AFRIMAT®

Integrated Annual Report 2015

Growth through diversification

Contents

DEFINITIONS

'Afrimat' or 'company'	Afrimat Limited (Registration number 2006/022534/06), listed on the JSE Limited in the 'Construction & Building Materials' sector
'ASPASA'	Aggregate and Sand Producers Association of South Africa
'B-BBEE'	Broad-Based Black Economic Empowerment
'BEE'	Black Economic Empowerment
'board'	The board of directors of Afrimat, as set out on pages 14 to 15
'CAE'	Chief Audit Executive
'CEO'	Chief executive officer of Afrimat, Andries J van Heerden
'Clinker Group'	SA Block (Proprietary) Limited and its 100%-owned subsidiary Clinker Supplies (Proprietary) Limited
'Codes'	Department of Trade and Industry's B-BBEE Codes of Good Practice
'COLTO'	Committee of Land Transport Officials
'CSI'	Corporate social investment
'DIFR'	Disabling Injury Frequency Rate
'DMR'	Department of Mineral Resources
'EMP'	Environmental Management Plan
'EXCO'	Executive Committee of Afrimat, as set out on pages 13
'FD'	Financial director of Afrimat, Hendrik P Verreynne
'Glen Douglas'	Glen Douglas Dolomite (Proprietary) Limited
'the group'	Afrimat Limited, its subsidiaries and associate companies
'GRI'	Global Reporting Initiative, a best practice benchmark in reporting
'H&S'	Health and safety
'HIRA'	Hazard Identification and Risk Assessment
'Infrasors'	Infrasors Holdings Limited, incrementally acquired by Afrimat since 1 March 2013
'JSE'	JSE Limited incorporating the JSE Securities Exchange, the main board in South Africa
'King III Report'	King Report on Governance for South Africa 2009
'LUPO'	Land Use Planning Ordinance
'NEMA'	National Environmental Management Act, 1998
'NOSA'	National Occupational Safety Association (South Africa)
'previous/prior year' or 'FY2014'	Year ended 28 February 2014
'SABS'	South African Bureau of Standards
'SARMA'	South African Readymix Association
'SENS'	Stock Exchange News Service, the regulatory information dissemination platform for the JSE
'SHE'	Safety, Health and Environment
'year' or 'year under review' or 'FY2015'	Year ended 28 February 2015

FINANCIAL DEFINITIONS

'FY'	Financial year ending 28 February
'IFRS'	International Financial Reporting Standards
'HEPS'	Headline earnings per share
'NAV'	Net asset value
'PAT'	Profit after tax
'PBIT'	Profit before interest and taxation
'ROI'	Return on investment

Read more *More info on website*

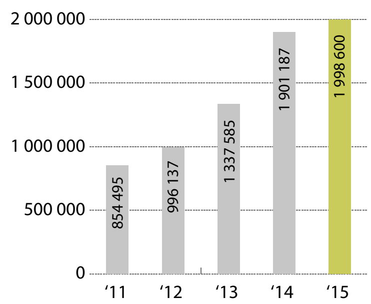
AFRIMAT®

Performance highlights

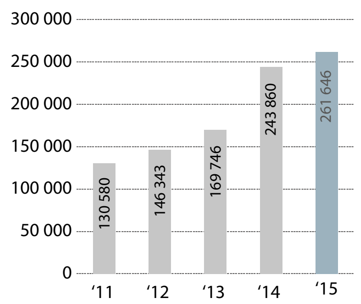
Afrimat's pursuit of responsible growth is demonstrated throughout this report.

Revenue growth 5,1%	**HEPS 135,6 cents up** 24,4%	**Total dividend per share** 50 cents	**Return on net operating assets** 29,0%
Net cash from operating activities up 7,3%	**NAV per share 656 cents up** 13,3%	**Net debt: equity ratio** 10,2%	**Strong balance sheet**

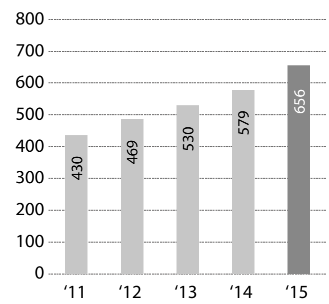
Revenue (R'000)



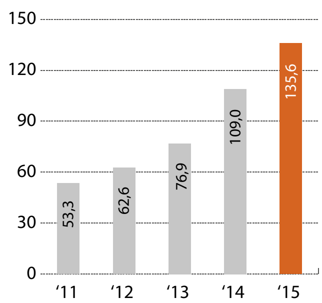
Net cash from operating activities (R'000)



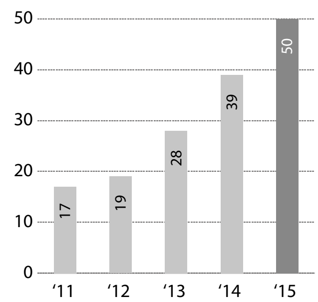
Net asset value per share (cents)



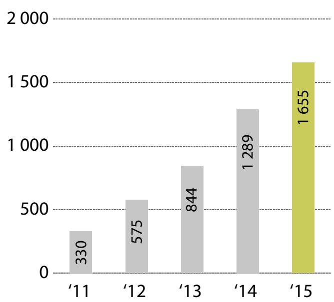
HEPS (cents)



Total dividends per share (cents)



Share price at year-end (cents)



Integrated reporting

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

CORPORATE INFORMATION

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

The integrated annual report 2015 is available in hard copy, on request, from the company secretary and is also posted on the group's website *www.afrimat.co.za*.

Our integrated annual report 2015 is aimed at all our stakeholders with a specific focus on our shareholders. It aims to share our performance for FY2015, including demonstrating how our strategy of entering the industrial minerals business, embarked on five years ago, continues to add value. Overall the report is intended to give our stakeholders a better understanding of the issues, risks and opportunities that we face in terms of business sustainability, value creation and growth.

REPORTING PARAMETERS

This integrated annual report 2015 presents the annual financial results and the economic, environmental, social and governance performance of the group for the year ended 28 February 2015.

For more information, see the annual financial statements on pages 39 to 107.

FRAMEWORKS APPLIED

In compiling this report, we have considered the legislative requirements for reporting and the International Integrated Reporting Framework, issued in December 2013, as well as the Discussion Paper on the Framework for Integrated Reporting and the Integrated Report issued by the IRC South Africa in January 2011. Our report conforms to the requirements of local and international integrated reporting frameworks, the South African Companies Act 2008 and JSE Listings Requirements. We continue to use the GRI guidelines for our sustainable development reporting. The company has also applied the majority of principles in the King III Report. In respect of those which have not been applied, an explanation is offered.

RISK MANAGEMENT

Refer to page 29 for the risk management report.

FORWARD-LOOKING DISCLAIMER

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 28 February 2015. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason.

DEDICATION TO INVESTOR COMMUNICATION

At the Investment Analysts Society Awards ceremony, Afrimat won the category "Best presentation to the Society in 2014/15 for companies with a market capitalisation below R5 billion" – highlighting the company's dedication to investor communication and disclosure.

APPROVAL OF THE REPORT

The Afrimat board approved this integrated report and authorised its release on 24 June 2015.

Matie von Wielligh	**Andries van Heerden**
Chairman	*CEO*

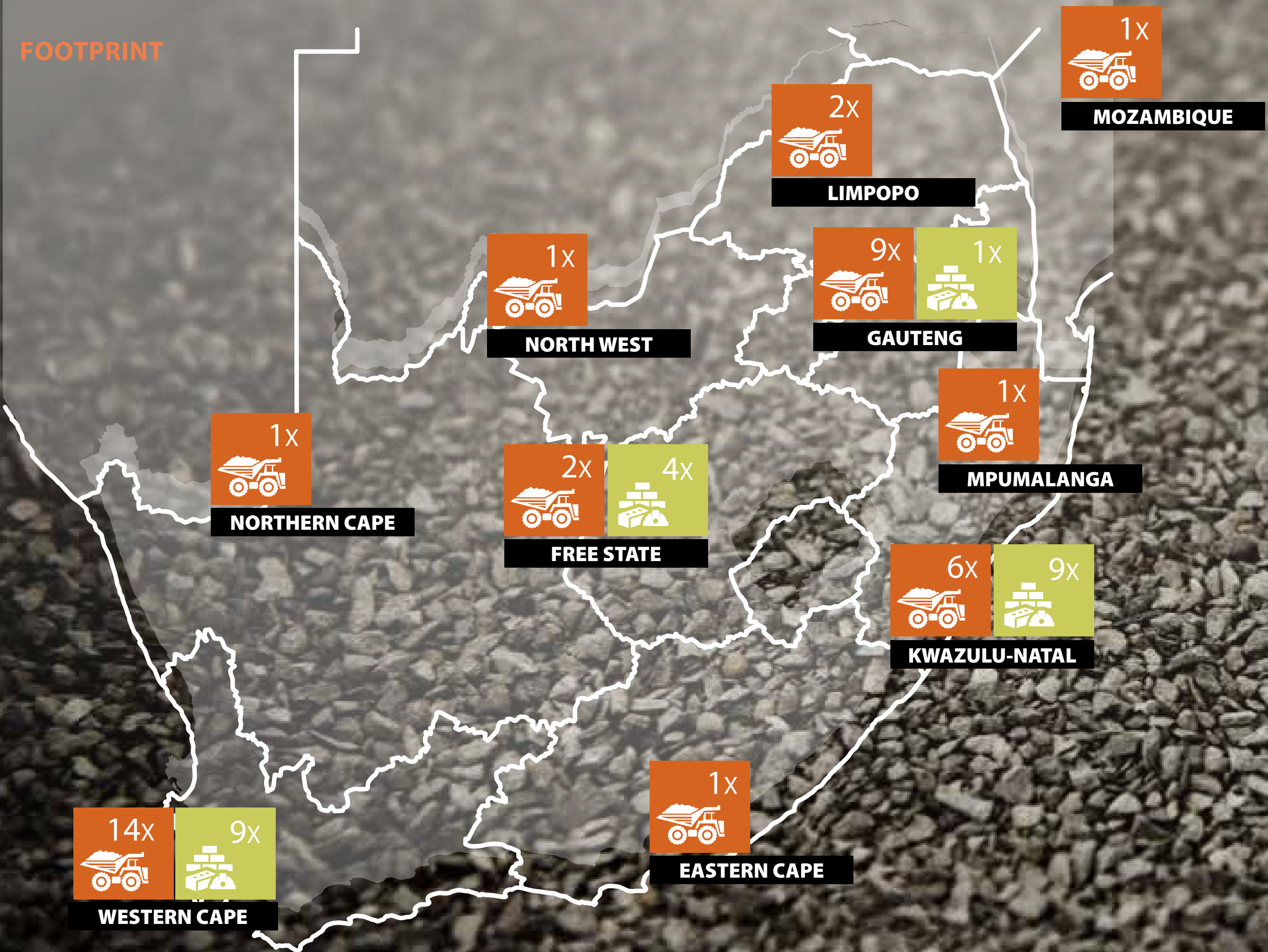
24 June 2015

Business overview

Afrimat primarily engages in open pit mining, processing and the supply of a broad range of industrial minerals and aggregates to a range of industries across southern Africa. In addition, we supply related concrete based products.

We have extensive in-house industry experience, and a stable employee force.

FOOTPRINT

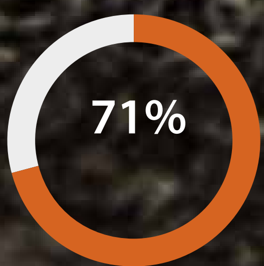


MINING & AGGREGATES/MINERALS

Number of operations

24	Commercial quarries
6	Sand and gravel mines
2	Dolomite mines
3	Clinker supplies
1	Limestone mine
2	Silica mines
	Mobile crushing & screening
	Drilling & blasting

Contribution to revenue

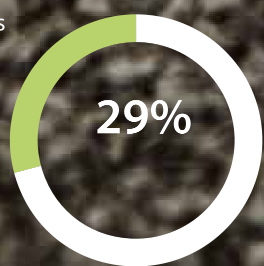


CONCRETE BASED PRODUCTS

Number of operations

9	Concrete brick & block factories
14	Readymix batching sites

Contribution to revenue



MINING & AGGREGATES/ MINERALS

Core Activities

Open pit mining and processing of industrial minerals and aggregates products

INDUSTRIAL MINERALS | AGGREGATES | CONTRACT CRUSHING, DRILLING AND BLASTING

QUALITY ASSURANCE

Quality-at-source processes by which quality control is ensured by constant monitoring and evaluation

VERTICAL INTEGRATION

Supply the majority of aggregates used by Afrimat's own Concrete Based Product divisions

Products

- Metallurgical dolomite
- Metallurgical quartzite
- Agricultural lime
- Clinker
- Silica sand
- Fire retardant powder
- Aggregates: crushed stone and sand

Services

- Mobile crushing
- Mobile screening
- Drilling
- Blasting

Markets

- Metallurgical manufacturers
- Mines
- Foundries
- Glass manufacturers
- Tile adhesive manufacturers
- Agriculture
- Building and construction
- Road and bridge building
- Railroads
- Concrete product manufacturers
- Readymix processors
- Power stations
- Renewable energy projects
- Power distribution network

CONCRETE BASED PRODUCTS

Core Activities

Concrete brick and block manufacturing and readymix batching

CONCRETE PRODUCTS | READYMIX

QUALITY ASSURANCE

Blocks and bricks carry the SABS mark of approval

VERTICAL INTEGRATION

Close to 90% of aggregates are sourced from the group's own operations

Products

- Building blocks and bricks
- Pavers

Services

- Readymix concrete batched on demand and transported to customers by concrete mixer trucks
- Readymix mortar

Markets

- Building and construction
- Low-cost housing
- Residential and commercial property
- Civil engineering and infrastructure projects
- Renewable energy projects
- Power distribution network

Value added statement

for the year ended 28 February 2015

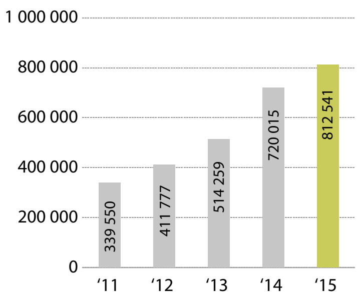
Set out below is the value added by the group and its employees during the year under review and how funds were applied.

	%	2015 R	%	Restated 2014 R
Revenue		**1 998 600 102**		1 901 187 222
Less: Cost of goods and services provided*		**1 210 031 735**		1 196 099 317
Value added by operations		**788 568 367**		705 087 905
Loss on sale of property, plant and equipment		**(483 929)**		(2 685 817)
Profit on disposal of available-for-sale financial assets		**–**		1 426 075
Profit on disposal of businesses		**7 853 090**		–
Income from investment		**16 603 705**		16 186 531
Total value added		**812 541 233**		720 014 694
Applied as follows:				
To remunerate employees:				
– Salaries, wages, pensions, bonus and other benefits	**52,9**	**429 596 854**	53,4	384 985 694
To reward providers of capital:				
– To shareholders as dividends paid	**7,2**	**58 729 585**	6,2	44 647 748
– To lenders as finance charges	**2,8**	**22 463 964**	3,4	24 981 282
Government and community:				
– Taxation	**9,0**	**73 035 387**	8,1	58 110 362
– Mining royalties	**0,7**	**6 066 230**	0,7	4 821 215
– Social Investment**	**0,9**	**6 984 142**	0,8	5 668 067
To replace assets:				
– Depreciation and amortisation	**9,4**	**76 609 386**	13,5	96 901 840
– Impairment of property, plant and equipment	**0,2**	**1 554 875**	–	–
To expand the group:				
– Retained earnings	**16,9**	**137 500 810**	13,9	99 898 486
Total distribution including re-investment	**100,0**	**812 541 233**	100,0	720 014 694

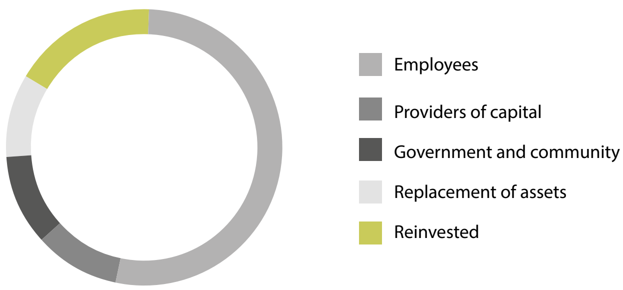
* *Cost of goods and services provided were higher in 2015 and include higher costs which were mainly inflationary related.*

** *Social Investment includes expenditure with regards to local economic development and corporate social investment spending.*

Value added (R'000)



Distribution of value added



STRATEGIC CONTEXT

Vision, mission & values

Vision

To be the most respected industrial minerals and construction materials supplier in southern Africa.

Our vision is built on:

- Well-managed operations
- Responsible, honest and motivated personnel
- Effective and reliable systems and controls
- Outstanding customer service and stakeholder relations
- Healthy finances
- Concern for the community and the environment
- Being innovative and flexible

Mission

To operate open pit mines, add value through the beneficiation of mined products and provide contracting services to customers.

Values

To adhere to Afrimat values in all we do.

Key values entrenched throughout Afrimat:

Trust
Firm belief in the reliability and ability of our people.

Integrity
Moral conduct, reflected in transparent honesty.

Respect
Admiration elicited by people's abilities, qualities or achievements.

Accountability
The obligation of people or an organisation to account for its activities, accept responsibility for them and to disclose the results in a transparent manner.

Teamwork
Working collaboratively in order to achieve a goal.

Customer satisfaction
Meeting or surpassing customer expectation.

Strategic milestones

2011 onwards

STANDING OUT

Growth in unique products ensured sustainability

- Glen Douglas acquisition *(January 2011)*
- Clinker Group acquisition *(March 2012)*
- Infrasors acquisition *(March 2013)*

2007 to 2010

LEADING FOOTPRINT ESTABLISHED

Geographic expansion

- Smaller acquisitions
- Well executed national positioning
- Broad infrastructure focus
- Afrimat black employees, via the Afrimat BEE trust, acquire 16,79% interest in Afrimat (now 22,55%)

COMING OF AGE

STRONGER STRATEGIC MANAGEMENT

Built a solid foundation

- Narrow focus – building materials
- Mainly coastal provinces
- Instilled proper governance

2006

JSE LISTING

Founded in 2006 from well-established companies

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

Stakeholders

We recognise that developing and nurturing dialogue with our key stakeholders, and actively listening and responding to feedback, is a driver of business sustainability. The process of identifying and monitoring stakeholder relationships is reviewed annually by the board. Our internal open door policy and strong communication extends to all external stakeholders, and we pride ourselves on our timely, consistent and transparent communication and dialogue with our various stakeholders.

Stakeholder	What matters to them	Tools of engagement	Responsibility	Our response
Shareholders	• Profitability • ROI (share price and dividends) • Cash generation • Corporate governance and compliance • Risk management • Growth prospects • Reputational issues	• Annual and interim results announcements • SENS announcements • Website publications • Group results presentations • 1:1 meetings • Roadshows • Annual general meeting • Media releases • Site visits	• CEO assisted by the FD	• Feedback from results presentations and 1:1 meetings is relayed to and dealt with at board level
Lenders/ providers of capital	• Capital management • Sustainability • Profitability • Cash generation • Corporate governance and compliance • Risk management • Growth prospects • Reputational issues	• Contractually required information flow • Annual and interim results announcements • Regular meetings	• FD assisted by group accountant and financial managers	• Feedback from meetings is relayed to and dealt with at board level
Employees	• Job security • Sustainability • Personal growth and development • Skills development • Remuneration and incentives • Safety • Health and wellness	• Annual culture climate survey • Training sessions • News updates • Employment equity forums • Regular reinforcement of Code of Conduct and policies/procedures	• General manager: human resources assisted by all management	• Investment in training and talent management • Dedicated skills development division • Skills Development and Employment Equity Consultative Committees established for each subsidiary • Ongoing health and safety programme
Customers	• Quality • Service • Value for money	• Annual customer surveys conducted to determine service improvement opportunities • Contractual engagement • Personal interaction with main customers • Product brochures	• CEO, managing directors of subsidiaries and sales teams	• Commitment to quality products and service excellence

Stakeholder	What matters to them	Tools of engagement	Responsibility	Our response
Trade unions	• Wage negotiations • Bargaining council agreements • Conditions of employment • Engagement on safety issues • Engagement on health and wellness issues	• Regular meetings at relevant levels	• General manager: human resources assisted by all management	• Ongoing focus on labour and employee relations • Consistency in industrial relations • Recognition agreements at industry level
Major contractors, suppliers and business partners	• Consistent off-take • Good payment record	• Contract and service agreements	• CEO and managing directors of subsidiaries	• Regular business updates to suppliers
Government, local authorities and regulatory bodies	• Compliance with mining right and DMR requirements • Regulatory compliance • B-BBEE status and black shareholding • Environmental compliance • Skills development • Enterprise development • Job creation	• Lobbying with government departments	• CEO and managing directors of subsidiaries assisted by corporate affairs and resources departments	• Developing DMR required social and labour plans in conjunction with local municipalities • Raising awareness of local economic, social and infrastructure conditions and gaining approval for government funded projects • Focus on procurement from suppliers with BEE shareholding
Local communities	• Environmental issues – dust, emission, water, traffic, noise, unsightly development • Economic upliftment • Job creation • Enterprise development • Preferential procurement	• Dialogue with local community interest groups	• Managing directors of subsidiaries and branch managers assisted by general manager: corporate affairs and resources department	• Supplementing labour force from surrounding communities • Practicing a limited automation policy • Prioritising environmental management of operations

Identifying principal risks

The risks that affect the group's ability to create value in the immediate and longer term can be grouped into three categories:

- **Macroeconomic** – which are, to an extent, beyond the group's control although the effects or this type of risk can be minimised
- **Operational** – which are managed proactively by implementing policies and process controls
- **Strategic** – which impact on the group's ability to implement its strategy

Risk	Stakeholders impacted by this risk	Risk mitigation
Macroeconomic		
Market cycles/ volatility	All stakeholders	• Ongoing diversification into the industrial minerals market, into unique products with scarcity value, and into new regions which are strategically positioned to capitalise on market opportunities • Development of superior operational and marketing expertise • Careful cost control • Pre-emptive anticipation and forecasting of market conditions • Proactive, innovative solutions ahead of occurrence to maintain competitive advantage
Political instability, growing polarisation and populist government policies	All stakeholders	• Diversify into other African countries • Maintain strong balance sheet
Operational		
Industrial action	Employees, trade unions, shareholders and funders	• Strict adherence to legislation and bargaining arrangements • Open lines of communication with unions and employees • Stakeholder engagement processes • Employee incentivisation and motivation programmes • Culture of employee development and well-being
Theft and fraud	Shareholders and funders	• Create culture of ownership • Strict internal controls • Effective disciplinary procedures • Whistleblowing hotline
Increasing complexity of legal compliance	Employees, customers, suppliers, government, local authorities, regulatory bodies and funders	• Focused attention by dedicated compliance team • Executive (top-down) endorsement of compliance
Key staff turnover	Employees and shareholders	• Active management of internal culture and climate • Ongoing training and development and career path management • Appropriate incentivisation for retention • Active leadership mentoring and advancement • Succession planning
Electricity supply instability	Customers, shareholders and funders	• Pro-active production planning • Use of generators in critical areas
Strategic		
Liquidity management	Shareholders and funders	• Strict credit control processes • Regular cash generation and funding projections • Strong balance sheet

Governance structure

STATEMENT OF COMPLIANCE

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

BOARD MEMBERS	BOARD COMMITTEE MEMBERS	Number of independent director members	Number of meetings per year	Self-evaluation completed
Executive directors Andries J van Heerden (CEO) Hendrik P Verreynne (FD) Gert J Coffee **Non-executive directors** Francois du Toit Loyiso Dotwana **Independent non-executive directors** Marthinus W von Wielligh (Chairman) Phuti RE Tsukudu Jacobus F van der Merwe Hendrik JE van Wyk The board meets four times per year.	**Audit & Risk Committee** (for further information see page 40) Hendrik JE van Wyk (Chairman) Loyiso Dotwana Phuti RE Tsukudu Jacobus F van der Merwe Marthinus W von Wielligh	4/5	4	Yes
	Remuneration & Nominations Committee (for further information see page 35) Marthinus W von Wielligh (Chairman - Nominations committee) Phuti RE Tsukudu (Chairman - Remuneration committee) Loyiso Dotwana	2/3	3	Yes
	Social, Ethics & Sustainability Committee (for further information see page 36) Loyiso Dotwana (Chairman) Gert J Coffee Phuti RE Tsukudu Andries J van Heerden Marthinus W von Wielligh	2/5	2	Yes
	EXCO Andries J van Heerden (Chairman) Gert J Coffee Anton Gerber Carl P Malan Jan HP van Heerden Hendrik P Verreynne	n/a	6	n/a

Ethical leadership

The board strives to ensure that the group conducts its business with integrity and by leading by example. This commitment is formalised in a Code of Conduct (available at *www.afrimat.co.za*) which applies beyond the board to all employees of the group. The Code is designed to provide guidance as to 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 embedded in the group culture is constantly reinforced by the CEO and supported by business unit heads and human resources management. Strict adherence to the provisions of the Code of Conduct is a condition of employment within Afrimat.

