw materials, components	9 005 345	7 616 166	–	–
Finished goods	56 851 382	62 922 270	–	–
Production supplies	12 071 850	11 719 869	–	–
	77 928 577	82 258 305	–	–
Provision for stock obsolescence	(6 101 879)	(6 710 132)	–	–
	71 826 698	75 548 173	–	–
The carrying value of finished products, identified as slow-moving is R360 230 (2011: R5 336 465), after allowing for the provision of stock obsolescence.				
12. Trade and other receivables				
Trade receivables	150 672 479	140 329 350	–	–
Less: Provision for impairment of receivables	(11 242 609)	(6 963 814)	–	–
Trade receivables – net	139 429 870	133 365 536	–	–
Pre-payments	3 651 296	5 456 349	216 881	75 360
Deposits	2 001 781	1 258 117	–	–
Value added tax	3 070 597	3 974 676	–	–
Loans to related parties	3 844 902	1 519 073	25 469	6 733
Other receivables	11 549 804	11 547 139	4 773 597	5 560 038
	163 548 250	157 120 890	5 015 947	5 642 131

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

The carrying values of the 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 111 937 (2011: R4 060 333). These loans were made with respect to 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%.

As at 29 February 2012, the group had trade and other receivables of R42 147 883 (2011: R40 041 207) 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 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
The age analysis of these trade and other receivables is as follows:				
Neither impaired nor past due	97 281 987	93 324 329	–	–
Not impaired but past due in				
– between 30 and 60 days	23 893 472	17 215 861	–	–
– between 60 and 90 days	5 534 164	9 736 453	–	–
– more than 90 days	12 720 247	13 088 893	–	–
	42 147 883	40 041 207	–	–
	139 429 870	133 365 536	–	–
An impairment provision of R11 242 609 (2011: R6 963 814) was recognised against receivables. The ageing of the impairment portion of receivables, which is past due, is as follows:				
Between 30 and 60 days	1 609 546	19 169	–	–
Between 60 and 90 days	834 362	49 707	–	–
More than 90 days	8 798 701	6 894 938	–	–
	11 242 609	6 963 814	–	–

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
12. Trade and other receivables *(continued)*				
Movements in the provision for impairment of trade receivables are as follows:				
Opening balance	6 963 814	10 371 512	–	–
Additional provision charged to income statement	6 107 505	2 991 631	–	–
Provisions reversed to income statement	(1 188 417)	(1 177 292)	–	–
Provisions credited/charged to other accounts	–	(796 994)	–	–
Acquisition of subsidiaries	–	659 489	–	–
Receivables written off during the year as uncollectible	(640 293)	(5 084 532)	–	–
Closing balance	11 242 609	6 963 814	–	–

The creation and release of provision for impaired receivables have been included in operating expenses in the income statement. 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 fair value of each class of receivable mentioned above.

13. Cash and cash equivalents

	Group 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
Cash and cash equivalents consist of:				
Cash on hand	261 456	191 448	2 473	2 870
Bank balances	53 931 095	60 728 578	1 401 288	4 620 711
Short-term deposits	78 364 289	26 395 736	22 084 208	–
Bank overdraft	(18 146 542)	(28 181 388)	–	(600)
	114 410 298	59 134 374	23 487 969	4 622 981
Current assets	132 556 840	87 315 762	23 487 969	4 623 581
Current liabilities	(18 146 542)	(28 181 388)	–	(600)
	114 410 298	59 134 374	23 487 969	4 622 981

14. Non-current asset held-for-sale

Management decided during the prior year to dispose of land and buildings held by a subsidiary, Malric Properties (Pty) Limited for R11 300 000. The land and buildings comprise Erf 113282, Airport Industria, Cape Town. The carrying value of the land and buildings, as well as deferred tax on the revaluation was transferred to non-current asset held-for-sale in the prior year. The transaction was completed during the current year and profit on disposal of property of R3 613 741 was included in other income of the Mining & Aggregates segment.

	Group 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
Details of items transferred:				
Property, plant and equipment	–	7 630 204	–	–

15. Share capital

	Group 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
Authorised				
1 000 000 000 ordinary shares of 1 cent each	10 000 000	10 000 000	10 000 000	10 000 000
Issued				
143 262 412 (2011: 143 262 412) ordinary shares of 1 cent each	1 434 624	1 434 624	1 432 624	1 432 624

All the unissued 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 16 on share premium.

All shares issued by the company were fully paid.

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
16. Share premium				
Closing balance	352 149 773	352 149 773	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. For purposes of these group consolidated results, Prima has been 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 has been reflected separately on the statement of financial position. The issue and authorised equity structure in note 15 is that of Afrimat.				
17. Treasury shares				
228 329 (2011: 228 329) shares held by Afrimat Share Incentive Trust	(1 400 611)	(1 400 611)	–	–
5 916 845 (2011: 4 921 181) shares held by Afrimat Aggregates (Operations) (Pty) Limited a subsidiary	(19 158 256)	(15 398 265)	–	–
	(20 558 867)	(16 798 876)	–	–

The company acquired Nil (2011: Nil) of its own shares through purchases on the Johannesburg Stock Exchange in Afrimat Share Incentive Trust and 995 664 (2011: 1 751 230) in Afrimat Aggregates (Operations) (Pty) Limited. The total amount paid to acquire the shares was R3 759 991 (2011: R5 797 086) and has been deducted from shareholder's equity. The shares are held as "treasury shares". The company has the right to reissue these shares at a later date.

18. Share options

Share options are granted to executive directors and to selected employees. The exercise price of the granted options is equal to the previous business day's volume weighted average price for the Afrimat share 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 grant prices are as follows:

	Average grant price in cents per share 29/02/2012	Number of options 29/02/2012	Average grant price in cents per share 28/02/2011	Number of options 28/02/2011
Opening balance	387	9 620 000	431	5 610 000
Granted	340	3 100 000	325	4 250 000
Forfeited	340	(250 000)	299	(240 000)
Closing balance	376	12 470 000	387	9 620 000

None of the options outstanding are exercisable at 29 February 2012 (2011: Nil).

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

	Grant price cents	Number of options 29/02/2012	Number of options 28/02/2011
2014	850	1 050 000	1 050 000
2015	650	1 360 000	1 360 000
2016	200	3 150 000	3 150 000
2017	325	4 060 000	4 060 000
2018	340	2 850 000	–
		12 470 000	9 620 000

18. Share options *(continued)*

The remaining number of shares that may be utilised for the purpose of this scheme are:

	Number of shares	
	2012	2011
Opening balance	26 330 000	30 340 000
Increase/(decrease) in authority	–	–
Utilised	(2 850 000)	(4 010 000)
Closing balance	23 480 000	26 330 000

Number of share options held by directors:

	Opening balance	Granted FY2012 Number granted	Average grant price in cents per share	Expiry dates	Closing balance
2012					
AJ van Heerden	1 700 000	600 000	340	2018	2 300 000
HP Verreynne	1 160 000	250 000	340	2018	1 410 000
PG Corbin (deceased)	570 000	–	–	–	570 000
GJ Coffee	300 000	250 000	340	2018	550 000
	3 730 000	1 100 000			4 830 000
		Granted FY2011			
2011					
AJ van Heerden	950 000	750 000	325	2017	1 700 000
HP Verreynne	660 000	500 000	325	2017	1 160 000
PG Corbin	570 000	–	325	2017	570 000
GJ Coffee	–	300 000	325	2017	300 000
	2 180 000	1 550 000			3 730 000

None of the options outstanding are exercisable at 29 February 2012 (2011: Nil).

The fair value of options granted during the year; using the Black Scholes valuation model, was R3 627 000 (2011: R4 760 000). The option expense for the year was R2 973 597 (2011: R1 854 908). Option expenses of R Nil (2011: R1 103 967) recognised in the previous years were reversed due to non-market conditions that are not expected to be achieved.

The significant inputs into the valuation model were, current share prices, risk free rates of 7,55% to 9,46% (2011: 8,01% to 9,46%), option grant prices and option life shown above, dividend yields of 2,71% to 6,50% (2011: 2,71% to 6,50%), share price volatility of 26% to 57% (2011: 26% to 51%) and the likelihood that the market conditions will be satisfied. 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.

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
19. Other reserves				
Analysis				
Available-for-sale reserve	108 964	279 882	–	–
Share-based payment reserve (IFRS 2)	5 385 838	2 412 241	2 879 072	1 201 146
	5 494 802	2 692 123	2 879 072	1 201 146
Reconciliations				
Available-for-sale reserve				
Opening balance	279 882	173 247	–	–
Fair value adjustment	41 742	106 635	–	–
Reclassification adjustment for gain included in profit and loss	(212 660)	–	–	–
Closing balance	108 964	279 882	–	–
Share-based payment reserve (IFRS 2)				
Opening balance	2 412 241	1 661 300	1 201 146	762 196
Share option expense for the year	2 973 597	1 854 908	1 677 926	950 346
Reversal of previous year expenses	–	(1 103 967)	–	(511 396)
Closing balance	5 385 838	2 412 241	2 879 072	1 201 146

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
20. Borrowings				
Non-current liabilities				
Mortgage bonds	–	1 847 252	–	–
Instalment purchase agreements	44 837 316	50 321 008	–	–
	44 837 316	52 168 260	–	–
Current liabilities				
Mortgage bonds	–	65 649	–	–
Instalment purchase agreements	36 752 154	38 652 749	–	–
	36 752 154	38 718 398	–	–
Mortgage loans				
At amortised cost	–	1 912 901	–	–
The loans were repaid during the current year and bore interest at a rate of 7% per annum (2011: 196 monthly instalments of R16 459 and bore interest at a rate of 7% per annum).				
	–	1 912 901	–	–
Non-current liabilities				
At amortised cost	–	1 847 252	–	–
Current liabilities				
At amortised cost	–	65 649	–	–
	–	1 912 901	–	–
The mortgage bonds were secured by property, with a net book value of R2 434 295 (2011: R2 434 295) of the group as per note 2.				
Instalment purchase agreements				
Minimum payments due				
– within one year	41 701 697	45 454 156	–	–
– in second to fifth year inclusive	48 101 255	54 186 544	–	–
	89 802 952	99 640 700	–	–
Less: future finance charges	(8 213 482)	(10 666 943)	–	–
Present value of minimum payments	81 589 470	88 973 757	–	–
Present value of minimum payments due				
– within one year	36 752 154	38 652 749	–	–
– in second to fifth year inclusive	44 837 316	50 321 008	–	–
	81 589 470	88 973 757	–	–
Non-current liabilities				
At amortised cost	44 837 316	50 321 008	–	–
Current liabilities				
At amortised cost	36 752 154	38 652 749	–	–
	81 589 470	88 973 757	–	–

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

The average repayment term was one to three years and the average effective borrowing rate was 7% to 9% (2011: 7% to 9%).

The group's obligations under instalment purchase agreements are secured by the lessor's charge over the financed assets (Refer 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.

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
20. 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:				
At floating rates	81 589 470	90 886 658	–	–
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:				
Floating rate:				
– Expiring within one year	96 297 306	91 737 912	370 000	260 000
Subsequent to year-end the company has negotiated an additional working capital finance facility of R50 000 000.				
The group's non-current borrowings (excluding instalment purchase agreements) mature as follows:				
– less than one year	–	65 649	–	–
– between one and five years	–	313 897	–	–
– later than five years	–	1 533 355	–	–
	–	1 912 901	–	–
21. Provisions				
Environmental rehabilitation	20 610 430	18 681 455	–	–
Dismantling	10 649 669	10 095 163	–	–
	31 260 099	28 776 618	–	–
Non-current liabilities	31 260 099	28 776 618	–	–
Reconciliation of provisions				
Environmental rehabilitation				
Opening balance	18 681 455	6 749 205	–	–
Additions and discount unwinding	1 928 975	1 620 401	–	–
Acquired through business combinations	–	12 956 722	–	–
Reversed during the year	–	(2 644 873)	–	–
Closing balance	20 610 430	18 681 455	–	–
Dismantling				
Opening balance	10 095 163	6 411 080	–	–
Additions and discount unwinding	554 506	2 165 500	–	–
Acquired through business combinations	–	1 518 583		
Closing balance	10 649 669	10 095 163	–	–

Group policy is that environmental rehabilitation and dismantling estimates will be reviewed annually and be reassessed 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% (2011: 8%) was used.