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

Ethical conduct is an area with which the Social, Ethics & Sustainability Committee is tasked by the board. As part of its responsibility, the committee ensures that the company's ethics performance is assessed, monitored, reported and disclosed. It reviews cases of conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the company. Further the committee reviews the Code annually and recommends it to the board for approval.

Directorate

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EXECUTIVE DIRECTORS

1. **Andries J van Heerden (49)**
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 the formation and listing of Afrimat in 2006 from the merger of Prima and Lancaster. Andries was a finalist in the 2008 Ernst & Young World Entrepreneur Awards in the category 'Emerging Entrepreneur'. He also sits on the board of Infrasors Holdings Limited as a non-executive director.

2. **Hendrik P Verreynne (58)**
FD
B.Compt (Hons), CA(SA)

Hendrik, qualified as a chartered accountant in 1983, has extensive experience in financial and information technology management, corporate governance and BEE. Prior to joining Afrimat in 2007 he was financial director for Oceana Brands Limited. Previously he was a senior executive in finance for Woolworths and Borden Foods and financial director of Sea Harvest Limited. He also fulfils the role of interim financial director of Infrasors Holdings Limited.

3. **Gert J Coffee (64)**
Head of Operational Efficiency
B.Sc B.Eng. Mechanical (Industrial)

Gert, a registered professional engineer 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.

"The Afrimat theme of "growth through diversification" remains our mantra."


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NON-EXECUTIVE DIRECTORS

4. **Loyiso Dotwana (51)**
   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 (Proprietary) Limited, one of South Africa's largest black owned consulting engineering companies, of which he is currently a director and the major shareholder.

5. **Francois du Toit (68)**
   Francois joined Prima Klipbrekers as managing director in 1967 and helped establish the Prima group 12 years later, where he remained as managing director until 2003 and then as Chairman until his retirement in 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

6. **Marthinus (Matie) W von Wielligh (63)**
   Chairman
   B.Sc (Mech. Eng.) (University of Pretoria), MBA (University of Stellenbosch), Stanford Executive Programme (Stanford University, USA)

   Matie has almost 40 years' professional experience in the mining industry. He has extensive engineering, operational and business experience and currently consults on business strategy, new business development, operational improvement, capital efficiency feasibility studies and project management. Previously, at Iscor Mining and Kumba Resources he served in various management and senior management positions before becoming managing director of Sishen Iron Ore Company. Matie holds other directorships and is a non-executive Chairman of Vega Asset Management (Proprietary) Limited.

7. **Hendrik (Hennie) JE van Wyk (71)**
   B.Com (Hons), 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.

8. **Phuti RE Tsukudu (61)**
   M.Ed (University of Bristol), Postgraduate 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. She has over 25 years' experience as an independent consultant and over 10 years as a community development practitioner working in the development and education arena. She continues to hold a number of board positions.

9. **Jacobus (Derick) F van der Merwe (61)**
   B. Compt (Hons), CA(SA), ACIOB

   Derick, a chartered accountant, was the Managing Director and CEO of the highly successful Victoria & Alfred Waterfront (Proprietary) Limited, in Cape Town when he left to start his own company, DVDM Properties (Proprietary) Limited (that also operated in the People Spaces group until last year) both offering international property development management and consulting services. Prior to that, he was an executive director within various companies in the Stocks & Stocks construction group of companies. Derick is also a non-executive director of the PNA Stationers (Proprietary) Limited and he also served as non-executive on a few other boards and trusts.

Competitive strengths

STRATEGIC POSITIONING

- Flexible business model
- Ongoing business development
- Proven successful acquisitions
- Successful greenfield projects
- Wide geographic footprint
- Solid presence in growth markets

PEOPLE

- Tangible leadership
- Shared values
- Competent employees
- Great teamwork

OPERATIONS

- Well-maintained plant and equipment and well-equipped workshop infrastructure
- Efficient processing plant design and process flows
- Vertical integration
- Commitment to protecting the environment and sustainable development

MARKETING

- Good market intelligence and expertise
- Reliable quality products and services
- Diverse product and services offering
- Superior reaction time to meet customer needs

FINANCIAL

- Strong cash inflow from operating activities
- Robust balance sheet
- Industry leading margins throughout economic cycles
- Consistent dividend payer

The standout performance realises from entrepreneurial decision-making within a suitably governed, performance-driven and value-based organisational environment.

Chairman's review

AFRIMAT'S PERFORMANCE AT A GLANCE

The standout performance of Afrimat is due to an ideal that places emphasis on the entrepreneurial decision-making framework used in a performance-driven environment. This has achieved results that Afrimat can rightly be proud of, and this year is no different. Given these outstanding management skills, the business is able to pull together entrepreneurial flair and flexibility and balance these against the controls required of a JSE listed company.

A further element of success is the strategic diversification into industrial minerals, which has proved fruitful. It remains the intention that this focus will continue – ever-mindful of ensuring that Afrimat remains relevant in the industries it services and the products it offers to the market. This continuous emphasis on business development and new products, markets and territories will remain a contributing factor to growth. Most recently Afrimat has established quarries in Mozambique, with the rest of Africa remaining pivotal to the diversification strategy.

The conservative balance sheet approach has proven to be fundamental to the company's success. This approach will be maintained by Afrimat as a general business imperative to support its diversification strategy.

Afrimat has earned a positive reputation amongst shareholders, the investment community and customers. It is viewed as valuable, entrepreneurial, innovative and financially successful. Shareholder analysis shows that in 2015, 24,51% of the issued share capital was in institutional hands, compared to 17,25% in 2012.

TRADING ENVIRONMENT

Afrimat has faced a tough trading environment the past year and it is envisaged that this will continue. The environment is also highly competitive, faces commodity pricing pressure and customers are finding it harder to land construction projects. Afrimat has experienced a fundamental change in the business environment, with the decline of mega government projects and a lot more small projects being awarded by Government in its efforts to enhance job creation across the country.

Within Afrimat, challenging market conditions are continuously assessed, backed by detailed analysis, in order for opportunities to be identified. The diversification strategy has proven successful in this regard and new business and product development remains core to Afrimat. All this is underpinned by prudent balance sheet management and a drive towards continual performance improvement.

B-BBEE

The Afrimat BEE Trust, together with existing shareholders, will benefit from the strong performance and dividend flows of the company. Of the group workforce, 80,6% are historically disadvantaged individuals.

Afrimat's main BEE partners are Afrimat BEE Trust, Mega Oils (Pty) Limited and Joe Kalo Investments (Pty) Limited. Black ownership in the group totals to 26,14% in line with Mining Charter requirements.

Afrimat is committed to integrating genuine transformation that permeates the organisation, and understands this to be critical for the sustainability of its business in South Africa. Each subsidiary has a dedicated BEE Committee which actions the plans and recommendations of the Social, Ethics & Sustainability Committee in this regard, and further proactively drives improvements in all B-BBEE categories.

Afrimat is committed to the continual enhancement of all aspects of B-BBEE on an ongoing basis.

PROSPECTS

It is important for Afrimat to remain relevant and sustainable. This is possible through the strategic management of its assets and the continuation of its strategic diversification strategy. The track record of excellence in the execution of this strategy is proven and the company remains committed to this approach.

The emphasis, as always, is on the maintenance of sustainable growth in headline earnings per share as a key driver. This will be achieved through internal value un-locking supported by external opportunities such as new products, new markets and new territories. Further prospects lie in Afrimat's ability to add value to its current product offering, as well as product beneficiation. The company will continue to evaluate and focus its positioning in different market segments and the further expansion of industrial minerals.

Retention of the inherent entrepreneurial flair balanced with corporate governance requirements remain key to Afrimat.

APPRECIATION

The Afrimat board has been strengthened by the appointment of Derick van der Merwe serving as an independent non-executive and as a member of the Audit & Risk Committee since August 2014. The board would like to thank Derick for his contributions thus far in both positions and look forward to his continued input.

To all employees, directors and management we extend our gratitude and thanks for once again helping to deliver a stellar set of results. The executive management, under the leadership of Andries van Heerden, has ensured that strategy is followed and implemented across the business in order for "The Afrimat Way" to shine through in all that the business does.

To our shareholders, business partners, customers and suppliers, thank you for your continued support of and belief in the values, products and services that Afrimat has to offer.

Matie von Wielligh
24 June 2015

A consistently solid financial performance is dependent on good labour relations that are in turn vital to productivity and a pleasant working environment.

CEO's review

INTRODUCTION

It is of great pleasure to report to shareholders on another successful year of operation for Afrimat. This is our ninth annual report since listing and we are proud to have been able to continue our successful growth record, which has been achieved through our dedicated focus on diversification.

AFRIMAT CELEBRATES AN EXCELLENT YEAR

A consistently solid financial performance is dependent on good labour relations that are in turn vital to productivity and a pleasant working environment. The culture of Afrimat is of such nature that labour relations remain a priority. We care for our employees and the environment in which they operate. The respect that permeates our organisation is a large part of our success.

Operating margin is a good measure of the health of a business and Afrimat have successfully increased the operating margin to 14,0% from 12,1% in 2014.

The Afrimat theme of "growth through diversification" remains our mantra. Looking back on the traditional aggregates business, particularly pre-2009, it is pleasing to report that this segment of the business has increased its contribution to earnings through a good recovery in the markets it supplies. Furthermore, we have made good progress with the turnaround of the Infrasors business and are satisfied with its contribution to the greater Afrimat group, as well as to the diversification strategy.

The year was further underpinned by good Government spend on road maintenance and smaller service delivery projects, which Afrimat, due to its wide geographic footprint, was able to benefit from.

CHALLENGES DURING THE YEAR

The economic climate remains challenging and has claimed its fair share of casualties amongst the larger customers which Afrimat services. One of our JSE listed customers filed for business rescue during the year and was subsequently liquidated and another customer, a JSE listed steelmaker has filed for business rescue post our 2015 financial year end. In both instances Afrimat has been able to minimise its exposure to significant bad debt write-offs and is optimistic that the remaining steel makers will be able to weather current market conditions.

Towards the end of the year Afrimat experienced a slight slowdown in Government projects as budgets began to run out. Currently we are experiencing a return to normality.

The well-publicised electricity crisis in South Africa, which has resulted in rolling load-shedding, has brought about some challenges in terms of production planning. Despite this, load-shedding has not had a significant impact on operations.

As a group we remain cautiously optimistic on the economic environment with regard to investments by Government in smaller infrastructure and private sector direct investment. However, we do have a sense that the general pessimism in and towards South Africa could result in slower investments due to low confidence.

FINANCIAL RESULTS

We remain pleased with the overall performance of the company for the year under review, with revenue growing by 5,1% to R2,0 billion. Although demand was strong in the aggregates and industrial minerals market, the rationalisation of certain less profitable markets eliminated revenue, which did not contribute to profits.

Earnings per share grew by 28,3% to 139,0 cents per share from 108,3 cents per share in 2014. Likewise headline earnings per share increased by 24,4% to 135,6 cents per share from 109,0 cents per share the previous year. This growth is attributable to focussed operational improvement strategies, resulting in improved margins.

Afrimat remains pleased of its cash conversion rate, which again has been able to turn declared profits into cash. Operations generated net cash inflow amounting to R261,6 million, an increase of 7,3% from R243,9 million in 2014.

The same prudence with which the balance sheet is managed is adopted in capex spend, which represents a healthy mix between capacity expansion and maintenance capital. The asset base is well maintained in order to ensure all our assets remain in a healthy state.

Afrimat declared a final dividend of 37,0 cents per share bringing the total dividend for the year to 50,0 cents per share, an increase of 28,2% on the 39,0 cents per share distributed in 2014. Afrimat remains a consistent dividend payer, having distributed dividends to shareholders every year since listing.

PERFORMANCE FROM THE OPERATIONS

The Mining & Aggregates segment made up 80,5% of the contribution from operations in the amount of R220,3 million, up from R195,2 million in 2014. This is attributable to an excellent contribution from the Clinker operations and a good recovery in the traditional business in the geographies of KwaZulu-Natal and the Western Cape.

Industrial minerals delivered a solid performance, with Infrasors' planned turnaround on track and Glen Douglas continuing to perform on par with past contributions. Capacity expansion at Glen Douglas has proved to be the correct strategy with the additional products produced being sold at the projected rate.

All processing plants are fully operational and well-placed to supply and keep up with market demand. Afrimat's flexible service delivery model, supplemented by mobile equipment, positions the group to take advantage of opportunities as and when they arise.

The Concrete Based Products segment made up 20,1% of the contribution to operations to the value of R55,1 million, compared to R30,4 million in the previous year. These increased profits emanate from cost-reduction initiatives and successful market penetration. During the 2014 financial year the segment was hit by strike action at the SA Blocks operation, which caused a reduction in profits.

STRATEGY AND PROSPECTS

The theme for Afrimat is "growth through diversification" and this was achieved by acquisitions, which formed part of a well-designed plan to position the company in specific industrial mineral markets. The implementation and execution of the plan are proven. Coupled with this is the maintenance of the traditional businesses, which were the core of Afrimat when the group was listed. These have remained a valuable part of the group and are now beginning to show their ability to contribute at improved levels. The combination of the acquired industrial minerals assets and the original aggregates assets have created a resilient business that has had a consistent profit stream over the past six years despite the global financial crisis.

The goal was to position Afrimat in markets where a unique competitive position was created – there is no doubt this has been achieved. An added benefit was a diversified profit stream with a wide spread, creating a portfolio effect that acts as a hedge against specific market volatilities.

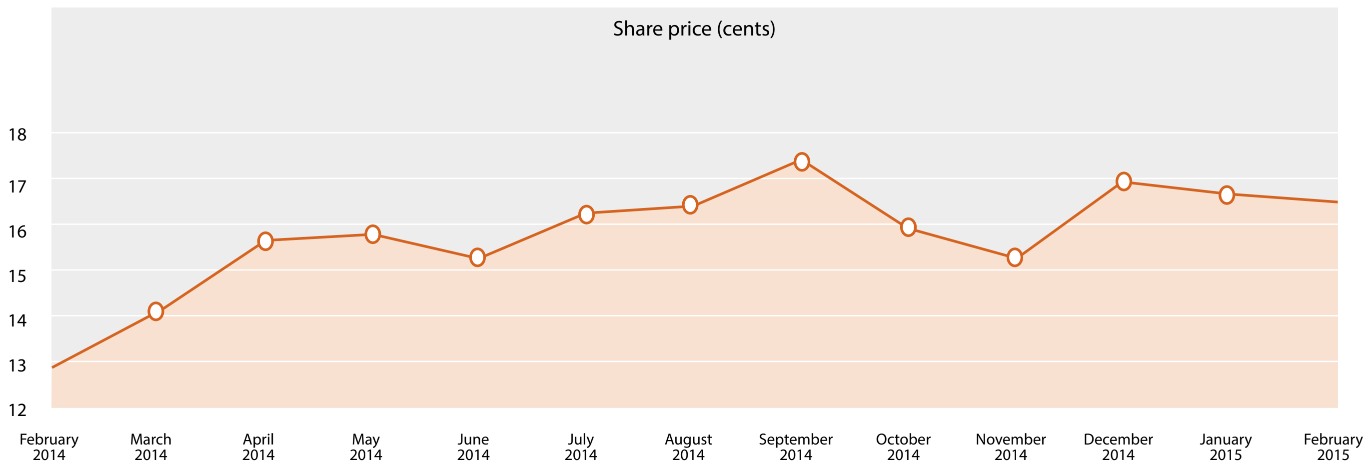
Consolidation and adding further value to industrial minerals products are expected to sustain the growth rate for a considerable time into the future. Entry into new markets, is expected to support volume growth while a visible recovery in the traditional markets bodes well for the immediate future of Afrimat.

Andries van Heerden
24 June 2015

BUSINESS PERFORMANCE

Share performance at year-end

	F2015	F2014	F2013	F2012	F2011
Number of ordinary shares in issue	**143 262 412**	143 262 412	143 262 412	143 262 412	143 262 412
Less: Number of treasury shares	**505 829**	1 048 676	204 242	6 145 174	5 149 510
Net number of ordinary shares in issue	**142 756 583**	142 213 736	143 058 170	137 117 238	138 112 902
Weighted number of ordinary shares in issue	**142 524 228**	142 620 285	142 867 266	137 371 771	138 596 357
Headline earnings per share (cents)	**135,6**	109,0	76,9	62,6	53,3
Price : earnings ratio	**12,2**	11,8	11,0	9,2	6,2
Market price per share at date of listing (7 Nov 2006 - issue price 500 cents)					
Market price per share at year-end (cents)	**1655**	1289	844	575	330
Market capitalisation based on issued shares (Rand)	**2 370 992 919**	1 846 652 490	1 209 134 757	823 758 869	472 765 960
Market capitalisation based on issued shares less treasury shares (Rand)	**2 362 621 449**	1 833 135 057	1 207 410 955	788 424 119	455 772 577



Operational reviews

A. MINING & AGGREGATES/MINERALS

Highlights FY2015

- Strong performance from industrial minerals division
- Improved contribution from traditional aggregates businesses
- Operational efficiency improvement initiatives delivering improved margins
- Rationalisation of sales to less profitable markets
- Infrasors turnaround progressing as planned

Key distinguishing features

- Quality geological resources
- Operations are geographically well positioned
- Diverse customer base
- Wide product range complemented by ability to customise solutions
- High quality standards (including compliance with COLTO and SABS standards)
- Commenced operations in Mozambique

Review of 2015

Financial performance

	Audited February 2015	Audited February 2014	% change
Revenue (R'000)	**1 422 305**	1 346 029	5,7
Contributions from operations (R'000)	**220 255**	195 235	12,8
Contributions from operations margin (%)	**15,5**	14,5	
Capital expenditure (R'000)	**136 144**	99 039	
Headcount	**1 302**	1 390	

The **Mining & Aggregates/Minerals** segment generated satisfactory profits as a result of a solid performance from Industrial Minerals and a good recovery in the traditional aggregates businesses in KwaZulu-Natal and Western Cape.

The Clinker Group continues to produce strong results. Management is actively addressing the limited available raw materials (estimated four years' supply remaining at the main stockpile) and procurement of additional raw material sources are progressing well.

Turnaround initiatives at Infrasors are making good progress. Lyttelton and Marble Hall operations are performing well while the Delf Sand operation is being impacted by high costs of transporting raw materials from Delf Cullinan to Delf Sand's processing plant (following the depletion of its silica resource) in terms of a bulk prospecting right. The Delf Cullinan mining right is still awaited from the DMR.

Operations are being established in the north of Mozambique and the required infrastructure is being constructed.

All processing plants are fully operational and well-placed to supply market demand, which should assist in sustaining revenue going forward. Afrimat's flexible service delivery model, supplemented by mobile equipment, positions the group to take advantage of opportunities as and where they arise.