	Group 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
22. Trade and other payables				
Trade payables	77 181 359	75 166 334	562 410	2 871 852
Amounts due to related parties	1 424 253	2 027 324	–	–
Taxes and other statutory liabilities	3 536 740	8 431 913	83 284	759 778
Accrued expenses	33 636 818	25 576 737	5 707 620	4 558 979
Other payables	1 272 722	5 526 462	45 435	36 480
	117 051 892	116 728 770	6 398 749	8 227 089
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.				

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
22. Trade and other payables *(continued)*				
The amounts due to related parties are due to non-controlling shareholders of a subsidiary, Labonte 3 (Pty) Limited. The payables have no fixed repayment terms and bear interest at prime less 3,5% (2011: interest free).				
23. Revenue				
Sale of goods and services	989 167 355	847 284 431	31 583 964	26 588 192
Interest received (trading)	6 970 115	7 211 344	–	–
	996 137 470	854 495 775	31 583 964	26 588 192
24. Other income				
Profit on disposal of property, plant and equipment	5 280 386	3 405 144	–	–
Reclassification of profit on disposal of financial instruments	245 173	–	–	–
Settlement of defined benefit plan liability	2 367 764	–	–	–
Sundry income	–	–	225 925	114 844
	7 893 323	3 405 144	225 925	114 844
25. Operating profit				
Income from subsidiaries				
Administration and management fees	–	–	31 583 964	26 588 192
Operating lease charges				
Premises				
– Contractual amounts	4 107 067	3 916 648	764 201	429 701
Equipment				
– Contractual amounts	43 183 564	35 416 519	20 661	15 396
Lease rentals on operating lease – other				
– Contractual amounts	2 231 763	1 386 956	–	–
	49 522 394	40 720 123	784 862	445 097
Other				
Depreciation of property, plant and equipment	45 735 363	44 880 075	1 327 191	898 999
Amortisation of intangible assets	659 556	659 564	–	–
Impairment of goodwill	337 483	600 000	–	–
Impairment of investments in subsidiaries on receipt of restructuring dividend	–	–	4 765 713	–
Increase/(decrease) in inventory provision for impairment	(608 253)	1 392 013	–	–
Net foreign exchange gains/(losses)	–	(57 999)	–	–
Audit fees – Current year	2 233 811	1 951 221	873 515	772 852
Employee costs				
Defined contribution plan contributions	9 910 226	8 763 276	1 036 841	760 261
Defined benefit plan expenses	1 315 307	2 006 620	–	–
Share-based payment expense	2 973 597	750 941	1 677 926	438 950
Other short-term employee expenses	206 773 554	162 960 970	24 519 970	18 535 625
	220 972 684	174 481 807	27 234 737	19 734 836
26. Investment revenue				
Dividend revenue				
Inter company	–	–	30 768 568	25 078 500
	–	–	30 768 568	25 078 500
Interest revenue				
Bank	5 333 035	4 173 681	2 015 996	2 162 905
Deemed interest/preference dividends (BEE structure)	4 323 786	4 425 447	4 323 786	4 425 447
Group companies	–	–	648 844	424 775
Other interest	610 207	1 369 527	243 620	274 285
	10 267 028	9 968 655	7 232 246	7 287 412
	10 267 028	9 968 655	38 000 814	32 365 912

	Group		Company	
	2012 R	2011 R	**2012 R**	2011 R
27. Finance costs				
Instalment purchase agreements	**6 960 966**	7 953 507	**–**	–
Bank	**2 110 343**	2 228 366	**35**	12
South African Revenue Services	**12 730**	835	**–**	–
Group companies	**–**	–	**1 972 648**	1 311 781
Other interest paid	**1 461 375**	769 528	**2**	185
	10 545 414	10 952 236	**1 972 685**	1 311 978
28. Taxation				
Major components of the tax expense/income				
Current				
Local income tax				
– current year	**31 711 968**	28 758 238	**–**	49 646
– recognised in current year for prior years	**387**	(328 038)	**–**	–
Secondary tax on companies	**2 461 946**	2 318 349	**2 435 461**	2 292 199
	34 174 301	30 748 549	**2 435 461**	2 341 845
Deferred				
Deferred income tax – current year	**4 802 641**	1 121 835	**(1 111 201)**	(65 691)
	38 976 942	31 870 384	**1 324 260**	2 276 154
Tax rate reconciliation				
Standard tax rate (%)	**28,0**	28,0	**28,0**	28,0
Permanent differences (%)	**0,1**	(0,9)	**(31,1)**	(28,0)
Effect of higher Namibia tax rate (%)	**0,1**	0,1	**–**	–
Secondary tax on companies (%)	**1,8**	2,1	**8,6**	8,0
Effective rate (%)	**30,0**	29,3	**5,5**	8,0
29. Notes to the cash flow statements				
29.1 Cash generated from/(used in) operations				
Profit/(loss) before taxation	**129 893 984**	108 633 033	**24 005 764**	28 501 700
Adjustments for:				
Depreciation and amortisation	**46 394 919**	45 539 639	**1 327 191**	898 999
Share of profit of associate	**(41 938)**	(18 756)	**–**	–
Impairment of goodwill	**337 483**	600 000	**–**	–
Profit on sale of assets	**(5 280 386)**	(3 405 144)	**–**	–
Profit on sale of financial instruments	**(245 173)**	–	**–**	–
Impairment of investments in subsidiaries	**–**	–	**4 765 713**	–
Investment revenue	**–**	–	**(30 768 568)**	(25 078 500)
Interest received	**(10 267 028)**	(9 968 655)	**(7 232 246)**	(7 287 412)
Finance costs	**10 545 414**	10 952 236	**1 972 685**	1 311 978
Retirement fund expense	**1 315 307**	2 006 621	**–**	–
Contributions to retirement fund	**(1 002 658)**	(2 533 638)	**–**	–
Settlement of retirement benefit liability	**(2 367 764)**	–		
Movements in provisions	**1 175 786**	1 141 027	**–**	–
Share-based payment reserve	**2 973 597**	750 941	**1 677 926**	438 950
Changes in working capital:				
Inventories	**3 721 475**	(659 002)	**–**	–
Trade and other receivables	**(6 427 360)**	(3 921 173)	**626 184**	(557 778)
Trade and other payables	**323 122**	10 870 191	**(1 828 340)**	5 655 713
	171 048 780	159 987 320	**(5 453 691)**	3 883 650
29.2. Tax (paid)/refunded				
Opening balance	**1 760 396**	5 064 830	**532 556**	138 009
Current tax for the year recognised in income statement	**(34 174 299)**	(30 662 309)	**(2 435 461)**	(2 341 845)
Adjustment in respect of businesses sold and acquired during the year	**–**	(1 066 425)	**–**	–
Closing balance	**6 935 428**	(1 760 396)	**(532 556)**	(532 556)
	(25 478 475)	(28 424 300)	**(2 435 461)**	(2 736 392)

	Group		Company	
	2012 R	2011 R	**2012 R**	2011 R
30. Dividends paid				
Current year interim dividend paid	**8 595 745**	8 595 745	**8 595 745**	8 595 745
Previous year final dividend paid	**15 758 865**	14 326 241	**15 758 865**	14 326 241
Dividends received on treasury shares	**(1 000 676)**	(737 651)	**–**	–
Dividends paid by subsidiaries to non-controlling shareholders	**264 850**	261 500	**–**	–
	23 618 784	22 445 835	**24 354 610**	22 921 986

31. Acquisition of businesses

The group made no acquisitions which became effective during the year under review. See directors' report for acquisitions after the reporting date.

Prior year acquisition include 100% of Glen Douglas Dolomite (Pty) Limited with effect from 1 January 2011.

	Group 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
Fair value of assets acquired				
Investment in subsidiaries	**–**	–	**–**	(33 204 735)
Property, plant and equipment	**–**	(28 755 683)	**–**	–
Deferred tax liabilities	**–**	5 592 087	**–**	–
Other non-current assets	**–**	(11 696 015)	**–**	–
Inventories	**–**	(6 027 320)	**–**	–
Trade and other receivables	**–**	(22 243 445)	**–**	–
Trade and other payables	**–**	14 510 617	**–**	–
Tax liabilities	**–**	1 066 425	**–**	–
Cash	**–**	(15 646)	**–**	–
Environmental rehabilitation provision	**–**	14 475 306	**–**	–
Fair value of assets acquired	**–**	(33 093 674)	**–**	(33 204 735)
Goodwill on acquisitions	**–**	(111 061)	**–**	–
	–	(33 204 735)	**–**	(33 204 735)
Net cash outflow on acquisition				
Cash acquired	**–**	15 646	**–**	–
Cash paid on acquisition	**–**	(33 204 735)	**–**	(33 204 735)
	–	(33 189 089)	**–**	(33 204 735)

The acquired business contributed after tax profits of R3 240 521 to the group for the 2011 period included in the results of the group.

32. Commitments

	Group 2012 R	Group 2011 R	Company 2012 R	Company 2011 R
Authorised capital expenditure				
Contracted after year-end, but not provided for				
– Property, plant and equipment	**20 867 982**	2 482 378	**90 850**	42 749
Not yet contracted for				
– Property, plant and equipment	**57 887 103**	72 269 622	**1 460 382**	737 751
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**4 341 734**	4 465 179	**1 549 172**	737 377
– in second to fifth year inclusive	**8 221 702**	8 400 794	**2 049 365**	196 612
	12 563 436	12 865 973	**3 598 537**	933 989

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.

Approved capital expenditure to be funded from surplus cash and bank financing.

33. Contingencies

Guarantees

Guarantees to the value of R23 895 362 (2011: R15 852 873) were supplied by Standard Bank to various parties, including the Department of Mineral Resources and Eskom.

Guarantees to the value of R6 329 927 (2011: R9 093 657) were supplied by First National Bank 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.

34. Related parties

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.

		Company	
		2012	2011
Loan balances owing (to)/by	Subsidiaries	(31 997 910)	(15 167 072)
Sales of goods to – gross values	Subsidiaries	31 583 964	26 588 192
Interest paid to	Subsidiaries	(1 972 648)	(1 311 781)
Interest received from	Subsidiaries	648 844	424 775

The company has provided an unlimited omnibus securityship for its subsidiaries.

35. Earnings per share calculation

	Group	
	2012	Restated 2011
Shares in issue		
Total shares in issue	143 262 412	143 262 412
Treasury shares	(6 145 174)	(5 149 510)
Net shares in issue	137 117 238	138 112 902
Net shares in issue		
March	137 459 774	139 526 533
April	137 459 774	139 035 915
May	137 455 774	138 763 810
June	137 455 774	138 584 769
July	137 455 774	138 466 163
August	137 455 774	138 466 163
September	137 455 774	138 466 163
October	137 455 774	138 466 163
November	137 229 942	138 465 902
December	137 229 942	138 465 902
January	137 229 942	138 335 902
February	137 117 238	138 112 902
Weighted average number of net shares in issue	137 371 771	138 596 357
Adjusted for effect of future share-based compensation payments	3 212 176	1 328 672
Diluted weighted average number of shares	140 583 947	139 925 029
Profit attributable to ordinary shareholders	90 249 978	76 293 794
Earnings per ordinary share (cents)	65,7	55,0
Diluted earnings per ordinary share (cents)	64,2	54,5

	Group			
	2012		Restated 2011	
	Gross R	Net of tax R	Gross R	Net of tax R
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders		90 249 978		76 293 794
Profit on disposal of property, plant and equipment	(5 280 386)	(4 314 134)	(3 405 144)	(2 813 233)
Profit on disposal of financial instruments	(245 173)	(212 660)	–	–
Impairment of goodwill	337 483	337 483	600 000	600 000
Headline earnings		86 060 667		74 080 561
HEPS (cents)		62,6		53,5
Diluted HEPS (cents)		61,2		52,9

36. Effect of early adopting IAS19 (issued in June 2011)

The group decided to early adopt the amended IAS19, issued in June 2011, retrospectively. According to the revised IAS19, actuarial gains and losses are renamed "remeasurements" and will be recognised immediately in other comprehensive income. The use of the corridor method, as previously applied, is no longer permitted. The revised standard has introduced the new concept of net interest on the net defined benefit liability (asset) and the ways in which the net interest is determined, represents a major change to the existing IAS19. Under the revised standard, the return on plan assets is estimated on the basis of the discount rate of the liability, rather than the expected rate of return of plan assets, as in the past.