B. CONCRETE BASED PRODUCTS (INCLUDING READYMIX)

Highlights FY2015

- Cost reduction initiatives successfully introduced
- Successful market penetration

Key distinguishing features

- Wide product range
- Brick and block products carry the SABS seal of approval
- Readymix products meet SARMA standards
- Flexible customised solutions for individual customer needs

Review of 2015

Financial performance

	Audited February 2015	Audited February 2014	% change
Revenue (R'000)	**576 295**	555 158	3,8
Contributions from operations (R'000)	**55 051**	30 409	81,0
Contributions from operations margin (%)	**9,6**	5,5	
Capital expenditure (R'000)	**19 138**	20 376	
Headcount	**864**	946	

The Concrete Based Products segment achieved a satisfactory increase in profit margin as a result of a focussed drive to improve efficiency. The segment boasts a strong pipeline relating to government infrastructure and renewable energy. A shift is evident towards infrastructure and services spend by local governments.

The business experienced a year of labour stability as a result of various human resource interventions to create a harmonious climate.

C. OTHER

Highlights FY2015

- Rollout of enterprise resource planning financial software is progressing well
- Group sustainability function ensured a high compliance standard

Key distinguishing features

- Group shared services function geared to support growth

Review of 2015

Financial performance

	Audited February 2015	Audited February 2014	% change
Contributions from operations (R'000)	**(1 557)**	2 627	
Capital expenditure (R'000)	**7 185**	1 911	
Headcount	**54**	45	

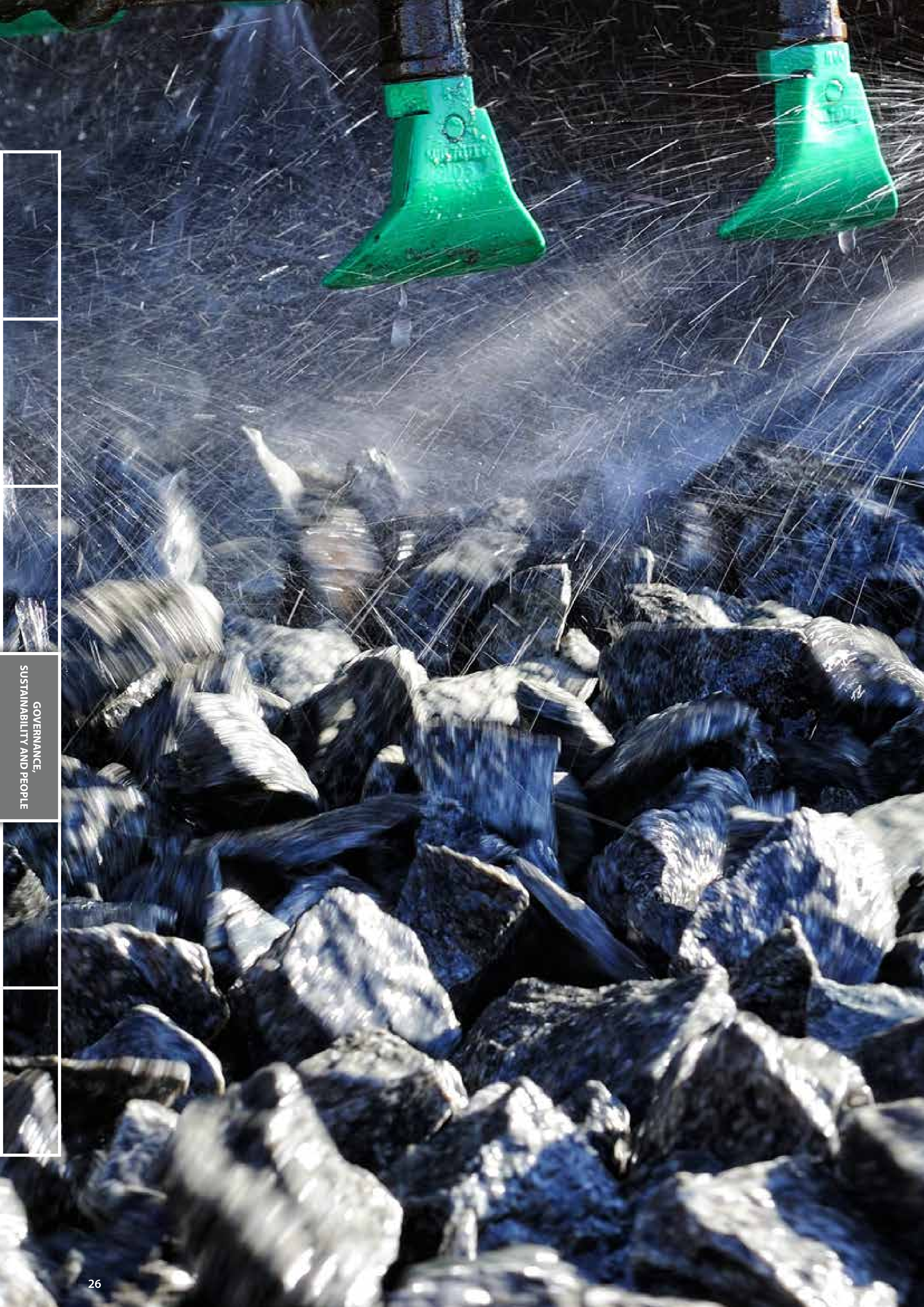
BUSINESS PERFORMANCE

Five-year review

	2015 R	Restated 2014 R	Restated 2013 R	Restated 2012 R	Restated 2011 R
Financial results and status					
Revenue	**1 998 600 102**	1 901 187 222	1 337 584 566	996 137 470	854 495 775
Mining & Aggregates	**1 422 305 079**	1 346 029 103	846 387 589	704 509 731	581 878 020
Concrete Based Products	**576 295 023**	555 158 119	491 196 977	291 627 739	272 617 755
Revenue split					
Mining & Aggregates	**71,17%**	70,80%	63,28%	70,72%	68,10%
Concrete Based Products	**28,83%**	29,20%	36,72%	29,28%	31,90%
Contribution from operations	**273 748 815**	228 271 328	152 482 246	124 241 237	107 615 508
Mining & Aggregates	**220 254 779**	195 234 930	117 480 395	105 760 474	98 779 210
Concrete Based Products	**55 050 784**	30 408 618	37 290 564	21 326 908	10 809 986
Unsegmental	**(1 556 748)**	2 627 780	(2 288 713)	(2 846 145)	(1 973 688)
Operating profit	**280 047 030**	229 697 403	147 833 587	130 130 432	109 597 858
Mining & Aggregates	**226 552 994**	196 661 005	117 577 263	110 808 958	98 779 210
Concrete Based Products	**55 050 784**	30 408 618	37 290 564	22 505 102	13 392 336
Unsegmental	**(1 556 748)**	2 627 780	(7 034 240)	(3 183 628)	(2 573 688)
Profit after tax	**200 342 323**	162 965 395	103 777 230	90 917 042	76 762 649
Headline earnings	**193 282 184**	155 415 642	109 877 993	86 060 667	74 080 561
Net operating assets*	**965 890 629**	920 052 566	757 665 817	627 367 732	611 405 050
Total assets	**1 567 670 749**	1 479 417 249	1 201 263 446	1 000 377 433	939 990 095
Total equity	**949 437 228**	837 963 474	761 852 233	671 906 281	605 565 234
Total liabilities	**618 233 521**	641 453 775	439 411 213	328 471 152	334 424 861
Net cash from operating activities	**261 645 632**	243 859 722	169 763 603	146 343 295	130 579 439
Number of ordinary shares in issue	**143 262 412**	143 262 412	143 262 412	143 262 412	143 262 412
Less: Number of treasury shares	**(505 829)**	(1 048 676)	(204 242)	(6 145 174)	(5 149 510)
Net number of ordinary shares in issue	**142 756 583**	142 213 736	143 058 170	137 117 238	138 112 902
Weighted number of ordinary shares in issue	**142 524 228**	142 620 285	142 867 266	137 371 771	138 596 357
Profitability ratios					
Contribution from operations margin					
Mining & Aggregates	**15,49%**	14,50%	13,88%	15,01%	16,98%
Concrete Based Products	**9,55%**	5,48%	7,59%	7,31%	3,97%
Total	**13,70%**	12,01%	11,40%	12,47%	12,59%
Operating profit margin					
Mining & Aggregates	**15,93%**	14,61%	13,89%	15,73%	16,98%
Concrete Based Products	**9,55%**	5,48%	7,59%	7,72%	4,91%
Total	**14,01%**	12,08%	11,05%	13,06%	12,83%

	2015 R	Restated 2014 R	Restated 2013 R	Restated 2012 R	Restated 2011 R
Earnings per ordinary share (cents)	**139,0**	108,3	72,1	65,7	55,0
Headline earnings per share (cents)	**135,6**	109,0	76,9	62,6	53,5
Dividends declared (cents)					
Interim	**13,0**	11,0	8,0	6,0	6,0
Final	**37,0**	28,0	20,0	13,0	11,0
Total	**50,0**	39,0	28,0	19,0	17,0
PBIT return on net operating assets/ liabilities*	**28,99%**	24,97%	19,51%	20,74%	17,93%
Return on shareholders funds	**20,36%**	18,55%	14,42%	12,81%	12,23%
Utilisation of assets ratios					
Revenue : fixed assets ratio	**2,75**	2,86	2,66	2,32	2,12
Revenue : net operating assets ratio*	**2,07**	2,07	1,78	1,57	1,41
Net asset value per share (cents)	**656**	579	530	487	436
Tangible net asset value per share (cents)	**549**	470	422	404	353
Capital expenditures					
Mining & Aggregates	**136 144 245**	99 039 001	58 930 237	56 284 530	38 937 848
Concrete Based Products	**19 137 881**	20 376 026	22 150 386	14 174 863	5 098 952
Unallocated	**7 185 401**	1 910 943	1 853 830	1 472 850	1 940 040
	162 467 527	121 325 970	82 934 453	71 932 243	45 976 840
Liquidity and solvency ratios					
Current assets : current liabilities	**1,29**	1,30	1,59	2,04	1,74
Debt/overdraft less cash : equity	**10,23%**	15,53%	4,67%	(4,88%)	5,24%
Total liabilities : shareholders funds	**65,12%**	76,55%	57,68%	48,89%	55,23%
Dividend cover (based on headline earnings)	**2,80**	2,78	2,74	3,16	3,04
Interest cover	**21,31**	14,58	18,38	28,28	20,27
Productivity, efficiencies and consumption					
Number employees at year end	**2 220**	2 381	2 085	1 605	1 630
Revenue per weighted number of employees	**900 270**	798 483	641 527	620 646	524 231
Depreciation	**74 047 649**	93 920 432	55 449 750	45 735 363	44 880 075
Amortisation of intangible assets	**2 561 737**	2 981 408	2 437 457	659 556	659 564
	76 609 386	96 901 840	57 887 207	46 394 919	45 539 639
Electricity usage (Rands)	**53 372 605**	50 663 400	27 902 754	21 089 140	13 610 957
Fuel usage (Rands)	**143 404 816**	151 221 113	110 327 007	90 086 588	64 455 066
Average fuel price (Western Cape) (Rand/litre)	**12,45**	12,29	10,82	9,57	7,59
Cement usage (Rands)	**153 242 573**	190 358 999	174 147 017	93 329 816	88 203 858
Disabling injuries frequency rate	**1,03**	1,44	2,15	2,86	2,47

* *Net operating assets have been restated to exclude other financial assets and borrowings.*



Corporate governance

The Afrimat board takes responsibility for the holistic application of the principles contained in King III, without diluting the group's focus on sustainable performance. Where the board has deemed that recommended practices are not appropriate for Afrimat, we explain the reasons for our alternative approach.

EXCEPTIONS

Area of non-compliance	Explanation of non-compliance
All members of the Audit & Risk Committee should be independent non-executive directors – presently only 80% are independent.	In the interests of restricting costs the board will not remediate this until further board appointments are necessary. The current size and composition of the board is considered appropriate for the size of the company. In addition, the non-executive directors have demonstrated the ability to act independently.
The Chairman of the board should not be the Chairman or member of the Audit & Risk Committee – Chairman of the board is presently a member.	A JSE governance guidance letter allows the board Chairman to be a member of the Audit & Risk Committee. In line with this and to address the shortage of independent non-executive directors, the Chairman of the board is a member of the Audit & Risk Committee. Hendrik JE van Wyk is the Chairman of the committee. As per JSE guidance letter dated 30 September 2014, if the company's independent non-executive board Chairman is a member of the Audit & Risk Committee, all other members of the Audit & Risk Committee must be independent non-executive directors. See above for further explanation to this exception.
Companies should consider establishing a compliance function – presently no dedicated compliance officer.	Due to the size of the company no dedicated compliance officer is considered necessary. The CEO, FD and company secretary drive compliance, supported by the relevant functional leaders.

(The full King III register of compliance is available at *www.afrimat.co.za*).

OUR BOARD

See our Governance Structure on page 13.

The Afrimat board is guided by a charter which is reviewed annually. The charter includes a delegation of authority, which states the matters to be dealt with by the board committees. A number of governance policies support and frame the delegation of authority, which are reviewed on an annual basis. The board approves all amendments. (Afrimat's Board Charter and key governance policies are available at *www.afrimat.co.za*).

The Remuneration & Nominations Committee ensures that there is proper succession planning for the board. Director appointments are made by the board in a formal and transparent manner and are ratified at the following annual general meeting.

Independent non-executive director, Jacobus F van der Merwe, was appointed to the board and Audit & Risk Committee during the year.

BOARD COMMITTEES

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

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

(See committee reports on page 35, 36 and 40).

Corporate governance (continued)

BOARD AND BOARD COMMITTEE MEETINGS

The board meets at least four times a year with *ad hoc* meetings when necessary to review strategy, planning and financial performance, resources, operations, risk, internal control, IT governance, capital expenditure, standards of conduct, transformation, diversity, employment equity, human resources and environmental management. Attendance of board and board committee meeting are as follows:

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

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

The group's memorandum of incorporation provides for one-third of the non-executive directors to retire by rotation after a three-year term of office. Accordingly, Loyiso Dotwana and Francois du Toit will retire at the upcoming annual general meeting and being eligible, will stand for re-election. Jacobus F van der Merwe was appointed to the board during the year and will retire at the upcoming annual general meeting and being eligible, will stand for re-election.

SHARE DEALINGS AND CONFLICTS OF INTEREST

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

INDEPENDENT ADVICE

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 all time. All directors are entitled, at Afrimat's expense, to seek independent professional advice on any matters concerning the affairs of the group.

COMPANY SECRETARY

The board of directors is assisted by a competent, suitably qualified and experienced company secretary. The board, through the Nominations & Remunerations Committee assesses this on an annual basis. The company secretary is Mariëtte Swart, a chartered accountant.

The company secretary is not a director of Afrimat, reports to the Chairman of the board and is accountable to the board as a whole and accordingly maintains an arm's length relationship with the board of directors.

Risk management

RISK MANAGEMENT AND ASSURANCE

The board, assisted by the Audit & Risk Committee, is ultimately responsible for the risk management process. The board is satisfied with the effectiveness of the process in the year under review.

COMBINED ASSURANCE MODEL

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

The independent external auditor, Mazars, as recommended by the Audit & Risk Committee and appointed by the shareholders, is 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 CEO and FD, supported by EXCO and the Audit & Risk Committee, are responsible for identifying, evaluating and managing key risk areas and performance indicators for Afrimat (crossing the financial and non-financial divide). Risk appetite and levels of tolerance are set out in the group's risk policy, which is reviewed annually (available at *www.afrimat.co.za*).

An *ad hoc* additional risk analysis is also conducted for major strategic decisions.

To ensure ongoing relevance, a formal risk assessment is conducted bi-annually and the necessary updates are made to the risk register. In addition, throughout the year changes in risk relative to the formal register are reported to the Audit & Risk Committee (and the board), together with an impact assessment and how the identified risk will be managed.

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

The group's reputational risk is managed through strategic relationships and liaison with stakeholders. The CEO is the central point of contact assisted by investor and communications service providers. (For further detail on this and other risks, see Principal Risks on page 12).

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

EXTERNAL AUDIT

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

INTERNAL AUDIT

The group's Internal Audit Charter has its own terms of reference clearly defined and monitored by the Audit & Risk Committee, which conducts an annual review thereof. (Afrimat's Internal Charter is available at *www.afrimat.co.za*).

The in-house internal audit function also adheres to the standards set by the Institute of Internal Auditors in fulfilling its key duties, including:

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

André Smith, a chartered accountant, is the CAE and in this role reports directly to the chairman of the Audit & Risk Committee and has unhindered access to the board and group Chairman.

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

INTERNAL CONTROL FRAMEWORK

The board is responsible for the group's systems of internal control and risk management (as above). The Audit & Risk Committee, FD and internal audit function 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 audit function have been implemented. The internal control framework together with the required assurance is formally documented and reviewed by the Audit & Risk Committee annually.

The system of internal control is primarily 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 system of internal control is designed to manage rather than eliminate risk. Absolute assurance cannot be provided. Inherent limitations to the system's effectiveness exist due to the possibility of human error and the circumvention or overriding of controls. The internal audit function, based on the field work undertaken during the year, has provided reasonable assurance on the adequacy of the internal controls tested and the associated risk management process.

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

LEGAL COMPLIANCE

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

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

Mining right compliance

We are committed to conducting our mining operations in strict compliance with the mining right conditions set by the DMR, in the Mineral and Resources Petroleum Act, Mine Health and Safety Act, and other relevant regulations. This compliance is driven by Marlo van Rensburg, the general manager: sustainability and includes the following functions: Health and Safety, Environment, Quality, Mineral Resources and Compliance (in line with the sub-sections of the Mining Charter).

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

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

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

Health and safety

We are committed to providing a safe and healthy working environment for our employees which is in strict compliance with the South African Occupational Health and Safety Act, Mine Health and Safety Act, and other relevant regulations and recognised standards and guidelines.

> *"The DIFR reduced to 1,03 from 1,44 at the end of the previous year."*

Responsibility for health and safety devolves down from the general manager: sustainability and group SHE manager to all levels of employees, and radiates up again with the CEO taking ultimate responsibility.

Regional managers assume full accountability for SHE management throughout their respective regions. They are responsible and accountable for the proper resource utilisation and day-to-day management. Regional H&S officers have a functional reporting relationship to the regional managers and to the group SHE manager.

The group SHE manager, is responsible for devising new policies. These are communicated through company notice boards, management meetings and each operation's monthly safety meeting. Responsibility for compliance rests at every level throughout the group down to each individual employee. The Health & Safety Policy was reviewed during the year by management and no material changes were required. (A copy of our Health & Safety Policy is available at *www.afrimat.co.za*).

HEALTH AND SAFETY RISK PROCESS

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

Identified risks are mitigated through the following processes:

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

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

Afrimat's Incident Management System guides reporting on all incidents resulting in property damage; having a negative impact on the environment and related to injuries.

The regional H&S officer responsible for an affected site is responsible for investigating the incidents and reporting findings and corrective actions required to the regional manager and the group SHE manager.

During the year Afrimat achieved a DIFR of 1,03 (2014: 1,44), reflecting a decrease in the number of reportable injuries, of which the majority were in any event of minor nature.

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

HEALTH AND SAFETY TRAINING

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

- SHE induction for new employees (and annual refresher for all existing employees);
- First aid;
- HIRA as per job specifications on each site;
- Safe Operating Procedures as per job specifications on each site;
- General fire fighting;
- Operators/drivers training;
- NOSAs Samtrac courses; and
- SHE representatives.

OUR EMPLOYEES' WELL-BEING

We have an occupational healthcare system for our employees that is geared towards total wellness and incorporates annual medical testing for all employees.

We conduct the following medical examinations:

- Annual medical: all staff exposed to occupational health risks at operational sites;
- Entry medicals: all staff before entering Afrimat's service in order to establish whether the individual is fit to perform the specific work and to establish a medical baseline;
- Exit medicals: all employees leaving Afrimat's service in order to establish an exit reference and baseline comparative;
- Follow-up medicals: identified during annual and/or entry medicals by the health professionals; and
- Annual health checks for senior management.

Voluntary HIV/AIDS counselling and testing is offered during annual medical examinations and on an ongoing basis at all of Afrimat's onsite clinics. Our response to the HIV/AIDS pandemic is set out in a formal policy (Afrimat's HIV Policy is available at www.afrimat.co.za). The policy strives to prevent discrimination against employees living with HIV/AIDS and encourages early detection and treatment. Awareness around HIV/AIDS issues is highlighted through the following channels:

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

Environmental responsibility

Environmental management is a critical part of the day-to-day management processes at Afrimat.

We comply with all environmental legislation. To support this, our quarries' environmental performance is audited every second year by ASPASA and SARMA audits the readymix plants annually. The DMR also performs random inspections at the group's quarries. Areas for improvement identified during these audits/inspections are addressed by management.

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

- Responsible mining;
- Reducing emissions;
- Reducing spillages;
- Recycling;
- Monitored water usage; and
- Rehabilitation.

In terms of the EMPs, the group's operations seek ways to monitor dust emissions, decrease noise pollution, find safe and bunted storage for hazardous chemical substances, and recycle effectively.

The EMPs and Environmental HIRAs during the year were reviewed by management and external consultants/specialists and only minor changes were required, all of which were implemented.

The group SHE manager is responsible for ensuring compliance with the site EMPs, assisted by the regional managers and the group environmental conservation officer. The regional managers assume responsibility for all sites in their respective regions and have full control of regional environmental resources.

ENVIRONMENTAL INITIATIVES

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

- Benchmarking of operational efficiencies and the use of electricity, fuel and explosives;
- Determination of the basic requirements to deliver optimum production leading to the establishment of a standard energy consumption rate per machine;
- Ongoing monitoring of power factor corrector capacitors to ensure a decreasing trend in electricity usage;
- Sequential start-up of electrical motors at each start-up procedure;
- Shifting production times to fall in non-peak consumption periods for electricity; and
- Used oil and scrap steel are sold to accredited companies for recycling purposes.