	Group	
	28 February 2011 R	1 March 2010 R
Effect on statement of financial position		
Retirement benefit asset/(liability) previously stated	12 890 762	12 671 745
Retirement benefit asset/(liability) restated	(2 055 115)	3 330 105
Difference	(14 945 877)	(9 341 640)
Retained income previously stated	379 429 215	325 667 580
Retained income restated	368 668 183	318 941 599
Difference	(10 761 032)	(6 725 981)
Deferred tax liability previously stated	68 549 729	61 466 792
Deferred tax liability restated	64 364 884	58 851 133
Difference	(4 184 845)	(2 615 659)
Effect on income statement		
Operating expenses previously stated	99 542 452	–
Operating expenses restated	99 770 984	–
Difference	(228 532)	–
Investment revenue previously stated	9 432 123	–
Investment revenue restated	9 968 655	–
Difference	536 532	–
Taxation previously stated	31 784 144	–
Taxation restated	31 870 384	–
Difference	(86 240)	–
Profit after tax previously stated	76 540 889	–
Profit after tax restated	76 762 649	–
Difference	221 760	–
Effect on statement of comprehensive income		
Total comprehensive income previously stated	76 647 524	–
Total comprehensive income restated	72 612 473	–
Difference	(4 035 051)	–
Effect on statement of cash flows		
Cash generated from operations previously stated	160 523 852	–
Cash generated from operations restated	159 987 320	–
Difference	(536 532)	–
Interest income previously stated	9 432 123	–
Interest income restated	9 968 655	–
Difference	536 532	–
Effect on segment report		
Operating profit previously stated	109 826 390	–
Operating profit restated	109 597 858	–
Difference	(228 532)	–
Assets previously stated	952 880 857	–
Assets restated	939 990 095	–
Difference	(12 890 762)	–

	Group	
	28 February 2011 R	1 March 2010 R
36. Effect of early adopting IAS19 (issued in June 2011) *(continued)*		
Effect on segment report *(continued)*		
Liabilities previously stated	336 554 591	–
Liabilities restated	334 424 861	–
Difference	2 129 730	–
Effect on earnings per ordinary share and HEPS		
Earnings per ordinary share previously stated (cents)	54,9	–
Earnings per ordinary share restated (cents)	55,0	–
Difference	0,1	–
HEPS previously stated (cents)	53,3	–
HEPS restated (cents)	53,5	–
Difference	0,2	–

37. Directors' emoluments

	Basic salary R	Incentive bonus R	Travel allowance R	Other allowances R	Pension R	Medical aid R	Total R
2012							
Paid by company							
Executive							
AJ van Heerden	**2 328 874**	**793 750**	**162 630**	**–**	**–**	**15 126**	**3 300 380**
HP Verreynne	**1 409 009**	**384 000**	**36 863**	**–**	**154 991**	**–**	**1 984 863**
PG Corbin (deceased 12 August 2011)	**144 010**	**–**	**94 956**	**21 484**	**–**	**17 364**	**277 814**
GJ 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**						
MW von Wielligh	**540 200**	**–**	**–**	**–**	**–**	**–**	**540 200**
F du Toit	**112 000**	**–**	**–**	**–**	**–**	**–**	**112 000**
L Dotwana	**226 200**	**–**	**–**	**–**	**–**	**–**	**226 200**
HJE van Wyk	**222 000**	**–**	**–**	**–**	**–**	**–**	**222 000**
LP Korsten	**167 000**	**–**	**–**	**–**	**–**	**–**	**167 000**
PRE 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**
2011							
Paid by company							
Executive							
AJ van Heerden	1 687 332	520 128	168 080	–	–	14 268	2 389 808
HP Verreynne	1 274 043	335 536	37 749	–	140 145	–	1 787 473
PG Corbin	622 846	90 000	182 093	–	–	22 200	917 139
GJ Coffee (appointed 4 November 2010)	347 092	300 000	102 745	–	–	2 908	752 745
	3 931 313	1 245 664	490 667	–	140 145	39 376	5 847 165
Non-executive	Fees						
MW von Wielligh	471 000	–	–	–	–	–	471 000
F du Toit	105 000	–	–	–	–	–	105 000
L Dotwana	202 000	–	–	–	–	–	202 000
HJE van Wyk	165 000	–	–	–	–	–	165 000
LP Korsten	160 000	–	–	–	–	–	160 000
PRE Tsukudu	131 000	–	–	–	–	–	131 000
	1 234 000	–	–	–	–	–	1 234 000
Total	5 165 313	1 245 664	490 667	–	140 145	39 376	7 081 165

38. Financial risk management

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

(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.

At the reporting date the group had no exposure to currency risks for unhedged payables denominated in foreign currencies (2011: R Nil).

(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. R11 948 960 of the available-for-sale investments of R13 291 691 comprise an investment in a guaranteed fund with no negative price risk and limited positive price 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 financial liabilities as set out in notes 13 and 20. Cash and cash equivalents invested and financial liabilities obtained at variable interest rates expose the group to cash flow interest rate risk. Cash and cash equivalents invested and financial liabilities 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 financial liabilities 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.

During 2012, if interest rates on rand-denominated borrowings and cash had been 2% higher/lower with all other variables held constant, the group's net profit after tax would have been R7 694 (2011: R661 474 at 2%) lower/higher; mainly as a result of higher/lower interest rate expense/income on floating rate borrowings and investments.

(b) Credit risk

Financial assets which potentially subject the group to concentrations of credit risk consist of cash and cash equivalents and receivables. The group's cash is placed with recognised financial institutions.

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

(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.

38. Financial risk management *(continued)*

(c) **Liquidity risk** *(continued)*

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.

The following are the group's financial liabilities analysed into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Carrying values	Total cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Group					
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	–
At 28 February 2011					
Mortgage loans	1 912 901	3 226 014	197 511	790 044	2 238 459
Instalment purchase agreements	88 973 757	99 640 700	45 454 156	54 186 544	–
Trade and other payables	108 296 857	108 296 857	108 296 857	–	–
Bank overdraft	28 181 388	28 181 388	28 181 388	–	–
	227 364 903	239 344 959	182 129 912	54 976 588	2 238 459
Company					
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	–	–
At 28 February 2011					
Loans from subsidiaries	29 902 134	29 902 134	29 902 134	–	–
Trade and other payables	7 467 311	7 467 311	7 467 311	–	–
Exposure to omnibus securityship	4 623 581	4 623 581	4 623 581		
Bank overdraft	600	600	600	–	–
	41 993 626	41 993 626	41 993 626	–	–

(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 29 February 2012 and 28 February 2011 were as follows:

	Group		Company	
	2012 R	2011 R	2012 R	2011 R
Total borrowings	81 589 470	90 886 658	–	–
Less: Cash and cash equivalents	(114 410 298)	(59 134 374)	(23 487 969)	(4 622 981)
Net debt	(32 820 828)	31 752 284	(23 487 969)	(4 622 981)
Total equity	671 906 281	605 565 234	469 503 778	465 117 871
Total capital	639 085 453	637 317 518	446 015 809	460 494 890
Net debt:equity ratio (%)	(4,9)	5,2	(5,0)	(1,0)

38. Financial risk management *(continued)*

(e) **Fair value estimation**

Effective 1 March 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 that are measured at fair value at 29 February 2012 and 28 February 2011.

	Level 1	Level 2	Level 3	Total balance
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
Group				
At 28 February 2011				
Assets				
Available-for-sale financial assets				
– Equity securities	52 430	–	–	52 430
– Environmental funds	–	13 494 208	–	13 494 208
Total assets	52 430	13 494 208	–	13 546 638

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.

Segmental report

for the year ended 29 February 2012

	2012		Restated 2011	
	R	%	R	%
Revenue				
External sales				
Mining & Aggregates	704 509 731	70,72	581 878 020	68,10
Concrete Products	116 111 753	11,66	105 630 296	12,36
Readymix	175 515 986	17,62	166 987 459	19,54
	996 137 470	100,00	854 495 775	100,00
Inter-segment sales				
Mining & Aggregates	41 886 308	85,60	40 212 458	84,53
Concrete Products	5 989 582	12,24	5 906 055	12,42
Readymix	1 056 885	2,16	1 451 538	3,05
	48 932 775	100,00	47 570 051	100,00
Total revenue				
Mining & Aggregates	746 396 039	71,42	622 090 478	68,96
Concrete Products	122 101 335	11,68	111 536 351	12,37
Readymix	176 572 871	16,90	168 438 997	18,67
	1 045 070 245	100,00	902 065 826	100,00
Result				
Operating profit before tax				
Mining & Aggregates	110 808 958	85,15	98 779 210	90,13
Concrete Products	13 851 964	10,64	10 963 948	10,00
Readymix	8 653 138	6,65	2 428 388	2,21
Unsegmental losses comprising mainly head office costs not recovered	(3 183 628)	(2,44)	(2 573 688)	(2,34)
	130 130 432	100,00	109 597 858	100,00
Operating profit margins on external revenue (%)				
Mining & Aggregates	15,73		16,98	
Concrete Products	11,93		10,38	
Readymix	4,93		1,45	
	13,06		12,83	
Depreciation and amortisation				
Mining & Aggregates	36 910 001	79,56	36 184 521	79,46
Concrete Products	3 049 169	6,57	2 541 540	5,58
Readymix	5 108 558	11,01	5 914 580	12,99
Unsegmental profit	1 327 191	2,86	898 998	1,97
	46 394 919	100,00	45 539 639	100,00
Other Information				
Assets				
Mining & Aggregates	543 749 911	54,35	532 829 947	56,69
Concrete Products	69 026 087	6,90	60 665 538	6,45
Readymix	54 118 761	5,41	56 557 688	6,02
Unsegmental	333 482 674	33,34	289 936 922	30,84
	1 000 377 433	100,00	939 990 095	100,00

	2012		Restated 2011	
	R	%	R	%
Liabilities				
Mining & Aggregates	163 690 279	49,83	172 502 256	51,58
Concrete Products	13 405 969	4,08	11 855 383	3,55
Readymix	15 274 842	4,65	15 177 727	4,54
Unsegmental	136 100 062	41,44	134 889 495	40,33
	328 471 152	100,00	334 424 861	100,00
Capital expenditure (excluding acquisitions through business combinations)				
Mining & Aggregates	56 284 530	78,25	38 937 848	84,69
Concrete Products	13 388 331	18,61	3 545 318	7,71
Readymix	786 532	1,09	1 553 634	3,38
Unsegmental	1 472 850	2,05	1 940 040	4,22
	71 932 243	100,00	45 976 840	100,00
Unsegmental assets consist of the following unallocated assets:				
Goodwill	101 194 917		100 842 960	
Other financial assets	83 601 597		83 578 175	
Deferred tax	5 405 963		4 938 781	
Current tax receivable	3 133 310		5 191 824	
Cash and cash equivalents	132 556 840		87 315 762	
Other assets	7 590 047		8 069 420	
	333 482 674		289 936 922	
Unsegmental liabilities consist of the following unallocated liabilities:				
Provisions	31 260 099		28 776 618	
Deferred tax	70 354 411		64 364 884	
Current tax payable	10 068 738		3 431 428	
Bank overdraft	18 146 542		28 181 388	
Other liabilities	6 270 272		10 135 177	
	136 100 062		134 889 495	

The group has elected that the entire South African region represents a single geographical area.