The group is committed to undertake formal carbon footprint assessments. The initial assessments are conducted internally.

Human capital

Our employees are key to our success. Our approach to talent management is to develop people holistically in order to establish an engaged workforce with competent people and sound leadership.

We are sensitive to the personal strengths of our leadership, and expose them to leadership development interventions.

We track the engagement level of our employees in order to ensure that we optimise their contribution. This is evident in our consistently low staff turnover resulting in a deepening skills pool.

We have a strong value system which is deeply entrenched in the group and a pervasive culture of teamwork to create a climate of growth, including skills programmes, empowerment training, and active involvement by leadership in mentoring and advancing employees.

People development is dynamic and requires ongoing attention from the stage of recruitment through to advancement. We aim to identify, target and engage people that meet the technical requirements of their jobs and who share the values of Afrimat and then we actively seek ways to add value to their lives through attractive career opportunities, market-related remuneration and an inclusive and enabling work environment.

We also recognise that we have a responsibility in the wider employment context. Accordingly we look to surrounding communities to supplement our labour force. We also practice a limited automation policy (particularly at our brick and block plants) aimed at preserving as many jobs as possible without impacting sustainability.

The general manager human resources, Anton Gerber, assisted by all management is responsible for our employee relations and overseeing initiatives in this regard.

We have identified industrial action as a high risk (see Principal risks on page 12). We strictly comply with all applicable legislation and bargaining arrangements and in addition, have a strategic engagement process with unions and employees (see Our Stakeholders on page 10). The Skills Development and Employment Equity Consultative Committees of each subsidiary communicate with the unions representing Afrimat's employees. These include:

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

SKILLS DEVELOPMENT

The Human Resource Development (HRD) department planned and facilitated the execution of all forms of training during the year.

Afrimat's HRD department is responsible for identifying needs across the group and implementing and monitoring initiatives. Skills development needs are determined during regular performance appraisals and the day-to-day interaction with employees.

Training and Skills development is divided in three main categories namely:

Core Business skills: [plant equipment, maintenance programmes, examine and make safe, blasting assistance, blasting practices, material testing, computer literacy, all the learnership programmes (boilermakers, diesel mechanics, fitters, electricians), adult educational training, health and safety training and sales training];

Statutory training: [firefighting, first aid, driver licenses, operator licenses, SHE courses, and mine regulations]; and

Strategic training: [management development programmes, study assistance to selected employees at tertiary institutions i.e. diplomas, degrees and post degree qualifications].

2015 review:

- R19,9 million (2014: R15,7 million) incurred on skills development, bursaries, training, learnerships and internships for the year
- 70,6% of this expenditure was in respect of black employees

Our skills development programme forms a cornerstone of our employee attraction and retention strategy. We believe that a trained, informed and skilled workforce will be engaged in our business and also personally be satisfied and therefore retained, leading to a deepening skills pool and in turn driving higher productivity and profitability. In the wider perspective, skills development boosts the skills pool in our sector by equipping employees with new technical, administrative and management skills.

SKILLS INITIATIVES

Initiative	Description	Target participants
Talent Management Programme	Targeted at the group's top employees. The programme is aimed at managing their performance and retention through recognition, reward and motivation, and in so doing developing young talent for good succession planning. We ensure that these employees remain abreast of new technology and are equipped with appropriate leadership skills for future promotion.	The group's top 100 employees are identified through a prescribed evaluation process.
Afrimat Technical Development Programme	A three-year in-house programme, custom-designed for Afrimat's employees as part of its strategy to create a sustainable team for the future. The programme focus is on technical and leadership development.	Production managers, quarry foremen, concrete products production managers and foremen on readymix and concrete products plants.
Afrimat Graduate Development Programme	A two-year programme where Afrimat, in partnership with the Mining Qualification Authority (MQA), the Mining sector SETA, hosts external qualified engineering technicians and graduates as interns. The interns follow a structured programme that exposes the interns to all the disciplines and business units of the group and with specific focus on their respective fields of expertise. During the year 13 people were taken through the internship programme. In the event that a suitable vacancy is available in the group then these interns are considered for placement.	Engineering technicians and graduates in the field of mining, mechanical engineering, geology, and environmental management.
Afrimat Internships	Afrimat also provides workplace experience for non – MQA candidates who has completed their studies. During the year 9 internships were undertaken.	External persons who have completed their studies in the field of finance, human resources, safety and health and compliance.
Afrimat learnerships	The Afrimat Learnership Programme focuses on the recruitment of learners to be trained and developed as qualified artisans and for other technical occupations in the group. During the year 53 artisan learnerships and nine other learnerships were in place. During the year six learners successfully passed their Trade Tests and qualified as accredited artisans in their respective fields. These qualified learnership employees are considered for placement, in the event that a suitable vacancy is available in the group.	Employees and external persons with the required aptitude.

Remuneration

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

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

The manner in which the committee is structured and its responsibility demonstrates to all stakeholders that the remuneration of executives is set by independent, objective persons who have no personal interest in the outcome of their decisions and who will give due regard to the interests of all stakeholders and to the financial and commercial health of the group in reaching their recommendations.

Prescribed officers are defined as those who exercise general executive control over and management of the whole or significant portion of the business and activities of the group, or who regularly participates to a material degree in such exercise of general executive control and management. The executive directors are deemed to be the prescribed officers of the company. Their remunerations are disclosed in the integrated annual report on page 98.

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

REMUNERATION POLICY

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

The group's executives are remunerated in terms of a remuneration package and incentivised with a short-term incentive bonus and long-term share appreciation rights scheme. The remuneration packages are structured on a 'cost to company' basis and include contributions to health care and retirement benefits. Annual increases to executive remuneration packages are adjusted for changes in the general cost of living and market-related changes. Performance incentives are calculated in terms of defined profit targets and key performance indicators ('KPIs'), including risk management efficacy. Details of the share appreciation rights scheme for executive directors and senior management are disclosed on pages 44 and 82 of this report. (Afrimat's full remuneration policy is available at *www.afrimat.co.za*).

The proposed annual fee to board members has been increased in line with market rates applicable to the size of Afrimat

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

	Proposed annual fee 2015/16 R	Existing annual fee 2014/15 R
Board		
Chairman	**535 000**	500 000
Board member	**180 000**	150 000
Audit & Risk Committee		
Chairman	**98 500**	92 000
Member	**62 000**	58 000
Remuneration & Nominations Committee		
Chairman - Remuneration & Nominations	**–**	50 000
Chairman - Remuneration	**44 000**	–
Chairman - Nominations	**44 000**	–
Member	**34 500**	32 000
Social, Ethics & Sustainability Committee		
Chairman	**53 500**	50 000
Member	**34 500**	32 000

Ex gratia payments to non-executive directors are detailed in note 38 to the annual financial statements.

GOVERNANCE, SUSTAINABILITY AND PEOPLE

Social, ethics and sustainability

The Social, Ethics & Sustainability Committee's responsibilities encompass monitoring and regulating the impacts of the group on its material stakeholders and environments.

Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the committee, the board retains ultimate responsibility for group sustainability.

The committee is chaired by non-executive director Loyiso Dotwana and further comprises CEO Andries J van Heerden, executive director Gert J Coffee, independent non-executive director Phuti RE Tsukudu and independent non-executive board Chairman Marthinus W von Wielligh. Details of meeting attendance are on page 13.

Key indicators monitored by the committee include:

Indicator	Standard or future goal
Transformation and B-BBEE ratings including: B-BBEE ownership Management control Employment equity Skills development and training Preferential procurement Enterprise development Socio-economic development	Level 4 B-BBEE rating for all operating subsidiaries achieved annually
Labour relations	Maintain employee satisfaction (turnover rate; industrial action, etc.) Effectively manage expectations and union relations to minimise labour unrest
Health and safety	Zero DIFR
Environment including: Carbon footprint Water and forestry compliance and returns	Zero harm to environment Compliance with mining rights' EMPs
DMR compliance including: Mine Works Programme Social and labour plan EMP Mining Charter returns	All existing mining rights maintained All future mining rights applications predicated on group's reliable track record of compliance
Mining rights status including: New applications Conversion of old order mining rights NEMA/LUPO regulations	Business expansion not restricted by insufficient mining rights
Compliance with laws and regulations	Full compliance with all laws and regulations

The full purpose of the committee is to regularly monitor the group's activities with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in respect of the following:

- Social and economic development including the group's standing in terms of the:
  - 10 principles set out in the United Nations Global Compact Principles;
  - Organisation for Economic Co-operation and Development recommendations regarding corruption;
  - Employment Equity Act; and
  - B-BBEE Act.
- Good corporate citizenship, including the group's:
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - contribution to development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed; and
  - record of sponsorship, donations and charitable giving.
- Environment, health and public safety, including the impact of the group's activities and its services.
- Consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including the group's:
  - standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - employment relationships, and our contribution towards the educational development of our employees.

The committee draws these matters to the attention of the board. Employment equity, B-BBEE, CSI, SHE and labour-related issues as reviewed by the committee are reported on pages 33 and 37.

Management reports to the committee on matters relevant to its deliberations to enable the members to fulfil their responsibilities. Mechanisms to encourage ethical behaviour such as the Code of Conduct, corporate citizenship policy and whistleblower's hotline, were confirmed as adequate by the committee in the year.

The group fosters a culture of respect, with zero-tolerance of discriminatory behaviour. No incidents of discrimination were reported during the year. Afrimat fully complies with employment laws and practices and is committed to the protection of human rights.

Transformation

We are committed to integrating genuine transformation that permeates the organisation, and understand this to be critical for the sustainability of our business in South Africa.

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

OWNERSHIP

Our main BEE partners are our Afrimat BEE Trust, Mega Oils (Proprietary) Limited, Tando Mbikwana, Joe Kalo Investments (Proprietary) Limited and Johannes M Kalo are all 100% black-owned organisations. Black ownership in the group totals 26,14% in line with Mining Charter requirements.

- Afrimat BEE Trust: 22,55%
- Mega Oils (Proprietary) Limited 2,77%
- Tando Mbikwana 0,50%
- Joe Kalo Investments (Proprietary) Limited 0,19%
- Johannes M Kalo 0,13%

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

Subsidiary name	2015	2014
Ikapa Quarries (Proprietary) Limited	**3**	3
Afrimat Readymix (Cape) (Proprietary) Limited	**4**	4
Afrimat Aggregates (KZN) (Proprietary) Limited	**4**	4
Afrimat Aggregates (Operations) (Proprietary) Limited	**4**	4
Afrimat Aggregates (Eastern Cape) (Proprietary) Limited	**In progress**	4
Afrimat Contracting International (Proprietary) Limited	**4**	4
Afrimat Concrete Products (Proprietary) Limited	**4**	5
Infrasors Holdings Limited	**3**	5
Glen Douglas Dolomite (Proprietary) Limited	**3**	7

The revised codes of Good Practice will come into effect in May 2015. The revised Codes will have a significant impact on the group's B-BBEE ratings in the year ended 29 February 2016 due to more stringent rating criteria. The sustainability department has been tasked to develop strategies in order to ensure that the group's ratings do not decline.

MANAGEMENT CONTROL

Our board includes two black directors, one of whom is female. All subsidiaries have at least 50,0% black directors on their respective boards of directors. To enhance and accelerate development of management skill, suitable candidates are identified to undergo management development training and black candidates are prioritised wherever viable (see Afrimat's Management Development Programme on page 34).

EMPLOYMENT EQUITY

A total of 80,6% (2014: 81,2%) of the group's 2 220 employees are black.

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

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

We are also proactive in recognising and rewarding initiative, effort and merit. Attractive remuneration and incentive schemes are outlined in the remuneration policy to attract and retain employees over the short, medium and long term. (See Remuneration Report page 35).

SKILLS DEVELOPMENT AND TRAINING

(See Human Capital on page 33).

PREFERENTIAL PROCUREMENT

A formal preferential procurement policy is in place which reflects the group's commitment to broadening its supplier base with empowered enterprises. The preference is for suppliers with minimum Level 5 B-BBEE contribution and black shareholding greater than 25,0%.

The group intensified its focus on BEE procurement during the year. Four supplier open days were held to increase the awareness of B-BBEE amongst existing suppliers and to create an opportunity for new BEE suppliers to meet with the group's procurement management. The group will increase its focus on supplier development in the new year.

ENTERPRISE DEVELOPMENT

Our group provides extensive management advice, administration services and working capital funding to BEE entrepreneurial enterprises, and also procures services from these enterprises.

These include:

- investment business;
- mining services, vehicle rentals and training business;
- various transport sub-contractor schemes;
- various lorry owner/driver schemes;
- sand mining business;
- earthmoving business;
- farming business;
- railroad maintenance business; and
- employee transport service business.

These enterprises are further assisted by settling monthly purchases earlier than the normal payment terms applicable to suppliers and granting credit facilities relating to fuel purchases and workshop services as well as capital expenditure funding. Converting these enterprises into full fledge suppliers will receive attention in the new year.

SOCIO-ECONOMIC DEVELOPMENT

Our CSI focus is on the empowerment of the communities surrounding our mining operations and production plants. We negotiate with specific beneficiaries and their leaders to address the needs in the specific community through the local economic fora. The group targets 1,0% of PAT for contribution to these beneficiaries. Beneficiaries include schools, community upliftment organisations, health and HIV/AIDS programmes. The programmes include infrastructure creation and enhancement. At schools, educational support are done with expenditures on handbooks, libraries, computers and recreational facilities. CSI expenditures during FY2015 amounted to R6,9 million (2014: R5,7 million).

Afrimat Limited annual financial statements

for the year ended 28 February 2015

The integrated annual report and the annual financial statements have been prepared under the supervision of the FD, Hendrik P Verreynne B Compt. Hons CA(SA)
The annual financial statements have been audited in compliance with the Companies Act No. 71 of 2008, as amended.
Publication date: 24 June 2015

Directors' responsibility statement

The annual financial statements set out on pages 43 to 107 are the responsibility of the directors. The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for safeguarding assets and for developing and maintaining systems of internal control that, among other things, will ensure the preparation of annual financial statements that achieve fair presentation and have been prepared in accordance with IFRS. They are based on appropriate accounting policies which have been consistently applied, unless otherwise indicated, and which are supported by reasonable and prudent judgements and estimates.

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

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

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

Andries J van Heerden
CEO

Hendrik P Verreynne
FD

Cape Town
24 June 2015

Declaration by company secretary

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, in respect of the financial year ended 28 February 2015 and that all such returns and notices are true, correct and up to date.

Mariëtte Swart
Company secretary

Cape Town
24 June 2015

Audit & Risk Committee report

The Audit & Risk Committee is pleased to present its report for the financial year ended 28 February 2015 to the shareholders of Afrimat Limited.

Composition

The committee is chaired by independent non-executive director Hendrik JE van Wyk and further comprises independent non-executive board Chairman Marthinus W von Wielligh, non-executive director Loyiso Dotwana and independent non-executive directors Phuti RE Tsukudu and Jacobus F van der Merwe. The board of directors is satisfied that these directors act independently for the purposes of the committee. A brief *curriculum vitae* in respect of the committee members appear on pages 14 and 15 of the integrated report.

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.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

Attendance

The committee met four times during the year and attendance is set out in the table on page 13. The committee assists the board in fulfilling its review and control responsibilities.

The committee has established an annual meeting plan agenda. The chairman of the committee reports to the board after each committee meeting and also attends the annual general meeting of shareholders to answer any questions that may arise concerning the activities of the committee.

The CEO, FD, CAE and representatives of the external auditors attend committee meetings by invitation.

Role and responsibilities

The committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the board.

The committee acts as an Audit & Risk Committee for the subsidiaries of the company and has performed the functions required under the Companies Act on behalf of the subsidiaries of the company.

The internal audit function of Infrasors is fulfilled by the company's internal audit department. Feedback on the progress of the Infrasors internal audit plan is provided to this committee at each meeting. Infrasors' own Audit & Risk Committee comprises three independent non-executive directors and consequently fulfils its responsibilities independent of the Afrimat Audit & Risk Committee. Afrimat's representatives on the board of Infrasors also attend the Infrasors Audit & Risk Committee, *ex officio*.

Charter

The committee regulated its affairs as set out in the terms of the committee charter that is reviewed and approved by the board on an annual basis. During the year, the Audit & Risk Committee Charter was reviewed by the committee and the board, in terms of King III requirements, amongst others.

The committee has assessed the compliance with its charter and is satisfied that it has discharged its responsibilities as stated in the charter, a copy of which may be found on the website: *www.afrimat.co.za*.

Review of interim and integrated annual reports

The committee reviewed the interim and integrated annual reports, 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.
- Considered and dealt with any concerns or complaints.
- Approved the internal audit plan.
- Considered and reviewed the internal audit charter for approval by the board.
- 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 CAE.
- Reviewed legal matters that could have a significant impact on the financial statements.

The head of internal audit reports to the Audit & Risk Committee and meets with the chairman of the committee independently of management.

The committee has reviewed the written assessment performed by internal audit and the design, implementation and effectiveness of the internal financial controls of the company. Based on the results of this review, the committee is of the opinion that the internal financial controls form a sound basis for the preparation of reliable financial statements.

The company's internal audit department is an effective independent appraisal function and forms an integral part of the risk management system that provides assurance on the effectiveness of the company's system of internal control. The internal audit department of the company is staffed by qualified and experienced personnel and provide services to all companies in the group.

Risk management

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

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

- Six-monthly reviews of the risk register with findings reported to the board.
- Confirmation 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).
- Ensured that the combined assurance model was appropriate to address all the significant risks facing the group.

External auditor

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

- The appointment of external auditor for approval by shareholders at the annual general meeting.
- The external audit plan.
- The remuneration of the external auditor for approval to the board. (note 25 on page 89).

The principles for recommending the use of external auditor for non-audit purposes to the board were reconfirmed. No non-audit services were provided by the external auditor during the year.

The committee also performed an annual assessment of the independence of the external auditor and confirms that it is satisfied therewith and with the independence of the respective audit partner. The external auditors confirmed that they had complied with the ethical requirements regarding independence and were considered independent with respect to the group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors, the South Africa Institute of Chartered Accountants and the International Federation of Accountants.

It further assessed the performance of the external auditor and confirms that it is satisfied therewith.

The committee reviewed the external auditor's opinion on the financial statements and considered any reports on risk exposure and weaknesses in internal controls. The committee also met with the external auditors separately without management being present.

The committee has nominated, for approval at the annual general meeting, Mazars as the external auditor for the 2015 financial year. The committee is satisfied that the audit firm is accredited to appear on the JSE List of Accredited Auditors.

Finance function

As per the JSE Listings Requirements, the committee considered and is satisfied with the appropriateness of the expertise and experience of Hendrik P Verreynne as Financial Director. It further considered the expertise, experience and resources of the finance function as required by the King III Report and is satisfied with the expertise and experience of the group's financial staff.

Sustainability

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

The committee has also reviewed a documented assessment by management of the going concern premise of the company. The committee is in agreement with management that the company will remain a going concern going forward and conveyed this to the board.

Statutory duties

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

Appointment of an additional Audit & Risk Committee member

On 1 August 2014, the Afrimat Board appointed Jacobus F van der Merwe as an independent non-executive director. He was further appointed as a member of the Audit & Risk Committee and his appointment is subject to shareholders' approval at the annual general meeting in August 2015.

Hendrik JE van Wyk

Audit & Risk Committee Chairman

24 June 2015

Independent auditor's report
for the year ended 28 February 2015

To the Shareholders of Afrimat Limited

We have audited the consolidated and separate financial statements of Afrimat Limited set out on pages 46 to 107, which comprise the statements of financial position as at 28 February 2015, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Afrimat Limited as at 28 February 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2015, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Mazars
Registered Auditor

Partner: Duncan Dollman
Registered Auditor

Cape Town
24 June 2015

Director's report
for the year ended 28 February 2015

The directors of Afrimat present their report for the group for the year ended 28 February 2015.

Nature of business

Afrimat is a black empowered open pit 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, North West, Gauteng, Limpopo and Mpumalanga as well as in Mozambique.

Financial results

The annual financial statements and accompanying notes presented on pages 46 to 107 set out fully the group's financial position, results of operations and cash flows for the year, and in the directors' opinion require no further comment.

Headline earnings increased by 24,4%, translating into headline earnings per share of 135,6 cents (2014: 109,0 cents).

Operational review

The operations are reviewed in detail in the CEO's report and operational reviews, (pages 20, 21, and 23), which form part of this integrated annual report.

Accounting policies

Detailed accounting policies are set out on pages 52 to 65 of the annual financial statements.

Dividend

A final dividend of 37,0 cents per share (2014: 28,0 cents per share), 31,45 cents a share for shareholders who are subject to dividend tax (2014: 23,8 cents a share for shareholders who are subject to dividend tax) was declared for the year on 20 May 2015. This is in line with the group's dividend policy of 2,75 times cover.

The total dividend (interim and final) for the year amounts to 50,0 cents per share (2014: 39,0 cents per share).

Stated capital

The total authorised ordinary stated capital at year-end, consisted of 1 000 000 000 (2014: 1 000 000 000) no par value ordinary shares of which 143 262 412 (2014: 143 262 412) ordinary shares were issued. There was no change to the authorised and issued stated capital during the year.

Directors

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

Mr Gert J Coffee	*(executive director)*
Mr Loyiso Dotwana	*(non-executive director)*
Mr Francois du Toit	*(non-executive director)*
Mrs Phuti RE Tsukudu	*(independent non-executive director)*
Mr Andries J van Heerden	*(CEO)*
Mr Hendrik (Hennie) JE van Wyk	*(independent non-executive director)*
Mr Jacobus (Derick) F van der Merwe	*(independent non-executive director)*
Mr Hendrik P Verreynne	*(FD)*
Mr Marthinus (Matie) W von Wielligh	*(independent non-executive Chairman)*

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

Mr van der Merwe was appointed to the board on 1 August 2014 and his appointment must be ratified at the upcoming general meeting.

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 35 to the annual financial statements.

Directors' emoluments and employment contracts

Details of directors' emoluments are set out in note 38 to the annual financial statements.