Analysis of shareholders

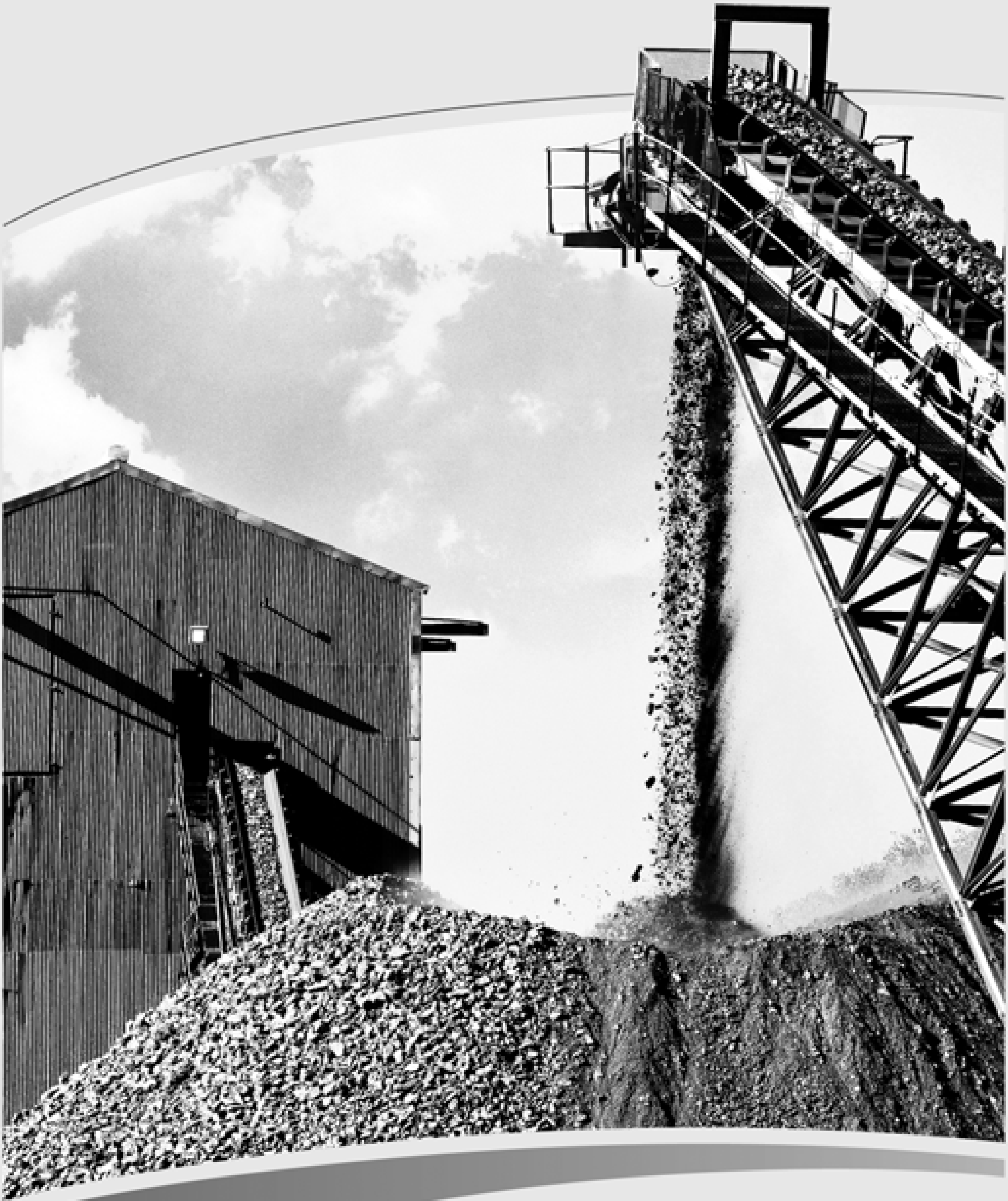
as at 29 February 2012

	Number of shareholders	%	Number of shares	%
Shareholding				
1 – 1 000 shares	1 027	45,2	491 724	0,3
1 001 – 10 000 shares	938	41,3	3 593 440	2,5
10 001 – 100 000 shares	215	9,5	6 812 468	4,8
100 001 – 1 000 000 shares	67	3,0	22 068 447	15,4
1 000 000 shares and over	23	1,0	110 296 333	77,0
	2 270	100,0	143 262 412	100,0
Analysis of holdings				
Non-public shareholding				
Directors	8	0,5	38 804 772	27,1
Treasury shares – Afrimat Share Incentive Trust	1	0,0	228 329	0,2
– Afrimat Aggregates Operations (Pty) Limited	1	0,0	5 916 845	4,1
Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust	1	0,0	24 050 000	16,8
	11	0,5	68 999 946	48,2
Public shareholding	2 259	99,5	74 262 466	51,8
	2 270	100,0	143 262 412	100,0

Major, founder and BEE shareholders

	Number of shares	%	Number of BEE shares
F du Toit Trust	19 408 502	13,5	
Mega Oils (Pty) Limited	6 239 529	4,4	6 239 529
Mega Oils SPV (Pty) Limited	6 392 575	4,5	6 392 575
Korum Trust (TCB Jordaan)	9 900 000	6,9	
AJ van Heerden	5 475 026	3,8	
ME van Heerden	1 198 543	0,8	
LP Korsten (indirect)	7 000 000	4,9	
Afrimat Empowerment Investments (Pty) Limited/Afrimat BEE Trust	24 050 000	16,8	24 050 000
JHM Korsten	2 748 370	1,9	
Joe Kalo Investments (Pty) Limited	738 234	0,5	738 234
	83 150 779	58,0	
Other	60 111 633	42,0	
	143 262 412	100,0	37 420 338

Directors, management and employees hold 49% of the issued shares.



Shareholder information

Shareholders' diary

Financial year-end	29 February 2012
Announcement of annual results	10 May 2012
Annual report posted	July 2012
Annual general meeting	1 August 2012
Announcement of interim results	November 2012

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, 1 August 2012 for the purposes of:

- considering and adopting the annual financial statements of the company for the year ended 29 February 2012;
- re-electing directors;
- re-electing the Audit & Risk Committee;
- 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, 71 of 2008, 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, 27 July 2012** with the **last day to trade** in the shares of the company on the JSE Limited being **Friday, 20 July 2012**.

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 38 and 39 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 fifteen 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 share capital 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 share capital 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 18 and 19 of the annual report;
- major beneficial shareholders – see page 84 of the annual report;
- directors' interests in ordinary shares – see page 44 of the annual report; and
- share capital of the company – see page 43 of the annual report.

Litigation statement

The directors, whose names appear under board of directors on pages 18 and 19 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 18 and 19 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 shares in the capital of 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 share 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 2012:

Chairman of the board	R440 000
Non-executive director	R125 000
Audit & Risk Committee chairman	R80 000
Audit & Risk Committee member	R50 000
Remuneration & Nominations Committee chairman	R44 000
Remuneration & Nominations Committee member	R29 000
Social & Ethics and Sustainability Committee chairman	R44 000
Social & Ethics and Sustainability Committee member	R29 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.

Special resolution number 4: conversion of ordinary shares to no par value ordinary shares

"Resolved that, in terms of Regulation 31(5)(c) and Regulation 31(6)(b) of the Companies Regulations, 2011 (**"Regulations"**), the conversion of all of the authorised ordinary shares of the Company, comprising 1 000 000 000 (one billion) ordinary shares with a par value of 1c (one cent) each, and all of the issued ordinary shares of the company comprising 143 262 412 (one hundred and forty three million two hundred and sixty-two thousand and four hundred and twelve) ordinary shares with a par value of 1c (one cent) each, in the capital of the company, to ordinary shares having no par value, be and is hereby approved, with effect from the date on which the notice of amendment of the Memorandum of Incorporation adopted in terms of Special Resolution Number 5 below is filed with the Companies and Intellectual Property Commission (**"Commission"**).

The report attached to this notice of annual general meeting as an Annexure has been prepared in respect of the proposed conversion of the ordinary par value shares into ordinary shares of no par value, in accordance with Regulation 31(7) of the Regulations.

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act.

Special resolution 5: memorandum of incorporation

"Resolved to abrogate in its entirely the company's existing memorandum of incorporation and to replace it with the new memorandum of incorporation."

The new memorandum of incorporation is required in order to bring the company's incorporation documents into harmony with the provisions of the Companies Act and to deal with the effect of the Companies Act. (See memorandum of incorporation distributed to shareholders together with the integrated annual report of which this notice forms part).

Ordinary resolutions

Ordinary resolution 1: adoption of annual financial statements

"Resolved that the annual financial statements of the company for the year ended 29 February 2012 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 fifteen 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 share capital of 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 thirty 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 thirty 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."

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 in the capital 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, 2008 (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: re-election of director

"Resolved that L Dotwana be re-elected as a director of the company."

A brief curriculum vitae in respect of L Dotwana is set out on page 18 of the integrated annual report of which this notice forms part.

Ordinary Resolution 5: re-election of director

"Resolved that F du Toit be re-elected as a director of the company."

A brief curriculum vitae in respect of F du Toit is set out on page 18 of the integrated annual report of which this notice forms part.

Ordinary Resolution 6: 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:
L Dotwana (non-executive director);
LP Korsten (non-executive director);
HJE van Wyk (independent non-executive director); and
MW von Wielligh (independent non-executive director)."

Ordinary Resolution 7: 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 8: 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 one (1) vote to be cast on the resolution. (See remuneration policy on page 35 of the integrated annual report of which this notice forms part).

Ordinary Resolution 9: 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 8 and special resolutions number 1 to 5 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 annual general meeting should the member subsequently decide to do so.

By order of the board

PGS de Wit
Company secretary

18 June 2012

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

Annexure

REPORT IN RESPECT OF THE PROPOSED RESOLUTION TO CONVERT THE PAR VALUE SHARES OF AFRIMAT LIMITED ("COMPANY") INTO NO PAR VALUE SHARES

1. Introduction

1.1 The Companies Act No 71 of 2008, as amended came into force on 1 May 2011. The Companies Act changed the share capital regime in South Africa in that, inter alia, new shares created will no longer have a par value, and although companies with par value shares are not required to convert their par value shares into no par value shares, the company will not be permitted to increase its authorised share capital by the creation of further par value shares.

1.2 The board considers it advisable to convert all of its authorised and issued ordinary par value shares into no par value shares (**"proposed conversion"**), having the same rights and privileges as those currently attaching to the par value shares.

1.3 In terms of the Companies Act, the company may convert all of its ordinary shares with a par value of 1c (one cent) each into ordinary shares of no par value shares, if such resolution is adopted by a special resolution of the shareholders. The Companies Regulations, 2011, promulgated in terms of the Companies Act (**"Regulations"**), also requires that the conversion of existing companies' par value shares into no par value shares be adopted by way of a special resolution. In addition and in terms of Regulation 31(7) of Part D of the Regulations, the company must publish a report in respect of the proposed resolution to convert the par value shares into no par value shares.

2. Extract of regulation 31(7) of part D of the companies regulations 2011

"The board must cause a report to be prepared in respect of a proposed resolution to convert any nominal or par value shares in terms of sub-regulation (6), which must at a minimum –

(a) state all information relevant to the value of the securities affected by the proposed conversion;

(b) identify holders of the company's securities affected by the proposed conversion;

(c) describe the material effects that the proposed conversion will have on the rights of the holders of the company's securities affected by the proposed conversion, and

(d) evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement."

3. Report on the proposed conversion

3.1 Information in relation to the value of the securities affected by the proposed conversion

The company will have only one class of shares before and after the proposed conversion. In addition, the rights attaching to the no par value shares after the proposed conversion will be identical to the rights attaching to the par value shares prior the proposed conversion. Having regard to the aforesaid, the board is of the opinion that the proposed conversion will have no effect on the value of the shares. The proposed conversion is to be effected in order to align the share capital of the company with provisions of the Companies Act.

3.2 Shareholders affected by the proposed conversion

The company has only one class of shares and all shareholders are affected equally by the proposed conversion. The proposed conversion will accordingly not result in any one shareholder being affected to the detriment or benefit of another.

3.3 Material effects that the proposed conversion will have on the rights of the shareholders affected by the proposed conversion

The rights attaching to the company's no par value shares will, upon their conversion from par value shares, be identical to the rights currently attaching to the company's par value shares. The proposed conversion will accordingly not have any material effects on the rights of shareholders.

The board has been advised that, technically, the proposed conversion may constitute a disposal for purposes of capital gains tax (**"CGT"**) in the hands of South African tax resident shareholders. However, the board has further been advised that the nature of the conversion complies with the parameters as per the relevant Regulations and official communications by the South African Revenue Service and that the proposed conversion should therefore not be subject to CGT.

3.4 Material adverse effects of the proposed conversion against the compensation that any of those persons will receive in terms of the arrangement

The proposed conversion will not have any material adverse effects on any shareholder of the company nor any shareholder receive any compensation pursuant to the conversion.

Notes

Form of proxy

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, 1 August 2012 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			
4. To authorise conversion of ordinary shares to no par value ordinary shares			
5. To approve the memorandum of incorporation			
Ordinary resolutions: 1. To adopt the 2012 annual financial statements			
2. To issue unissued shares for cash			
3. To place unissued shares under directors' control			
4. To re-elect L Dotwana as a director of the company			
5. To re-elect F du Toit as a director of the company			
6. To re-elect the Audit & Risk Committee members of the company			
7. To authorise the directors to re-appoint the auditors together with Conrad Burger as the individual registered auditor and to fix their remuneration			
8. To approve the remuneration policy as a non-binding advisory vote			
9. 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 ______________ 2012

Member's signature ______________ assisted by (if applicable)

Please read 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

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
PGS 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)
E-mail: pieter.dewit@afrimat.co.za
Telephone: +27 21 917 8840
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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
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