Directors' shareholding at 28 February 2015

Director	Number of securities held				
	Direct	Indirect			
	Beneficial	Beneficial	Through associates	Total	% held
2015					
Gert J Coffee	**534 163**	**–**	**–**	**534 163**	**0,37**
Loyiso Dotwana	**–**	**3 964 529**	**–**	**3 964 529**	**2,77**
Francois du Toit	**–**	**–**	**18 658 502**	**18 658 502**	**13,02**
Phuti RE Tsukudu	**–**	**–**	**–**	**–**	**–**
Andries J van Heerden	**3 975 026**	**–**	**1 991 568**	**5 966 594**	**4,16**
Hendrik JE van Wyk	**–**	**–**	**142 000**	**142 000**	**0,10**
Jacobus F van der Merwe	**–**	**–**	**–**	**–**	**–**
Hendrik P Verreynne	**394 778**	**–**	**–**	**394 778**	**0,28**
Marthinus W von Wielligh	**700 000**	**80 000**	**–**	**780 000**	**0,54**
	5 603 967	**4 044 529**	**20 792 070**	**30 440 566**	**21,24**
2014					
Gert J Coffee	415 072	–	–	415 072	0,29
Loyiso Dotwana	–	1 963 176	–	1 963 176	1,37
Francois du Toit	–	–	19 408 502	19 408 502	13,55
Phuti RE Tsukudu	–	–	–	–	–
Andries J van Heerden	4 975 026	–	1 717 573	6 692 599	4,67
Hendrik JE van Wyk	–	–	112 000	112 000	0,08
Hendrik P Verreynne	445 650	–	–	445 650	0,31
Marthinus W von Wielligh	520 000	80 000	–	600 000	0,42
	6 355 748	2 043 176	21 238 075	29 636 999	20,69

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

	Number of securities held			
	Direct	Indirect		
	Beneficial	Beneficial	Through associates	Total
Between year-end and the date of this report the following directors' dealings took place:				
Andries J van Heerden				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	**319 519**	**–**	**–**	**319 519**
– Disposal of shares to settle tax liability relating to vested rights in the Afrimat Share Appreciation Rights Scheme	**(131 003)**	**–**	**–**	**(131 003)**
Hendrik P Verreynne				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	**173 827**	**–**	**–**	**173 827**
– Disposal of shares to settle tax liability relating to vested rights in the Afrimat Share Appreciation Rights Scheme	**(71 269)**	**–**	**–**	**(71 269)**
Gert J Coffee				
– Receipt of shares as settlement of vested rights in the Afrimat Share Appreciation Rights Scheme	**138 922**	**–**	**–**	**138 922**
– Disposal of shares to settle tax liability relating to vested rights in the Afrimat Share Appreciation Rights Scheme	**(56 958)**	**–**	**–**	**(56 958)**

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

Non-executive directors' participation in the BEE share scheme

Non-executive directors' participation in the Afrimat BEE Trust share purchase scheme:

Director	Number of shares Direct beneficial	Total
2015		
Loyiso Dotwana	**1 000 000**	**1 000 000**
Phuti RE Tsukudu	**350 000**	**350 000**
	1 350 000	**1 350 000**
2014		
Loyiso Dotwana	1 000 000	1 000 000
Phuti RE Tsukudu	350 000	350 000
	1 350 000	1 350 000

Refer to note 9 for further disclosure on funding provided by Afrimat in relation to the broad-based BEE ownership initiative.

Company secretary

Mariëtte Swart is the company secretary. Her 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.

Auditor

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

Interest in subsidiaries

The company's interest in subsidiaries is presented in note 6 to the annual financial statements. The interest of the company in the profits and losses of the subsidiaries, after taxation and profits attributable to minority interests, is as follows:

	2015 R	2014 R
Profit	**210 523 642**	157 261 717
Losses	**(16 022 847)**	(9 223 082)

Special resolutions

The following special resolutions were passed by shareholders of the company during the year (at the annual general meeting of shareholders held on 6 August 2014), and where necessary have been registered by the Companies and Intellectual Property Commission:

- Special resolution providing general authority to repurchase shares.
- Special resolution providing approval for fees payable to non-executive directors for the year ended 28 February 2015.
- Special resolution providing authority for the provision of financial assistance to group inter-related entities (in terms of section 45 of the Companies Act).
- Special resolution providing approval for the grants of ordinary shares to non-executive directors.

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.

Events after reporting date

No material events occurred between the reporting date and the date of the integrated annual report.

Statements of financial position
as at 28 February 2015

	Note	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Assets					
Non-current assets					
Property, plant and equipment	2	**724 856 231**	662 306 609	**–**	3 522 160
Investment property	3	**3 040 000**	3 040 000	**–**	–
Intangible assets	4	**18 845 370**	21 407 107	**–**	–
Goodwill	5	**134 493 535**	134 493 535	**–**	–
Investments in subsidiaries	6	**–**	–	**633 161 106**	627 626 486
Investment in associate	7	**379 711**	201 362	**147**	147
Investment in joint venture	8	**–**	–	**8 310**	–
Other financial assets	9	**158 228 452**	134 222 992	**141 323 982**	107 869 147
Deferred tax	11	**25 274 292**	5 047 929	**3 039 325**	2 058 298
Total non-current assets		**1 065 117 591**	960 719 534	**777 532 870**	741 076 238
Current assets					
Inventories	12	**126 803 723**	112 965 489	**–**	–
Loans to subsidiaries	6	**–**	–	**64 462 703**	28 129 283
Current tax receivable		**8 866 814**	6 162 579	**53 155**	–
Trade and other receivables	13	**287 976 110**	305 966 591	**1 155 030**	4 534 415
Other financial assets	9	**782 453**	1 274 857	**–**	846 887
Cash and cash equivalents	14	**78 124 058**	92 328 199	**198 233**	5 049 524
Total current assets		**502 553 158**	518 697 715	**65 869 121**	38 560 109
Total assets		**1 567 670 749**	1 479 417 249	**843 401 991**	779 636 347
Equity and liabilities					
Equity					
Stated capital	15	**295 327 963**	323 176 094	**283 260 947**	316 666 887
Business combination adjustment	15	**(105 788 129)**	(105 788 129)	**–**	–
Treasury shares	16	**(8 056 216)**	(10 691 947)	**–**	–
Net issued stated capital		**181 483 618**	206 696 018	**283 260 947**	316 666 887
Other reserves	18	**7 506 267**	6 562 249	**2 524 209**	3 819 272
Retained earnings		**748 009 854**	610 509 044	**290 664 315**	289 851 025
Attributable to equity holders of the parent		**936 999 739**	823 767 311	**576 449 471**	610 337 184
Non-controlling interests	19	**12 437 489**	14 196 163	**–**	–
Total equity		**949 437 228**	837 963 474	**576 449 471**	610 337 184
Liabilities					
Non-current liabilities					
Borrowings non-current	20	**56 774 021**	94 605 884	**–**	8 442 566
Provisions	21	**67 323 209**	55 860 235	**–**	–
Deferred tax	11	**105 707 504**	91 651 996	**–**	–
Total non-current liabilities		**229 804 734**	242 118 115	**–**	8 442 566
Current liabilities					
Loans from subsidiaries	6	**–**	–	**253 404 963**	132 167 583
Borrowings current	20	**65 646 103**	76 431 659	**8 449 511**	16 874 569
Current tax payable		**5 945 734**	5 709 786	**–**	694 335
Trade and other payables	22	**262 984 195**	265 742 749	**3 530 567**	11 120 110
Obligation for share of joint venture's losses	8	**979 100**	–	**–**	–
Bank overdraft	14	**52 873 655**	51 451 466	**1 567 479**	–
Total current liabilities		**388 428 787**	399 335 660	**266 952 520**	160 856 597
Total liabilities		**618 233 521**	641 453 775	**266 952 520**	169 299 163
Total equity and liabilities		**1 567 670 749**	1 479 417 249	**843 401 991**	779 636 347

Statements of profit or loss and other comprehensive income

for the year ended 28 February 2015

	Note	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Revenue	23	**1 998 600 102**	1 901 187 222	**44 735 063**	64 739 418
Cost of sales		**(1 472 007 314)**	(1 440 138 347)	**–**	–
Gross profit		**526 592 788**	461 048 875	**44 735 063**	64 739 418
Operating expenses		**(252 360 044)**	(230 091 730)	**(45 245 836)**	(61 661 347)
Loss on disposal of plant and equipment		**(483 929)**	(2 685 817)	**–**	–
Contribution/(loss) from operations		**273 748 815**	228 271 328	**(510 773)**	3 078 071
Other income		**–**	–	**35 655**	(392 085)
Other net gains/(losses)	24	**–**	1 426 075	**–**	–
Profit on disposal of businesses		**7 853 090**	–	**–**	–
Impairment of property, plant and equipment	2	**(1 554 875)**	–	**–**	–
Operating profit/(loss)	25	**280 047 030**	229 697 403	**(475 118)**	2 685 986
Investment revenue	26	**16 603 705**	16 186 531	**69 986 880**	82 618 389
Finance costs	27	**(22 463 964)**	(24 981 282)	**(12 989 449)**	(7 605 833)
Share of profit of associate	7	**178 349**	173 105	**–**	–
Share of losses of joint venture	8	**(987 410)**	–	**–**	–
Profit before tax		**273 377 710**	221 075 757	**56 522 313**	77 698 542
Income tax expense	28	**(73 035 387)**	(58 110 362)	**981 027**	(982 234)
Profit for the year		**200 342 323**	162 965 395	**57 503 340**	76 716 308
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		**212 777**	1 694 325	**–**	–
Income tax effect		**(57 564)**	(444 784)	**–**	–
Realised gains on disposal of available-for-sale financial assets		**–**	(1 426 075)	**–**	–
Income tax effect		**–**	399 301	**–**	–
Currency translation differences		**(561 272)**	–	**–**	–
Income tax effect		**179 608**	–	**–**	–
Other comprehensive income for the year, net of taxation		**(226 451)**	222 767	**–**	–
Total comprehensive income for the year		**200 115 872**	163 188 162	**57 503 340**	76 716 308
Profit attributable to:					
Owners of the parent		**198 104 118**	154 508 627	**57 503 340**	76 716 308
Non-controlling interests	19	**2 238 205**	8 456 768	**–**	–
		200 342 323	162 965 395	**57 503 340**	76 716 308
Total comprehensive income attributable to:					
Owners of the parent		**197 877 667**	154 731 394	**57 503 340**	76 716 308
Non-controlling interests	19	**2 238 205**	8 456 768	**–**	–
		200 115 872	163 188 162	**57 503 340**	76 716 308
Earnings per ordinary share (cents)	36	**139,0**	108,3	**–**	–
Diluted earnings per ordinary share (cents)	36	**136,2**	105,6	**–**	–

Statements of changes in equity
for the year ended 28 February 2015

	Stated capital R	Treasury shares R	Business combination adjustment R	Other reserves R	Retained earnings R	Non-controlling interests R	Total equity R
Group – 2014							
Balance at 1 March 2013	347 660 405	(1 490 499)	(105 788 129)	6 929 263	510 610 558	3 930 635	761 852 233
Total comprehensive income							
Profit for the year	–	–	–	–	154 508 627	8 456 768	162 965 395
Other comprehensive income for the year	–	–	–	222 767	–	–	222 767
Net change in fair value of available-for-sale financial assets	–	–	–	268 250	–	–	268 250
Income tax effect	–	–	–	(45 483)	–	–	(45 483)
Total comprehensive income	–	–	–	222 767	154 508 627	8 456 768	163 188 162
Transactions with owners of the parent							
Contributions and distributions							
Share-based payments (refer note 18)	–	–	–	3 527 901	–	–	3 527 901
Purchase of treasury shares (refer note 16)	–	(26 659 477)	–	–	–	–	(26 659 477)
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	(24 878 366)	15 521 929	–	(4 117 682)	4 117 682	–	(9 356 437)
Treasury shares sold to BEE investor, net of tax (refer note 9)	394 055	1 936 100	–	–	–	–	2 330 155
Dividends paid (refer note 30)	–	–	–	–	(44 095 098)	(552 650)	(44 647 748)
Total contributions and distributions	(24 484 311)	(9 201 448)	–	(589 781)	(39 977 416)	(552 650)	(74 805 606)
Changes in ownership interests							
Initial non-controlling interest acquired (refer note 31)	–	–	–	–	–	31 742 958	31 742 958
Additional non-controlling interest acquired (refer note 31)	–	–	–	–	(25 986 442)	(22 008 648)	(47 995 090)
Increase in effective shareholding in Infrasors due to:							
Retrieval of shares from Infrasors Empowerment Trust	–	–	–	–	9 010 383	(9 010 383)	–
Increase in shares held in treasury by Infrasors	–	–	–	–	(468 271)	(340 912)	(809 183)
Infrasors treasury shares sold to BEE investor (refer note 9)	–	–	–	–	2 811 605	1 978 395	4 790 000
Total changes in ownership interests	–	–	–	–	(14 632 725)	2 361 410	(12 271 315)
Total transactions with owners of the parent	(24 484 311)	(9 201 448)	–	(589 781)	(54 610 141)	1 808 760	(87 076 921)
Balance at 28 February 2014	323 176 094	(10 691 947)	(105 788 129)	6 562 249	610 509 044	14 196 163	837 963 474

	Stated capital R	Treasury shares R	Business combination adjustment R	Other reserves R	Retained earnings R	Non-controlling interests R	Total equity R
Group – 2015							
Total comprehensive income							
Profit for the year	–	–	–	–	198 104 118	2 238 205	200 342 323
Other comprehensive income for the year	–	–	–	(226 451)	–	–	(226 451)
Net change in fair value of available-for-sale financial assets	–	–	–	212 777	–	–	212 777
Income tax effect	–	–	–	(57 564)	–	–	(57 564)
Currency translation differences	–	–	–	(561 272)	–	–	(561 272)
Income tax effect	–	–	–	179 608	–	–	179 608
Total comprehensive income	–	–	–	(226 451)	198 104 118	2 238 205	200 115 872
Transactions with owners of the parent							
Contributions and distributions							
Share-based payments (refer note 18)	–	–	–	10 663 207	–	–	10 663 207
Purchase of treasury shares (refer note 16)	–	(14 508 591)	–	–	–	–	(14 508 591)
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	(27 911 985)	13 289 232	–	(2 936 738)	2 936 738	–	(14 622 753)
Treasury shares issued to non-executive directors (refer note 16)	63 854	3 855 090	–	(6 556 000)	–	–	(2 637 056)
Equity related cost on Infrasors treasury shares cancelled	–	–	–	–	(220 000)	–	(220 000)
Dividends paid (refer note 30)	–	–	–	–	(58 729 585)	–	(58 729 585)
Total contributions and distributions	(27 848 131)	2 635 731	–	1 170 469	(56 012 847)	–	(80 054 778)
Changes in ownership interests							
Additional non-controlling interest acquired due to:							
Infrasors Holdings Limited (refer note 32)	–	–	–	–	(749 512)	(778 066)	(1 527 578)
Afrimat Aggregates Trading (Proprietary) Limited (refer note 32)	–	–	–	–	(2 755 863)	(1 235 893)	(3 991 756)
Delf Silica Coastal (Proprietary) Limited (refer note 32)	–	–	–	–	(1 051 872)	(1 770 899)	(2 822 771)
Increase in effective shareholding in Infrasors due to:							
Increase in shares held in treasury by Infrasors (refer note 32)	–	–	–	–	(33 214)	(212 165)	(245 379)
Acquisition of non-controlling interest in:							
Afrimat Mozambique Limitada	–	–	–	–	–	144	144
Total changes in ownership interests	–	–	–	–	(4 590 461)	(3 996 879)	(8 587 340)
Total transactions with owners of the parent	(27 848 131)	2 635 731	–	1 170 469	(60 603 308)	(3 996 879)	(88 642 118)
Balance at 28 February 2015	**295 327 963**	**(8 056 216)**	**(105 788 129)**	**7 506 267**	**748 009 854**	**12 437 489**	**949 437 228**

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Statements of changes in equity (continued)
for the year ended 28 February 2015

	Stated capital R	Treasury shares R	Business combination adjustment R	Other reserves R	Retained earnings R	Non-controlling interests R	Total equity R
Company – 2014							
Balance at 1 March 2013	342 223 012	–	–	4 192 329	255 074 402	–	601 489 743
Total comprehensive income							
Profit for the year	–	–	–	–	76 716 308	–	76 716 308
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	76 716 308	–	76 716 308
Transactions with company							
Contributions and distributions							
Share-based payments (refer note 18)	–	–	–	2 098 606	–	–	2 098 606
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	(25 556 125)	–	–	(2 471 663)	2 471 663	–	(25 556 125)
Dividends paid (refer note 30)	–	–	–	–	(44 411 348)	–	(44 411 348)
Total contributions and distributions	(25 556 125)	–	–	(373 057)	(41 939 685)	–	(67 868 867)
Total changes	(25 556 125)	–	–	(373 057)	34 776 623	–	8 847 441
Balance at 28 February 2014	316 666 887	–	–	3 819 272	289 851 025	–	610 337 184
Company – 2015							
Total comprehensive income							
Profit for the year	**–**	**–**	**–**	**–**	**57 503 340**	**–**	**57 503 340**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**57 503 340**	**–**	**57 503 340**
Transactions with company							
Contributions and distributions							
Share-based payments (refer note 18)	**–**	**–**	**–**	**752 476**	**–**	**–**	**752 476**
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	**(33 405 940)**	**–**	**–**	**(2 047 539)**	**2 047 539**	**–**	**(33 405 940)**
Dividends paid (refer note 30)	**–**	**–**	**–**	**–**	**(58 737 589)**	**–**	**(58 737 589)**
Total contributions and distributions	**(33 405 940)**	**–**	**–**	**(1 295 063)**	**(56 690 050)**	**–**	**(91 391 053)**
Total changes	**(33 405 940)**	**–**	**–**	**(1 295 063)**	**813 290**	**–**	**(33 887 713)**
Balance at 28 February 2015	**283 260 947**	**–**	**–**	**2 524 209**	**290 664 315**	**–**	**576 449 471**
Note	15	16	15	18		19	

Statements of cash flows

for the year ended 28 February 2015

	Note	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Cash flows from operating activities					
Cash generated from/(used in) operations	29.1	**348 967 877**	310 705 566	**(36 475 033)**	(14 910 908)
Interest revenue	29.2	**13 501 665**	17 918 453	**13 104 468**	14 103 961
Dividends received	7, 26	**119 628**	49 000	**53 900 000**	70 246 350
Finance costs	29.3	**(19 391 051)**	(23 405 554)	**(12 989 449)**	(7 605 833)
Tax (paid)/refunded	29.4	**(81 552 487)**	(61 407 743)	**(747 490)**	11 643
Net cash inflow from operating activities		**261 645 632**	243 859 722	**16 792 496**	61 845 213
Cash flows from investing activities					
Acquisition of property, plant and equipment	2	**(162 467 527)**	(121 325 970)	**(5 044 032)**	(2 305 712)
Proceeds on disposal of property, plant and equipment	29.5	**23 197 501**	16 894 085	**7 702 484**	191 390
Acquisition of businesses	6, 31	**(14 285)**	(69 942 474)	**(5 542 930)**	(81 098 097)
Proceeds on disposal of businesses	29.6	**10 800 000**	–	**–**	–
Consideration paid for shares held in treasury by Infrasors	32	**(245 379)**	(809 183)	**–**	–
Purchase of financial assets		**(32 412 576)**	(4 795 150)	**(29 625 535)**	(8 792 223)
Proceeds on sale of financial assets		**14 288 004**	13 521 548	**–**	–
Net cash outflow from investing activities		**(146 854 262)**	(166 457 144)	**(32 510 013)**	(92 004 642)
Cash flows from financing activities					
Repurchase of Afrimat shares	16	**(14 508 591)**	(26 659 477)	**–**	–
Proceeds from borrowings		**53 566 511**	51 996 977	**–**	–
Repayment of borrowings		**(102 183 930)**	(102 358 396)	**(16 867 624)**	(16 863 087)
Acquisition of additional non-controlling interest	32	**(8 342 105)**	–	**–**	–
Equity related cost on share cancellation by Infrasors		**(220 000)**	–	**–**	–
Repayment by/(advanced to) subsidiaries		**–**	–	**84 903 960**	52 299 384
Dividends paid	30	**(58 729 585)**	(44 647 748)	**(58 737 589)**	(44 411 348)
Net cash (outflow)/inflow from financing activities		**(130 417 700)**	(121 668 644)	**9 298 747**	(8 975 051)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(15 626 330)**	(44 266 066)	**(6 418 770)**	(39 134 480)
Cash, cash equivalents and bank overdrafts at the beginning of the year	14	**40 876 733**	85 142 799	**5 049 524**	44 184 004
Cash, cash equivalents and bank overdrafts at the end of the year	14	**25 250 403**	40 876 733	**(1 369 246)**	5 049 524

Notes to the annual financial statements

for the year ended 28 February 2015

Presentation of annual financial statements

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 1.22.

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

1. Accounting policies

1.1 Business combination

(a) Basis of consolidation

Group financial statements

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

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. 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 group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Company financial statements

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

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

(b) Non-controlling interests

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

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

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the share acquired of the carrying value of net assets of the subsidiary and the purchase consideration is recorded in equity.

Gains or losses on disposals of ownership interests to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20,0% and 50,0% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, 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 legal or constructive 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.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of associates' in the statement of profit or loss and other comprehensive income.

(f) Joint arrangements

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The company has assessed the nature of its joint arrangement and determined it to be a joint venture. The joint venture is accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in joint venture equals or exceeds its interests in joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(g) Share Trusts

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

1.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income within 'operating expenses'.

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

1.3 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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Day-to-day servicing costs, such as labour and consumables, are expensed in the statement of profit or loss and other comprehensive income as repairs and maintenance within 'operating expenses'.

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:

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, refer to note 1.13.

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 profit or loss 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.

1.4 Mining assets

Mining assets are capitalised due to the future benefits in respect of acquiring mineral reserves and resources. Mining assets acquired through business combinations are measured at cost less accumulated depreciation and any accumulated impairment losses.

The useful life of the mining assets, over which they are depreciated, equals the estimated useful life of the mine. Depreciation of the capitalised costs of mining assets start at the time when the mining activities commence on the acquired mining assets.

Mining assets	15 years

1.5 Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of an existing investment property at the time the cost is incurred if the recognition criteria are met; and excludes the cost of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying value of the asset is recognised in profit or loss in the period of derecognition.

Group policy is that the valuation of investment property will be reviewed annually and re-assessed by independent consultants every three years.

Transfers are made to and from investment property only when there is a change in use. For a transfer of investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If the owner occupied property becomes an investment property, the group accounts for such property at cost less accumulated depreciation less any impairments up to the date of change in use. At the date of change in use, to the extent that the fair value of the property exceeds its fair value, the difference is treated as a revaluation and recognised in equity. After the date of change in use the investment property will be revalued to fair value and any differences allocated to profit or loss.

1.6 Intangible assets

Intangible assets are initially recognised at cost.

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

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

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

Mining rights	20 to 30 years

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

The amortisation on the purchasing right is determined on an annual basis by reference to raw materials consumed. The amortisation charge is recognised as an expense in profit or loss. 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 profit or loss.

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 profit or loss 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.

1.7 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the consideration transferred less the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree in excess of the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

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. An 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 profit or loss 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 is recognised immediately as an expense in profit or loss and is not subsequently reversed.

1.8 Financial instruments

(a) Initial recognition

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

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

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

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

(b) Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss; available-for-sale; held-to-maturity and loans and receivables. The classification is dependent on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets are designated at fair value through profit or loss when they are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy. These include environmental insurance policies of which performance are evaluated alongside the group's obligation to rehabilitate the environment after mining operations at the various mining sites are complete.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current assets. The environmental policies of Infrasors are designated in this category and not classified as available-for-sale, due to the difference in internal processes of monitoring the fair value of those policies. The designation applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information on the groups of financial instruments is reported to management on that basis.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within 'operating expenses' in the period in which they arise.

Available-for-sale financial assets

Available-for-sale financial assets include equity instruments classified as available-for-sale that are neither classified as held for trading nor designated at fair value through profit or loss. Available-for-sale financial assets consist of investments within other financial assets in the statement of financial position. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in other comprehensive income through a reclassification adjustment. The fair values of quoted investments are based on current bid prices.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss and other comprehensive income as part of 'Investment revenue'.

Held-to-maturity

Guaranteed endowment policy investments are measured at the amortised cost, which represents the present value of the guaranteed funds after the deduction of fees and finance costs.

Loans and receivables

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

Loans and receivables are carried at amortised cost using the effective interest method. Interest on loans and receivables are calculated using the effective interest method and recognised in profit or loss.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

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

Cash and cash equivalents

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

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

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment testing of trade receivables is disclosed under trade receivables.

(c) Financial liabilities

Bank overdrafts and borrowings

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

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

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

(d) Derecognition of financial assets and financial liabilities

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

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

1.9 Stated capital and equity

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

Stated capital

Ordinary shares are classified as equity.

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

Treasury shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.10 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') method, except for consumable stores the cost of which is determined on the weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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.

1.11 Taxation

Tax expense

Current and deferred taxes are recognised as income or an expense and included in profit or loss, 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 income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The group estimates an amount payable on the basis of taxes expected to be paid to tax authorities.

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

The group determines its best estimate of an uncertain tax position on the basis of the individual most likely outcome, while also considering other possible outcomes. Where these other outcomes are mostly higher or mostly lower than the most likely outcome, the best estimate is adjusted upwards or downwards, accordingly.

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.

Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place, the group has the ability to control the reversal of the temporary difference.

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

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

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

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

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and deferred tax liabilities arising in the group financial statements from different subsidiaries are not offset because there is no allowance in South African tax law that allows income tax from different entities to be offset.

1.12 Leases as lessee and instalment purchase agreements

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

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

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

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

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

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

Contingent rentals are not accounted for on a straight-line basis, but are expensed in profit or loss in the period in which they occur.

Leases as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.13 Impairment of non-financial assets

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

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

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

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

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

1.14 Employee benefits

Short-term employee benefits

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

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

Share-based compensation

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example HEPS, profitability, sales growth targets and remaining an employee over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

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

Defined contribution plans

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

Bonus plans

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the operating profit after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.15 Provisions

Provision are recognised when the group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

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

1.16 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, returns 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 and assessed on the basis of the actual service provided as a proportion of the total services to be provided. 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.

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

Rental income due from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging and operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.17 Contribution from operations

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

1.18 Accounting for BEE transactions

Where equity instruments are issued to a BEE party at less than fair value, these are accounted for as share-based payments in terms of IFRS 2: Share-based payments, IFRIC 8: Scope of IFRS 2 and SAICA Financial Reporting Guide 2: Accounting for Black Economic Empowerment (BEE) transactions.

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

1.19 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. All investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 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.

Estimates are made in determining the present obligation of decommissioning and quarry rehabilitation provisions, which include the actual estimate, the discount rate used and the expected date of closure of mining activities in determining the present value of decommissioning and quarry rehabilitation provisions. Estimates are based on costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances.

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.

1.21 Segment information

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

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

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

1.22 Significant accounting judgements and estimates

The preparation of the group's annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment

The group assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where the group determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense.

Consideration is given to whether subsequent expenditure is to be treated as maintenance or to be capitalised.

Investment property

The group values the investment property based on the valuations performed by external valuators and requires a significant amount of judgement to arrive at the fair value recognised. In the absence of revaluations performed by external valuators, management considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions.

The carrying amount of investment properties at 28 February 2015 was R3 040 000 (2014: R3 040 000). Further details, including key assumptions used for the fair value measurement are given in note 3 to the financial statements.

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.

Deferred tax assets

The best estimate of the deferred tax assets recognised based on assessed tax losses are estimated to only include deferred tax assets relating to assessed losses which is expected to be offset against future taxable income in the foreseeable future.

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.

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 5 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. In Infrasors, the life of mine ('LOM') determination is used to assign useful lives to mining rights. For this purpose an independent expert in the field is commissioned to evaluate each mine, to determine its mineral reserves.

In Clinker Supplies (Proprietary) Limited, the amortisation on purchasing rights is determined on an annual basis by reference to raw materials consumed.

Share-based payment expense calculation

The group uses the Black Scholes valuation model to determine the fair value of the options granted. The significant inputs into the model are disclosed in note 17.

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.

Uncertain tax positions

The calculation of tax liabilities involves uncertainties in the application of complex tax laws. The estimation of the potential outcome of any uncertain tax position is highly judgemental. Certain mining-related transactions of the group are under dispute with The South African Revenue Services ('SARS'). Based on relevant tax law and consultation with tax experts, the best estimate of the amount of tax liability related to the dispute is considered to be immaterial. It is not considered probable that the group's position will be overruled.

Equity accounted joint venture in which the group holds less than 50,0%

The company holds 49,0% of the share capital and 50,0% of the voting rights of Pemba Aggregates Limitada. The company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The company also entered into a deed of usufruct and pledge of shares of 1,0% of Pemba Aggregates Limitada, resulting in 50,0% of the entity being equity accounted. The group recognises losses in excess of its investment due to it having made payments on behalf of the joint venture.

Consolidation of entities in which the group holds less than 50,0%

Management assessed the level of influence the group has over Labonte 3 (Proprietary) Limited and determined that it has control over the board of directors, due to the board of the company having the right to elect and appoint the majority board members of Labonte 3 (Proprietary) Limited and therefore controls the operations of the entity.

Consolidation of the Afrimat BEE Trust and its subsidiary Afrimat Empowerment Investments (Proprietary) Limited ('AEI')

Afrimat BEE Trust and its subsidiary Afrimat Empowerment Investments (Proprietary) Limited ('AEI') was established with the objective of holding and funding shares on behalf of BEE participants and passing the benefits of share ownership to BEE participants. Funding of the trust is provided by the group. The group is exposed to variable returns from the trust as it is exposed to changes in the trust's net asset value. Management therefore concluded that the group controls the trust and its subsidiary.

Consolidation of Infrasors Empowerment Trust

The group consolidated the trust due to Infrasors Holdings Limited taking control over the Infrasors shares held by the Infrasors Empowerment Trust with effect from 1 March 2013. Due to the group having the right to appoint the trustees and the fact that the group is exposed to variable returns from the trust, management have concluded that the group controls the trust.

1.23 New and amended standards

New and amended standards adopted by the group.

The group has adopted the following standards, amendments and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 36: *Impairment of Assets*

The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less cost to sell in line with the disclosure requirements of IFRS 13: *Fair Value Measurements*. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

IFRIC 21: *Levies*

The standard is applicable to all levies other than outflows that are within the scope of other standards and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation.

There has been no material financial effect on the results of the group as a result of the adoption of the above mentioned new standards and amendments.

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 2015 or later periods, but the group has not early adopted them. Only those expected to impact the group are included below:

IFRS 2 (Amended): *Share-based Payment*

Definitions changed for vesting condition and service condition; definition added for performance condition and service condition. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IFRS 3 (Amended): *Business Combinations*

Contingent consideration shall be treated in accordance with the IFRS 9 (IAS 39) requirements where it is a financial instrument, or it shall be measured at fair value at each reporting date with changes recognised in profit or loss. The amendments become effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IFRS 7 (Amended): *Financial Instruments: Disclosures*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2016. The group expects that its adoption will not have a material financial impact on its annual financial statements, however it will impose additional disclosure requirements.

IFRS 8 (Amended): *Operating Segments*

The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are similar. A further amendment to clarify that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operation decision maker, similar to the required disclosure for segment liabilities. The amendments become effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements, however it will impose additional disclosure requirements.

IFRS 9: *Financial Instruments – Classification and Measurement*

Fair value adjustments to investments in equity instruments through a contingent consideration on a business combination may not be presented through other comprehensive income. Financial liabilities raised due to contingent considerations in business combinations are subsequently measured at fair value through profit or loss. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements.

This new standard covers the classification and measurement of financial instruments and aims to enhance the ability of investors and other users of financial information to understand the accounting of financial assets and reduce complexity. The standard is intended ultimately to replace IAS 39. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2018. The group is still considering the expected impact of IFRS 9.

IFRS 15: *Revenue from Contracts with Customers*

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2017. The group is still considering the expected impact of IFRS 15.

IAS 16 (Amended): ***Property, Plant and Equipment***

The amendment clarify the principle that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2016. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IAS 38 and IAS 16 (Amended): ***Property, Plant and Equipment and Intangible Assets***

The amendments clarify that the revaluation can be performed, as follows: Adjust the gross carrying amount of the asset to market value; or determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendments become effective for the group for annual periods beginning on or after 1 March 2016. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IAS 24 (Amended): ***Related Party Disclosures***

The amendment clarifies that a management entity - an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IAS 34 (Amended): ***Interim Financial Reporting***

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2016. The group expects that its adoption will not have a material financial impact on its annual financial statements, however it will impose additional disclosure requirements.

IAS 39 (Amended): ***Financial Instruments: Recognition and Measurement***

Contingent consideration of an acquirer in a business combination is classified as a financial liability or financial asset at fair value through profit or loss. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements.

IAS 40 (Amended): ***Investment Property***

The description of ancillary services differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The amendment becomes effective for the group for annual periods beginning on or after 1 March 2015. The group expects that its adoption will not have a material financial impact on its annual financial statements.

2. Property, plant and equipment

	2015 Cost R	2015 Accumulated depreciation R	2015 Carrying value R	2014 Cost R	2014 Accumulated depreciation R	2014 Carrying value R
Group						
Land and buildings	**101 126 008**	**(30 810 674)**	**70 315 334**	105 270 264	(29 777 210)	75 493 054
Leasehold property	**12 416 710**	**(3 765 018)**	**8 651 692**	12 361 510	(3 159 225)	9 202 285
Plant and machinery	**633 012 773**	**(269 231 434)**	**363 781 339**	563 004 200	(249 716 613)	313 287 587
Motor vehicles	**482 160 276**	**(255 602 569)**	**226 557 707**	462 623 628	(255 949 537)	206 674 091
Office and computer equipment	**26 050 449**	**(20 466 204)**	**5 584 245**	21 360 473	(18 359 315)	3 001 158
Dismantling costs	**15 122 122**	**(8 973 224)**	**6 148 898**	15 144 756	(7 683 855)	7 460 901
Mining assets	**106 451 392**	**(62 634 376)**	**43 817 016**	106 451 392	(59 263 859)	47 187 533
Total	**1 376 339 730**	**(651 483 499)**	**724 856 231**	1 286 216 223	(623 909 614)	662 306 609
Company						
Motor vehicles	**–**	**–**	**–**	1 778 893	(448 922)	1 329 971
Office and computer equipment	**–**	**–**	**–**	7 970 532	(5 778 343)	2 192 189
Total	**–**	**–**	**–**	9 749 425	(6 227 265)	3 522 160

Analysis of movements in carrying value:

	Opening carrying value R	Additions R	Additions through business combinations* R	Impairments R	Disposals** R	Depreciation R	Closing carrying value R
Group – 2015							
Land and buildings	**75 493 054**	**852 437**	**–**	**–**	**(4 996 697)**	**(1 033 460)**	**70 315 334**
Leasehold property	**9 202 285**	**55 200**	**–**	**–**	**(5)**	**(605 788)**	**8 651 692**
Plant and machinery	**313 287 587**	**84 682 942**	**–**	**(1 554 875)**	**(6 671 892)**	**(25 962 423)**	**363 781 339**
Motor vehicles	**206 674 091**	**70 491 246**	**–**	**–**	**(11 547 551)**	**(39 060 079)**	**226 557 707**
Office and computer equipment	**3 001 158**	**5 416 993**	**–**	**–**	**(107 891)**	**(2 726 015)**	**5 584 245**
Dismantling costs	**7 460 901**	**968 709**	**–**	**–**	**(991 345)**	**(1 289 367)**	**6 148 898**
Mining assets	**47 187 533**	**–**	**–**	**–**	**–**	**(3 370 517)**	**43 817 016**
Total	**662 306 609**	**162 467 527**	**–**	**(1 554 875)**	**(24 315 381)**	**(74 047 649)**	**724 856 231**
Group – 2014							
Land and buildings	44 167 369	4 121 564	28 000 000	–	–	(795 879)	75 493 054
Leasehold property	9 193 043	610 187	–	–	–	(600 945)	9 202 285
Plant and machinery	247 323 346	63 559 082	42 746 953	–	(2 704 980)	(37 636 814)	313 287 587
Motor vehicles	194 713 500	48 478 418	23 000 000	–	(13 983 652)	(45 534 175)	206 674 091
Office and computer equipment	3 293 544	2 768 480	–	–	(45 570)	(3 015 296)	3 001 158
Dismantling costs	4 923 876	1 788 239	5 251 622	–	(2 845 700)	(1 657 136)	7 460 901
Mining assets	–	–	51 867 720	–	–	(4 680 187)	47 187 533
Total	503 614 678	121 325 970	150 866 295	–	(19 579 902)	(93 920 432)	662 306 609

	Opening carrying value R	Additions R	Impairments R	Disposals R	Depreciation R	Closing carrying value R
Company – 2015						
Motor vehicles	**1 329 971**	**3 692 150**	**–**	**(4 856 483)**	**(165 638)**	**–**
Office and computer equipment	**2 192 189**	**1 351 882**	**–**	**(2 846 001)**	**(698 070)**	**–**
Total	**3 522 160**	**5 044 032**	**–**	**(7 702 484)**	**(863 708)**	**–**
Company – 2014						
Motor vehicles	900 125	755 082	–	(191 390)	(133 846)	1 329 971
Office and computer equipment	2 076 154	1 550 630	–	–	(1 434 595)	2 192 189
Total	2 976 279	2 305 712	–	(191 390)	(1 568 441)	3 522 160

* *Refer note 31.*

** *Disposals in current year, include property, plant and equipment items sold as part of the disposal of business of Prima Quarries Namibia (Proprietary) Limited with a carrying value of R633 951.*

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

	Group 2015 R	2014 R
Carrying value of assets pledged as security:		
Land and buildings	**34 433 402**	35 139 859
Plant and machinery	**74 505 360**	94 565 252
Motor vehicles	**61 928 670**	52 417 970
Mining assets	**43 817 010**	47 187 532
Total	**214 684 442**	229 310 613

Land and mining assets within the group was pledged to ABSA Bank Limited as security over the bond amount to the value of R58 000 000 (refer note 20).

Included in disposals are plant and equipment with a cost of R4 266 165 (2014: R3 815 738) and accumulated depreciation of R3 440 686 (2014: R1 122 781), which had no further economic value and have been removed from the register.

During the year, Rodag Holdings (Proprietary) Limited disposed of Erf 250, 251, Portion 2 of Erf 253 and remainder of Erf 253 Park Rynie for R5 000 000.

Depreciation expense of R68 823 411 (2014: R88 694 491) has been charged in 'cost of sales' and R5 224 238 (2014: R5 225 941) in 'operating expenses'. Impairment loss of R1 554 875 (2014: RNil) has been charged to 'impairment of property, plant and equipment', relating to property, plant and equipment items written off at Delf Silica Coastal (Proprietary) Limited after the disposal of the business as a going concern.

3. Investment property

	Group 2015 R	2014 R
Fair value of investment property	**3 040 000**	3 040 000

The investment property consists of 152 hectares of portion 55 of Farm Pienaarspoort 339, Reg Division JR Gauteng Province.

Management confirmed there to be no significant movements from the value as estimated in the prior year.

The group's investment property was encumbered by means of a mortgage to the amount of RNil (2014: R2 040 000) with ABSA Bank Limited.

Rental income from investment properties totalled RNil (2014: RNil). Direct operating expenses totalling R84 892 (2014: R40 777) was incurred.

The fair value measurement for the investment properties has been categorised as a Level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

Valuation techniques used in the determination of fair values within Level 3 of the hierarchy

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value hierarchy based on the inputs to the valuation technique used.

Investment property is measured at fair value at each reporting period. Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the reporting period.

In arriving at management's opinion of market value, the directors used the previous value as determined by an external valuer and estimated there to be no significant movements from the value. The following key assumptions were made by management:

- Property was valued based on its actual use i.e. agricultural purposes;
- Environmental issues applicable and large quantity of squatters present on the property;
- Property is situated outside the Urban edge of the Tshwane Metropolitan Municipality;
- Current economic climate and demand for similar properties.

Current use, for agricultural purposes, is considered highest and best use. The alternative being township development which is not practical due to the rejection of the rezoning application by authorities and such development not being financially viable.

The value of the investment property is reviewed annually and re-assessed by directors of the company. An increase in average price per hectare will increase the fair value measurement of the investment property. The following significant unobservable inputs were used by management in their assessment of the fair value: Average Rand per hectare ranging between R17 600/ha and R27 126/ha. A change of 500 basis points to the highest average price per hectare will have an effect of R1 289 310 (2014: R1 289 310) to the fair value of investment property.

4. Intangible assets

	Group					
	Cost 2015 R	Accumulated amortisation 2015 R	Carrying value 2015 R	Cost 2014 R	Accumulated amortisation 2014 R	Carrying value 2014 R
Mining rights	**22 802 619**	**(9 205 935)**	**13 596 684**	22 802 619	(8 241 972)	14 560 647
Purchasing rights	**9 982 716**	**(4 734 030)**	**5 248 686**	9 982 716	(3 136 256)	6 846 460
Total	**32 785 335**	**(13 939 965)**	**18 845 370**	32 785 335	(11 378 228)	21 407 107

Analysis of movements in carrying value:

	Group				
	Opening carrying value	Additions	Additions through business combinations*	Amortisation	Closing carrying value
	R	R	R	R	R
2015					
Mining rights	**14 560 647**	**–**	**–**	**(963 963)**	**13 596 684**
Purchasing rights	**6 846 460**	**–**	**–**	**(1 597 774)**	**5 248 686**
Total	**21 407 107**	**–**	**–**	**(2 561 737)**	**18 845 370**
2014					
Mining rights	13 272 830	–	2 690 170	(1 402 353)	14 560 647
Purchasing rights	8 425 515	–	–	(1 579 055)	6 846 460
Total	21 698 345	–	2 690 170	(2 981 408)	21 407 107

* *Refer note 31.*

Mining rights are amortised on a straight-line basis over the best estimate of their useful lives. None of the mining rights included in intangible assets have indefinite lives. Remaining amortisation periods varies between 13 and 23 years (2014: 14 and 24 years).

Purchasing rights were acquired as part of the Clinker Group acquisition and relate to ash dumps to which the group has exclusive rights to utilise and process until the dumps are exhausted. The purchasing right has a remaining finite life of between four and 10 years.

5. Goodwill

	Group	
	2015	2014
	R	R
Gross amount	**141 148 064**	141 148 064
Accumulated impairment	**(6 654 529)**	(6 654 529)
Carrying value	**134 493 535**	134 493 535
Analysis of movements in carrying value:		
Carrying value – opening balance	**134 493 535**	132 706 771
Additions through business combinations (refer note 31)	**–**	1 786 764
Carrying value – closing balance	**134 493 535**	134 493 535
Goodwill acquired through business combinations has been allocated to cash-generating units as follows:		
Afrimat Concrete Products (Proprietary) Limited	**20 468 422**	20 468 422
Afrimat Aggregates (KZN) (Proprietary) Limited	**16 877 717**	16 877 717
Rodag Holdings (Proprietary) Limited	**1 057 984**	1 057 984
Afrimat Aggregates (Operations) (Proprietary) Limited	**5 615 522**	122 216
Malans Group	**5 339 001**	10 832 307
Afrimat Aggregates (Eastern Cape) (Proprietary) Limited	**39 266 892**	39 266 892
SA Block (Proprietary) Limited	**10 152 067**	10 152 067
Clinker Supplies (Proprietary) Limited	**26 105 314**	26 105 314
Scottburgh Group	**1 300 000**	1 300 000
Sunshine Crushers (Proprietary) Limited	**5 723 351**	5 723 351
Glen Douglas Dolomite (Proprietary) Limited	**800 501**	800 501
Infrasors Holdings Limited	**1 786 764**	1 786 764
	134 493 535	134 493 535

Afrimat Aggregates (Trading) (Proprietary) Limited ('AAT') included in the Malans Group, have subsequently been restructured into Afrimat Aggregates (Operations) (Proprietary) Limited, resulting in the movement in the respective cash-generating units and related goodwill as disclosed above.

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5. Goodwill (continued)

The recoverable amount has been determined using the value-in-use calculations. 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 19,0% (2014: 19,0%). The key assumptions used were growth rates of 5,0% to 10,0% (2014: 5,0% to 10,0%) 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 the current inflation rate in South Africa, compound annual growth rates of the group as well as the profit generating ability of certain businesses resulting from its products having distinct characteristics that are difficult to replicate or substitute.

Furthermore relating to the non-impaired cash-generating units, management believe that any reasonable change in the key assumptions on which the recoverable amount is based, would not cause the carrying amount to exceed the recoverable amounts.

If the growth in operating results used in the value-in-use calculation for the group had been a negative growth rate of 2,9% (which is the decrease in the gross domestic product of the "Mining and Quarrying" industry calculated by Statistics South Africa relating to 2014) the group would still not have recognised an impairment of goodwill.

6. Investments in subsidiaries

Name of company	Nature of business	Principal place of business	Total share capital R	% holding 2015	% holding 2014	Carrying amount shares 2015 R	Carrying amount shares 2014 R	Carrying amount indebted-ness 2015 R	Carrying amount indebted-ness 2014 R
Afrimat Share Incentive Trust	Investment	Western Cape	–	**–**	–	**–**	–	**(88 658)**	(126 776)
The Afrimat BEE Trust	Investment	Western Cape	–	**–**	–	**–**	–	**–**	–
Afrimat Empowerment Investments (Proprietary) Limited	Investment	Western Cape	120	**100,0**	100,0	**–**	–	**–**	–
Afrimat Management Services (Proprietary) Limited *	Services	Western Cape	1 000	**100,0**	100,0	**1 000**	–	**12 047 578**	–
Afrimat Shared Services (Proprietary) Limited **	Services	Western Cape	200	**100,0**	100,0	**200**	200	**(741 646)**	(100)
AFT Aggregates (Proprietary) Limited	Aggregates	Gauteng	20	**100,0**	100,0	**175 108**	175 108	**663 533**	291 252
Boublok (Proprietary) Limited	Concrete-based products	Western Cape	100	**100,0**	100,0	**888 831**	888 831	**224 182**	2 151 138
Capmat (Proprietary) Limited	Aggregates	Western Cape	4 000	**87,5**	87,5	**6 255 231**	6 255 231	**2 872 094**	2 702 124
Afrimat Concrete Products (Proprietary) Limited	Concrete-based products	KwaZulu-Natal	10 000	**100,0**	100,0	**67 378 836**	67 378 835	**(14 401 171)**	(12 212 190)
Afrimat Aggregates (KZN) (Proprietary) Limited	Aggregates	KwaZulu-Natal	30 000	**100,0**	100,0	**35 182 874**	35 182 874	**23 715 400**	2 781 068
Afrimat Readymix (Cape) (Proprietary) Limited	Concrete-based products	Western Cape	200	**100,0**	100,0	**5 267 084**	5 267 084	**(6 798 663)**	325 199
Afrimat Aggregates (Operations) (Proprietary) Limited	Aggregates	Western Cape	100	**100,0**	100,0	**106 220 430**	106 220 430	**(92 609 622)**	(28 268 688)
Prima Quarries Namibia (Proprietary) Limited	Aggregates	Namibia	100	**100,0**	100,0	**100**	100	**–**	–
Rodag Holdings (Proprietary) Limited	Property	KwaZulu-Natal	4	**100,0**	100,0	**3 829 110**	3 829 110	**4 352 363**	4 089 218
Tradeselect 5 (Proprietary) Limited	Dormant	Western Cape	100	**100,0**	100,0	**–**	–	**–**	–
Maritzburg Quarries (Proprietary) Limited	Aggregates	KwaZulu-Natal	70 000	**100,0**	100,0	**1 295 741**	1 295 741	**457 490**	457 490
Scottburgh Quarries (Proprietary) Limited	Aggregates	KwaZulu-Natal	100	**100,0**	100,0	**8 020 000**	8 020 000	**108**	108

Name of company	Nature of business	Principal place of business	Total share capital	% holding 2015	% holding 2014	Carrying amount shares 2015	Carrying amount shares 2014	Carrying amount indebted-ness 2015	Carrying amount indebted-ness 2014
			R			R	R	R	R
Afrimat Aggregates (Eastern Cape) (Proprietary) Limited	Aggregates	Eastern Cape	600	**100,0**	100,0	**53 181 208**	53 181 208	**(15 204 694)**	(8 004 852)
Afrimat Aggregates (Trading) (Proprietary) Limited	Aggregates	Western Cape	5 000	**100,0**	92,7	**28 925 440**	24 933 683	**–**	(19 606 340)
Community Quarries (Proprietary) Limited	Aggregates	Western Cape	100	**100,0**	100,0	**33 771 554**	33 771 554	**–**	–
Olympic Sand (Proprietary) Limited	Aggregates	Western Cape	1 000	**100,0**	100,0	**1 204 580**	1 204 580	**–**	–
Malric Properties (Proprietary) Limited	Property	Western Cape	100	**100,0**	100,0	**13 053 322**	13 053 322	**–**	–
Propateez 66 (Proprietary) Limited	Property	Western Cape	100	**100,0**	100,0	**831 872**	831 872	**–**	–
ASBE Community Empowerment (Proprietary) Limited	Aggregates	Western Cape	900	**100,0**	100,0	**–**	–	**–**	(525)
Labonte 3 (Proprietary) Limited	Property	Western Cape	1 000	**50,0**	50,0	**149 494**	149 494	**–**	546 218
Sunshine Crushers (Proprietary) Limited	Aggregates	KwaZulu-Natal	1 179 960	**100,0**	100,0	**8 081 014**	8 081 014	**(2 872 565)**	(2 872 565)
Afrimat Contracting International (Proprietary) Limited	Contracting	Western Cape	100	**100,0**	100,0	**3 180 001**	3 180 001	**2 964 524**	(6 362 472)
SA Block (Proprietary) Limited	Concrete-based products	Gauteng	200	**100,0**	100,0	**120 805 535**	120 805 535	**(44 465 132)**	(23 800 808)
Clinker Supplies (Proprietary) Limited	Aggregates	Gauteng	100 000	**100,0**	100,0	**24 210 000**	24 210 000	**(43 277 592)**	409 192
Meepo Ya Mmu Resources (Proprietary) Limited	Aggregates	Mpumalanga	1 000	**54,0**	54,0	**954 818**	954 818	**(84 167)**	(36 788)
Glen Douglas Dolomite (Proprietary) Limited	Aggregates	Gauteng	10 000	**100,0**	100,0	**27 657 764**	27 657 764	**(32 846 768)**	(30 875 479)
Infrasors Holdings Limited***	Aggregates	Gauteng	185 521 091	**91,2**	79,6	**82 625 674**	81 098 097	**17 165 431**	14 376 276
Afrimat Mozambique Limitada	Aggregates	Mozambique	14 429	**99,0**	–	**14 285**	–	**(14 285)**	–
						633 161 106	627 626 486	**(188 942 260)**	(104 038 300)
Analysis of current assets and liabilities:									
Current assets									
Loans to subsidiaries								**64 462 703**	28 129 283
Current liabilities									
Loans from subsidiaries								**(253 404 963)**	(132 167 583)
								(188 942 260)	(104 038 300)

** Previously known as Rodag Properties (Proprietary) Limited.*

*** Previously known as Jeffreys Bay Crushers (Proprietary) Limited.*

**** Indirectly held subsidiaries include Delf Sand (Proprietary) Limited, Pienaarspoort Ontwikkeling (Proprietary) Limited, Delf Silica Coastal (Proprietary) Limited, Delf Cullinan (Proprietary) Limited, Delf Silica (Proprietary) Limited, Lyttelton Dolomite (Proprietary) Limited, Infrasors Environmental Rehabilitation Trust, Afrimat Lime Company (Proprietary) Limited, Infrasors Management Services (Proprietary) Limited and Infrasors Empowerment Trust.*

6. Investments in subsidiaries (continued)

The carrying amounts of subsidiaries are shown net of impairment losses. The loans have no fixed terms of repayment and the majority bear interest at prime less 3,5%. Interest on the Infrasors Holdings Limited loan is calculated at prime plus 1,5% and the Afrimat Empowerment Investments (Proprietary) Limited bears interest at prime. The subsidiaries are incorporated in the Republic of South Africa except for Prima Quarries Namibia (Proprietary) Limited and Afrimat Mozambique Limitada that are incorporated in Namibia and Mozambique, respectively.

Afrimat holds 91,3% of Infrasors, whilst treasury shares account for 0,1% and minorities account for the remaining 8,6% of the total issued Infrasors ordinary shares.

No impairment was made to the investments in subsidiaries during the current or prior year.

Afrimat acquired the remaining 7,3% issued shares held by Joe Kalo Investments (Proprietary) Limited in Afrimat Aggregates (Trading) (Proprietary) Limited ('AAT') with effect 1 March 2014 (refer note 32).

The business including all assets of Prima Quarries Namibia (Proprietary) Limited has been disposed of as a going concern with effect from 1 October 2014. The legal entity was retained by the group.

During the year, Afrimat Limited sold its "shared services" and "management services" businesses, as a going concern, together with assets and liabilities to Afrimat Shared Services (Proprietary) Limited and Afrimat Management Services (Proprietary) Limited previously known as Jeffreys Bay Crushers (Proprietary) Limited and Rodag Properties (Proprietary) Limited, respectively.

The business of Delf Silica Coastal (Proprietary) Limited was sold as a going concern with effect from 1 September 2014. The legal entity was retained by the group and Delf Sand (Proprietary) Limited acquired an additional 33,3% shareholding from non-controlling interest parties, in order to obtain 100,0% shareholding in Delf Silica Coastal (Proprietary) Limited.

During the year, as part of the group's strategy to intensify its focus on finding opportunities outside of South Africa, the company acquired a 99,0% shareholding in Afrimat Mozambique Limitada.

All subsidiaries are entities over which the group has control. The group is exposed to, or has rights to, variable returns from its involvement with the subsidiaries and has the ability to affect the returns through its power over the entities.

A notice of cession and pledge of 94 171 108 Infrasors shares by Afrimat in favour of ABSA Bank Limited was made on 6 May 2013. An entry in favour of ABSA Bank Limited has been made in Afrimat's securities account held at FNB Securities (Proprietary) Limited as contemplated in terms of section 39 of the Financial Markets Act No. 19 of 2012, noting ABSA Bank Limited's interest in the aforementioned shares. With effect from the date on which ABSA Bank Limited notifies FNB securities (Proprietary) Limited in writing of an event of default that has occurred or has not been rectified as the case may be, FNB Securities (Proprietary) Limited shall on written instructions of ABSA Bank Limited, transfer the shares to ABSA Bank Limited or another party nominated by it.

The group consolidated the Afrimat Share Incentive Trust and Infrasors Environmental Rehabilitation Trust due to the group having rights to variable returns from its involvement with the trusts and has the ability to affect those returns through its control over the trusts.

During the prior year, the group took control of the Infrasors Empowerment Trust after an agreement was reached with a counterparty, who previously controlled the Trust, which effectively resulted in the counterparty giving up its control of the Trust. As a result of the aforementioned as well as the fact that the group provides all of the loan funding that is required for the operations of the Trust, the group obtained control. For significant judgement applied in determining control of the Trust, please refer to note 1.22 on significant accounting judgements and estimates.

7. Investment in associate

	Group 2015 R	2014 R	Company 2015 R	2014 R
Ikapa Quarries (Proprietary) Limited (49,0%)	**379 711**	201 362	**147**	147
Analysis of investment in associate:				
Opening balance	**201 362**	77 257	**147**	147
Share of net profit after taxation	**178 349**	173 105	**–**	–
Dividend received from associate	**–**	(49 000)	**–**	–
Closing balance	**379 711**	201 362	**147**	147
The group's share of the results of its associate, which is unlisted, and the group's share of its aggregated assets and liabilities, are as follows:				
Assets	**1 942 132**	3 310 026	**–**	–
Liabilities	**(1 607 960)**	(3 111 720)	**–**	–
Revenues	**18 866 716**	7 730 732	**–**	–
Profit after tax	**178 349**	173 105	**–**	–

Management does not consider the investment in associate to be material to the group.

8. Investment in joint venture/Obligation for share of joint venture's losses

	Group 2015 R	2014 R	Company 2015 R	2014 R
Pemba Aggregates Limitada (49,0%)	**(979 100)**	–	**8 310**	–
Analysis of investment in joint venture:				
Opening balance	**–**	–	**–**	–
Investment acquired	**8 310**	–	**–**	–
Share of net loss after taxation	**(987 410)**	–	**–**	–
Closing balance	**(979 100)**	–	**–**	–
The group's share of the results of its joint venture, which is unlisted, and the group's share of its aggregated assets and liabilities, are as follows:				
Assets	**473 144**	–	**–**	–
Liabilities	**(1 452 074)**	–	**–**	–
Revenues	**–**	–	**–**	–
Loss	**(987 410)**	–	**–**	–

During the year, as part of the groups strategy to intensify its focus on finding opportunities outside of South Africa, the company acquired 49,0% of the share capital and 50,0% of the voting rights of Pemba Aggregates Limitada. The company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The company also entered into a deed of usufruct and pledge of shares of 1,0% of Pemba Aggregates Limitada, resulting in 50,0% of the entity being equity accounted. The group recognises losses in excess of its investment due to it having made payments on behalf of the joint venture.

Management does not consider the investment in joint venture to be material to the group.

9. Other financial assets

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Non-current assets				
Available-for-sale	**2 127 703**	1 914 925	**–**	–
Loans and receivables	**144 293 199**	109 861 777	**141 323 982**	107 869 147
At fair value through profit or loss – designated	**11 807 550**	17 583 654	**–**	–
Held-to-maturity	**–**	4 862 636	**–**	–
	158 228 452	134 222 992	**141 323 982**	107 869 147
Current assets				
Available-for-sale	**–**	–	**–**	–
Loans and receivables	**54 929**	1 274 857	**–**	846 887
At fair value through profit or loss – designated	**–**	–	**–**	–
Held-to-maturity	**727 524**	–	**–**	–
	782 453	1 274 857	**–**	846 887
Total other financial assets	**159 010 905**	135 497 849	**141 323 982**	108 716 034
Analysis of other financial assets:				
Available-for-sale				
Non-current assets:				
Listed shares at fair value				
Old Mutual PLC shares	**124 195**	107 813	**–**	–
Environmental funds at fair value				
Green Horizons Environmental Rehabilitation Trust Fund	**1 797 599**	1 601 203	**–**	–
Liberty Life New Growth Rehabilitation Plan Trust	**205 909**	205 909	**–**	–
	2 003 508	1 807 112	**–**	–
Total available-for-sale financial assets	**2 127 703**	1 914 925	**–**	–
Environmental funds were originally established to fund the cost of rehabilitation on closure of certain of the group's quarries. The group replaced the environmental fund held by Liberty Life with guarantees as per note 34. Due to the environmental fund being replaced before the termination of the original policy, the cumulative income up to date of replacement will not be repaid before the termination date of 25 February 2016.				
Loans and receivables				
Non-current assets:				
Funding provided to Afrimat employees	**136 200 156**	103 926 034	**–**	–
Preference shares in Afrimat Empowerment Investments (Proprietary) Limited/Afrimat BEE Trust	**–**	–	**136 200 156**	103 926 034
BEE investor	**8 093 043**	5 935 743	**5 123 826**	3 943 113
Total non-current portion of loans and receivables	**144 293 199**	109 861 777	**141 323 982**	107 869 147
Current assets:				
BEE investor	**54 929**	1 274 857	**–**	846 887
Total current portion of loans and receivables	**54 929**	1 274 857	**–**	846 887
Total loans and receivables	**144 348 128**	111 136 634	**141 323 982**	108 716 034

Funding provided to Afrimat employees

Afrimat launched a broad-based BEE ownership initiative, whereby Afrimat's black employees ('participants'), via the Afrimat BEE Trust acquired issued share capital of the company. Funding was provided by Afrimat to the Afrimat BEE Trust via a funding vehicle Afrimat Empowerment Investments (Proprietary) Limited ('AEI').

AEI issued cumulative participating preference shares to Afrimat Limited on behalf of participants:

	Redeemable cumulative participating preference shares			
	Number 1	**Number 2**	**Number 3**	**Number 4**
Ordinary shares of the company acquired by AEI/Afrimat BEE Trust	22 700 000	1 350 000	6 392 575	1 203 045
Ordinary shares acquired as a percentage of total issued shares of the company	15,8%	0,9%	4,5%	0,8%
Quantity of redeemable cumulative preference shares issued by AEI	1 000	1 000	1 000	1 000
Total subscription price of redeemable cumulative preference shares	R64 205 000	R4 239 000	R31 506 000	R19 420 000
Preference dividends rate	70% of prime	70% of prime	100% of prime	100% of prime

The company's shares held by AEI/Afrimat BEE Trust serve as security for the preference shares. The preference shares are redeemable at the earliest of Afrimat's shares being handed over to the participants via the Afrimat BEE Trust in terms of the scheme rules or the date when the preference shares are taken over by an external financier or the date when the preference shares are settled by the participants in cash.

For company shares that are allocated to BEE participants, the risk and rewards of ownership in these shares have passed to the participants. On group level, therefore the shares qualify for de-recognition and are treated as a loan to participants and not treasury shares.

BEE investor

During the prior year, 190 000 treasury shares were issued to a BEE investor for a value of R12,74 per share. Loan funding to the value of R2 420 600 for the purchase of the shares were provided by one of the group's subsidiaries, Afrimat Aggregates Operations (Proprietary) Limited. The loan will be subject to interest at Standard Bank Limited prime overdraft rate less three percentage points and is repayable by 20 February 2019.

During the prior year, an agreement for the issue of 4 790 000 shares held in treasury by Infrasors, was concluded with a BEE investor for a value of R1,00 per share. Loan funding to the value of R4 790 000 for the purchase of the shares were provided by the company. The loan is subject to interest at Standard Bank Limited prime overdraft rate less three percentage points and is repayable by 23 January 2019.

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

	Group		Company	
	2015 R	**2014 R**	**2015 R**	**2014 R**
At fair value through profit or loss – designated				
Non-current assets:				
Sanlam Multi Manager International (Proprietary) Limited Equity Fund of Funds	**–**	3 958 863	**–**	–
Sanlam Investment Management (Proprietary) Limited Property Fund	**–**	3 894 274	**–**	–
Allan Gray Unit Trust Management (Proprietary) Limited Balanced Fund	**5 993 848**	5 020 457	**–**	–
Sanlam Investment Management (Proprietary) Limited Balanced Fund	**5 813 702**	4 710 060	**–**	–
Total financial assets at fair value through profit or loss	**11 807 550**	17 583 654	**–**	–

Unit trusts are investments held in trust to be used to rehabilitate the environment after mining operations are completed at the Lyttelton, Marble Hall and Delf mining sites included in the Infrasors Group (refer note 21).

The group released certain of the unit trusts during the year. The resultant amounts received from the unit trusts will be distributed in line with the objectives of the Infrasors Rehabilitation Trust.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'operating expenses' in the statement of profit or loss and other comprehensive income. The fair value of all equity securities is based on their current bid prices in an active market. A change in fair value of R2 193 292 (2014: R1 672 919) was allocated to 'operating expenses' in profit or loss.

9. Other financial assets (continued)

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Held-to-maturity				
Non-current assets:				
Liberty Group Limited Guaranteed Endowment Policy Investment	**–**	4 862 636	**–**	–
Current assets:				
Liberty Group Limited Guaranteed Endowment Policy Investment	**727 524**	–	**–**	–
Total financial assets held-to-maturity	**727 524**	4 862 636	**–**	–

The guaranteed endowment policy investment refers to a three year guarantee policy for outstanding instalment purchase agreements on plant and equipment purchased in the Infrasors Group.

10. Financial instruments by category

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Assets as per statement of financial position				
Available-for-sale				
Other financial assets (refer note 9)	**2 127 703**	1 914 925	**–**	–
	2 127 703	1 914 925	**–**	–
Loans and receivables at amortised cost				
Other financial assets (refer note 9)	**144 348 128**	111 136 634	**141 323 982**	108 716 034
Trade and other receivables excluding prepayments and value-added taxation* (refer note 13)	**280 026 180**	299 749 039	**1 044 991**	4 249 882
Cash and cash equivalents (refer note 14)	**78 124 058**	92 328 199	**198 233**	5 049 524
Loans to subsidiaries (refer note 6)	**–**	–	**64 462 703**	28 129 283
	502 498 366	503 213 872	**207 029 909**	146 144 723
At fair value through profit or loss – designated				
Other financial assets (refer note 9)	**11 807 550**	17 583 654	**–**	–
	11 807 550	17 583 654	**–**	–
Held-to-maturity				
Other financial assets (refer note 9)	**727 524**	4 862 636	**–**	–
	727 524	4 862 636	**–**	–
Total financial assets	**517 161 143**	527 575 087	**207 029 909**	146 144 723

** Prepayments and value-added taxation are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.*

The maximum exposure to credit risk at the reporting date is the carrying value of each class of loans and receivables mentioned above and at company level includes the exposure to Standard Bank of South Africa Limited omnibus securityship as per note 40(c).

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Liabilities as per statement of financial position				
Financial liabilities at amortised cost				
Medium term loans (refer note 20)	**45 708 300**	83 998 886	**8 449 511**	25 317 135
Instalment purchase agreements (refer note 20)	**76 711 824**	87 038 657	**–**	–
Loans from subsidiaries (refer note 6)	**–**	–	**253 404 963**	132 167 583
Trade and other payables excluding non-financial liabilities** (refer note 22)	**212 051 792**	221 404 527	**1 175 818**	1 998 415
Bank overdraft (refer note 14)	**52 873 655**	51 451 466	**1 567 479**	–
Total financial liabilities	**387 345 571**	443 893 536	**264 597 771**	159 483 133

*** Taxes and other statutory liabilities are excluded from the trade and other payables balance, as this analysis is required only for financial instruments. Prior year figures have been amended to exclude employee related expenses.*

11. Deferred tax

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Accelerated capital allowances for tax purposes	**(119 389 891)**	(98 839 800)	**–**	–
Accruals/provisions	**22 821 964**	15 198 981	**23 594**	2 336 820
Tax losses available for set-off against future taxable income	**18 256 712**	7 401 381	**3 015 731**	–
Other deferred tax	**(2 121 997)**	(10 364 629)	**–**	(278 522)
	(80 433 212)	(86 604 067)	**3 039 325**	2 058 298
Analysis of movement in deferred tax balance:				
Opening balance	**(86 604 067)**	(77 601 012)	**2 058 298**	2 357 840
Acquired through business combinations (refer note 31)	**–**	(12 909 083)	**–**	–
Accelerated capital allowances for tax purposes	**(20 550 091)**	(5 581 561)	**–**	–
Accruals/provisions	**7 622 983**	2 828 517	**(2 313 226)**	1 956 165
Increase/(decrease) in tax losses available for set-off against future taxable income	**10 855 331**	208 519	**3 015 731**	(2 255 707)
Other	**8 242 632**	6 450 553	**278 522**	–
Closing balance	**(80 433 212)**	(86 604 067)	**3 039 325**	2 058 298
Non-current assets	**25 274 292**	5 047 929	**3 039 325**	2 058 298
Non-current liabilities	**(105 707 504)**	(91 651 996)	**–**	–
	(80 433 212)	(86 604 067)	**3 039 325**	2 058 298

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

Deferred tax assets	Accruals/ provisions R	Tax losses R	Total R
At 1 March 2013	10 823 330	6 044 734	16 868 064
Acquired through business combinations (refer note 31)	7 724 612	916 700	8 641 312
Charged/(credited) to profit or loss	(3 348 961)	439 947	(2 909 014)
At 28 February 2014	15 198 981	7 401 381	22 600 362
Charged to profit or loss	**7 622 983**	**10 855 331**	**18 478 314**
At 28 February 2015	**22 821 964**	**18 256 712**	**41 078 676**

Deferred tax liabilities	Accelerated capital allowances R	Other deferred tax R	Total R
At 1 March 2013	86 995 596	7 473 480	94 469 076
Acquired through business combinations (refer note 31)	17 178 940	4 371 455	21 550 395
Charged to profit or loss	(5 380 219)	(1 480 306)	(6 860 525)
Charged to other comprehensive income	45 483	–	45 483
At 28 February 2014	98 839 800	10 364 629	109 204 429
Charged to profit or loss	**20 672 134**	**(8 242 632)**	**12 429 502**
Charged to other comprehensive income	**(122 043)**	**–**	**(122 043)**
At 28 February 2015	**119 389 891**	**2 121 997**	**121 511 888**
Deferred tax asset			41 078 676
Deferred tax liabilities			(121 511 888)
Total deferred tax asset/(liability)			(80 433 212)

Deferred income tax assets are recognised for tax losses as carry forward, to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group has estimated income tax losses available amounting to R65 695 955 (2014: R46 124 039). The group has estimated capital tax losses available amounting to R38 655 725 (2014: R38 655 725). The realisation of the related tax benefit through future taxable profits are probable due to new cost saving measures implemented, continuous improvement of production abilities and new products being launched.

Included in the above tax losses were R1 038 999 (2014: R19 690 536) and R38 655 725 (2014: R38 655 725) relating to income and capital tax losses, respectively, which were available for set-off against future taxable income but due to the improbability of the realisation of related tax benefits, these assets were not raised.

Management is of the opinion that it is probable, based on the new financial year budget, that for all deferred tax assets raised relating to assessed losses, future taxable profits will be available against which the unused tax losses can be utilised.

12. Inventories

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
The amounts attributable to the different categories are as follows:				
Raw materials, components	**21 336 394**	15 240 637	**–**	–
Finished goods	**102 761 610**	90 304 434	**–**	–
Production supplies	**19 517 050**	19 945 127	**–**	–
	143 615 054	125 490 198	**–**	–
Provision for inventory obsolescence:	**(16 811 331)**	(12 524 709)	**–**	–
Raw materials, components	**(88 116)**	(13 859)	**–**	–
Finished goods	**(14 900 958)**	(10 804 848)	**–**	–
Production supplies	**(1 822 257)**	(1 706 002)	**–**	–
	126 803 723	112 965 489	**–**	–

The group reversed R2 397 518 (2014: R1 062 428) of a previous inventory obsolescence provision during the year, due to a change in economic circumstances. The respective inventory items have been disposed of during the year. In addition, business processes have also been amended to restructure certain unsellable material into a sellable format.

The carrying value of finished products, identified as slow-moving is R20 839 662 (2014: R12 914 603), after allowing for the provision of inventory obsolescence.

13. Trade and other receivables

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Trade receivables	**277 421 914**	298 800 558	**–**	–
Provision for impairment of receivables	**(16 698 744)**	(13 923 406)	**–**	–
Trade receivables – net	**260 723 170**	284 877 152	**–**	–
Prepayments	**6 139 517**	3 636 296	**110 039**	284 533
Deposits	**2 701 108**	1 639 048	**–**	–
Value-added taxation	**1 810 413**	2 581 256	**–**	–
Loans to related parties	**5 893 022**	863 627	**321 331**	321 331
Other receivables	**10 708 880**	12 369 212	**723 660**	3 928 551
	287 976 110	305 966 591	**1 155 030**	4 534 415
Analysis of trade and other receivables:				
Trade and other receivables (refer note 10)	**280 026 180**	299 749 039	**1 044 991**	4 249 882
Prepayments and value-added taxation	**7 949 930**	6 217 552	**110 039**	284 533
	287 976 110	305 966 591	**1 155 030**	4 534 415

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

Included in other receivables are loans to Joe Kalo Investments (Proprietary) Limited of R55 670 (2014: R3 859 164). These loans were made with respect to the group's BEE shareholding in certain subsidiaries.

The loans to related parties include loans made by the group to the group's associate and joint venture, Ikapa Quarries (Proprietary) Limited and Pemba Aggregates Limitada. The Ikapa Quarries (Proprietary) Limited receivables have no fixed repayment terms and bear interest at prime less 3,5%. The Pemba Aggregates Limitada receivables are interest free and have no fixed repayment terms.

Trade receivables to the amount of R209 880 505 (2014: R237 380 148) serve as security for the Standard Bank of South Africa Limited medium term loan as per note 20.

As at 28 February 2015, the group had trade and other receivables of R50 997 540 (2014: R54 637 354) 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.

The ageing analysis of these trade and receivables is as follows:

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Neither impaired nor past due	**209 725 630**	230 239 798	**–**	–
Not impaired but past due				
Between 30 and 60 days	**29 291 823**	41 940 023	**–**	–
Between 60 and 90 days	**8 705 008**	5 631 286	**–**	–
More than 90 days	**13 000 709**	7 066 045	**–**	–
	50 997 540	54 637 354	**–**	–
	260 723 170	284 877 152	**–**	–
An impairment provision of R16 698 744 (2014: R13 923 406) was recognised against receivables. The ageing of the impairment portion of receivables, which is past due, is as follows:				
Between 30 and 60 days	**1 758 031**	613 674	**–**	–
Between 60 and 90 days	**662 181**	456 970	**–**	–
More than 90 days	**14 278 532**	12 852 762	**–**	–
	16 698 744	13 923 406	**–**	–
Movements on the group provision for impairment of trade receivables are as follows:				
Opening balance	**13 923 406**	10 156 013	**–**	–
Additional provision charged to profit or loss	**5 489 017**	5 465 003	**–**	–
Provisions reversed to profit or loss	**(882 853)**	(637 933)	**–**	–
Receivables written off during the year as uncollectible	**(1 830 826)**	(1 059 677)	**–**	–
Closing balance	**16 698 744**	13 923 406	**–**	–

As at 28 February 2015, trade and other receivables of R1 830 826 (2014: R1 059 677) were impaired. These impaired receivables mainly relate to debtors, which are in unexpectedly difficult economic situations.

The creation and release of provision for impaired receivables have been included in profit or loss. 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.

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Credit quality of fully performing financial assets				
Trade receivables				
Group 1 (New customers)	**20 016 028**	23 478 652	**–**	**–**
Group 2 (Existing customers – with no defaults in the past)	**173 626 889**	189 845 497	**–**	**–**
Group 3 (Existing customers – Some prior defaults, but fully recoverable)	**16 082 713**	16 915 649	**–**	**–**
	209 725 630	230 239 798	**–**	**–**

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

Management's assessment of the credit quality of other receivables and loans to related parties is good, taking into consideration that a material portion relates to customers with no past defaults and includes related parties which should generate profits in the foreseeable future.

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
The carrying amounts of the group's trade and other receivables are denominated in the following currencies:				
Rand	**283 541 883**	305 966 591	**–**	**–**
Meticais	**4 434 227**	–	**–**	**–**
	287 976 110	305 966 591	**–**	**–**

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

14. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Cash and cash equivalents consist of:				
Cash on hand	**367 145**	313 703	**1 430**	1 617
Bank balances	**66 425 512**	64 474 271	**196 803**	3 013 852
Short-term bank deposits	**11 331 401**	27 540 225	**–**	2 034 055
Bank overdraft	**(52 873 655)**	(51 451 466)	**(1 567 479)**	–
	25 250 403	40 876 733	**(1 369 246)**	5 049 524
Current assets	**78 124 058**	92 328 199	**198 233**	5 049 524
Current liabilities	**(52 873 655)**	(51 451 466)	**(1 567 479)**	–
	25 250 403	40 876 733	**(1 369 246)**	5 049 524

An unlimited omnibus securityship between group companies was provided to Standard Bank of South Africa Limited for the group overdraft facility.

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

Cessions of the Infrasors bank accounts to the value of R9 080 942 (2014: R14 008 929) are provided as security to ABSA Bank Limited.

15. Stated capital

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Authorised				
1 000 000 000 (2014: 1 000 000 000) ordinary shares with no par value	**–**	–	**–**	–
Issued				
143 262 412 (2014: 143 262 412) ordinary shares with no par value	**323 176 094**	347 660 405	**316 666 887**	342 223 012
Net effect of settlement of employee share options	**(27 911 985)**	(24 878 366)	**(33 405 940)**	(25 556 125)
Treasury shares sold to BEE investor, net of taxation	**–**	394 055	**–**	–
Treasury shares issued to non-executive directors, net of taxation	**63 854**	–	**–**	–
Stated capital	**295 327 963**	323 176 094	**283 260 947**	316 666 887
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 (Proprietary) Limited ('Prima'). For purposes of these group consolidated results, Prima was identified as the acquirer in terms of IFRS 3. In arriving at the issued share capital of the group under this method, the amount of the issued share capital of Prima immediately before the business combination is added to the cost of the business combination in accordance with IFRS 3. This has resulted in an adjustment against the issued share capital of the group of R105 788 129. This amount is reflected separately on the statement of financial position. The issue and authorised equity structure is that of Afrimat Limited.

The net effect of settlement of employee share options refer to the total shares issued to employees in terms of the Share Appreciation Rights Scheme including the shares 'surrendered' by employees in order to raise cash to pay the taxation owing.

All shares issued by the company were fully paid.

16. Treasury shares

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
505 829 (2014: 1 048 676) shares held by Afrimat Aggregates (Operations) (Proprietary) Limited, a subsidiary	**(8 056 216)**	(10 691 947)	**–**	–

The company acquired 911 865 (2014: 2 808 578) of its own shares through purchases on the JSE Limited in Afrimat Aggregates Operations (Proprietary) Limited. The shares are held as 'treasury shares'. The group has the right to reissue these shares at a later date. The total amount paid to acquire the shares was R14 508 591 (2014: R26 659 477) and has been deducted from shareholders' equity. The related weighted average share price at the time of purchase was R15,91 (2014: R9,49). During the year, 1 214 712 (2014: 1 774 144) shares were utilised in terms of the Share Appreciation Rights Scheme for an amount of R13 289 232 (2014: R15 521 929).

On 15 December 2014 Afrimat announced on SENS that in terms of special resolution number four passed by shareholders at the annual general meeting held on 6 August 2014, ordinary shares will be awarded to non-executive directors. Following the announcement, 240 000 treasury shares, with a fair value of R16,39 per share (weighted average traded price over 30 days prior to agreement date), were issued to non-executive directors for no consideration. These treasury shares were held at cost of R16,06 per share. The difference between the fair value of the shares issued and their cost amounting to R63 854 was allocated to 'stated capital.' A share-based payment expense of R6 556 000 was allocated to profit or loss.

In the prior year, 190 000 treasury shares were issued to a BEE investor for a value of R12,74 per share (refer note 9).

	Group		Company	
	2015	2014	2015	2014
Analysis of movement in number of treasury shares:				
Opening balance	**1 048 676**	204 242	**–**	–
Utilised for settlement of employee Share Appreciation Rights exercised	**(1 214 712)**	(1 774 144)	**–**	–
Issued to non-executive directors	**(240 000)**	–	**–**	–
Sold to BEE investor	**–**	(190 000)	**–**	–
Purchased during the year	**911 865**	2 808 578	**–**	–
Closing balance	**505 829**	1 048 676	**–**	–

17. Share options

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

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

	Average grant price in cents per share 2015	Number of options 2015	Average grant price in cents per share 2014	Number of options 2014
Opening balance	**567**	**7 625 000**	401	9 335 000
Granted	**1565**	**1 220 000**	850	2 160 000
Exercised	**340**	**(2 550 000)**	325	(3 870 000)
Closing balance	**852**	**6 295 000**	567	7 625 000

Out of the 6 295 000 outstanding options (2014: 7 625 000), 200 000 options (2014: Nil) were exercisable. Options exercised in 2015 resulted in 2 550 000 shares (2014: 3 870 000) being issued at a weighted average price of R3,40 each (2014: R3,25 each). The related weighted average share price at the time of exercise was R16,50 (2014: R9,24) per share.

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17. Share options (continued)

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

	Grant price Cents	Number of options 2015	2014
2018	340	**200 000**	2 750 000
2019	572	**2 715 000**	2 715 000
2020	850	**2 160 000**	2 160 000
2021	1565	**1 220 000**	–
		6 295 000	7 625 000

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

	Number of shares 2015	2014
Opening balance	**21 274 191**	20 222 425
Exercised	**2 550 000**	3 870 000
Utilised	**(2 423 045)**	(2 818 234)
Closing balance	**21 401 146**	21 274 191

Number of share options held by directors:

	Opening balance	Granted	Average grant price in cents per share	Expiry dates	Exercised/ expired	Closing balance
2015						
Andries J van Heerden	**1 365 000**	**200 000**	**1565**	**2021**	**(575 000)**	**990 000**
Hendrik P Verreynne	**695 000**	**120 000**	**1565**	**2021**	**(250 000)**	**565 000**
Gert J Coffee	**600 000**	**–**	**–**	**–**	**(250 000)**	**350 000**
	2 660 000	**320 000**	**–**	**–**	**(1 075 000)**	**1 905 000**
2014						
Andries J van Heerden	1 785 000	330 000	850	2020	(750 000)	1 365 000
Hendrik P Verreynne	995 000	200 000	850	2020	(500 000)	695 000
Gert J Coffee	750 000	150 000	850	2020	(300 000)	600 000
	3 530 000	680 000	–	–	(1 550 000)	2 660 000

The fair value of options granted during the year; using the Black Scholes valuation model, was R5 734 000 (2014: R3 672 000), and will be expensed over a three year vesting period. The option expense for the year, in respect of current year and previous years' options granted, was R4 107 207 (2014: R3 527 901).

Analysis of movement in remaining options:

Grant date	11 May 2011	9 May 2012	8 May 2013	14 May 2014	Total
Originally granted	2 750 000	2 835 000	2 160 000	1 220 000	8 965 000
Forfeited	–	(120 000)	–	–	(120 000)
Exercised	(2 550 000)	–	–	–	(2 550 000)
Net outstanding	200 000	2 715 000	2 160 000	1 220 000	6 295 000
Grant price (cents)	340	572	850	1565	
Fair value of option (cents)	117	147	170	470	

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

Grant date	11 May 2011	9 May 2012	8 May 2013	14 May 2014
Grant price (cents)	340	572	850	1565
Expected option life	3 years	3 years	3 years	3 years
Expected volatility	56,75	36,53	29,09	31,69
Expected likelihood	100,00%	100,00%	100,00%	100,00%
Expected employee attrition	5,00%	5,00%	5,00%	5,00%
Expected risk free rates	7,55%	6,44%	5,07%	6,73%
Expected dividend yields	5,00%	3,32%	3,29%	0,02%

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.

18. Other reserves

	Available-for-sale reserve R	Share-based payment reserve R	Translation reserve R	Total other reserves R
Group				
Balance at 1 March 2013	164 268	6 764 995	–	6 929 263
Share option expense for the year	–	3 527 901	–	3 527 901
Settlement of employee share options	–	(4 117 682)	–	(4 117 682)
Fair value adjustment	222 767	–	–	222 767
Total changes	222 767	(589 781)	–	(367 014)
Balance at 1 March 2014	387 035	6 175 214	–	6 562 249
Share option expense for the year	**–**	**10 663 207**	**–**	**10 663 207**
Settlement of employee share options	**–**	**(2 936 738)**	**–**	**(2 936 738)**
Share-based payment to non-executive directors	**–**	**(6 556 000)**	**–**	**(6 556 000)**
Fair value adjustment	**155 213**	**–**	**–**	**155 213**
Currency translation differences	**–**	**–**	**(381 664)**	**(381 664)**
Total changes	**155 213**	**1 170 469**	**(381 664)**	**944 018**
Balance at 28 February 2015	**542 248**	**7 345 683**	**(381 664)**	**7 506 267**
Company				
Balance at 1 March 2013	–	4 192 329	–	4 192 329
Share option expense for the year	–	2 098 606	–	2 098 606
Settlement of employee share options	–	(2 471 663)	–	(2 471 663)
Total changes	–	(373 057)	–	(373 057)
Balance at 1 March 2014	–	3 819 272	–	3 819 272
Share option expense for the year	**–**	**752 476**	**–**	**752 476**
Settlement of employee share options	**–**	**(2 047 539)**	**–**	**(2 047 539)**
Total changes	**–**	**(1 295 063)**	**–**	**(1 295 063)**
Balance at 28 February 2015	**–**	**2 524 209**	**–**	**2 524 209**

Included in the share option expense for the year is an amount of R4 107 207 and R6 556 000 relating to the Share Appreciation Rights Scheme and treasury shares issued to non-executive directors for no consideration, respectively.

Nature and purpose of reserves

(a) Available-for-sale reserve

This reserve records the changes in fair value of available-for-sale financial assets.

(b) Share-based payment reserve

This reserve records the fair value of the vested portion of share options (determined at grant date) granted in terms of the group's share-based payment schemes.

Refer to note 17 for further details on the relevant schemes.

(c) Translation reserve

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

19. Non-controlling interests

	Infrasors Holdings Limited R 2015	R 2014	Other individually immaterial subsidiaries R 2015	R 2014	Total non-controlling interest R 2015	R 2014
Effective non-controlling interest percentage	**8,6%**	9,5%	**–**	–	**–**	–
Non-current assets	**168 463 793**	161 234 859	**8 898 827**	8 062 468	**–**	–
Current assets	**66 205 422**	66 778 992	**11 839 192**	36 793 195	**–**	–
Non-current liabilities	**(58 020 846)**	(81 266 716)	**(1 794 132)**	(1 956 670)	**–**	–
Current liabilities	**(75 966 016)**	(61 884 790)	**(13 395 674)**	(19 018 917)	**–**	–
Net assets	**100 682 353**	84 862 345	**5 548 213**	23 880 076	**–**	–
Non-controlling interest within Infrasors	**–**	1 858 827	**–**	–	**–**	1 858 827
Carrying amount of non-controlling interest	**8 656 334**	7 890 507	**3 781 155**	4 446 829	**12 437 489**	12 337 336
Total non-controlling interest	**8 656 334**	9 749 334	**3 781 155**	4 446 829	**12 437 489**	14 196 163
Revenue	**335 804 324**	320 920 295	**4 825 029**	358 533 197	**–**	–
Profit after taxation included in results	**18 961 317**	17 726 634	**(1 348 262)**	8 308 819	**–**	–
Reported by subsidiaries	**15 360 986**	4 907 046	**(1 348 262)**	8 308 819	**–**	–
Reversal of depreciation and impairments by Afrimat on consolidated pre-acquisition adjustments	**3 600 331**	12 819 588	**–**	–	**–**	–
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**18 961 317**	17 726 634	**(1 348 262)**	8 308 819	**–**	–
Profit after taxation, allocated to non-controlling interest	**1 668 133**	7 387 922	**570 072**	1 068 846	**2 238 205**	8 456 768
Other comprehensive income, allocated to non-controlling interest	**–**	–	**–**	–	**–**	–
Cash flows from operating activities	**28 852 473**	14 764 439	**(5 231 336)**	(16 266 655)	**–**	–
Cash flows from investing activities	**(485 863)**	(5 556 918)	**8 396 322**	(104 038)	**–**	–
Cash flows from financing activities	**(30 722 112)**	(13 035 134)	**14 429**	21 119 836	**–**	–
Net (decrease)/increase in cash and cash equivalents	**(2 355 502)**	(3 827 613)	**3 179 415**	4 749 143	**–**	–

The company acquired 50,7% of Infrasors' gross shares in issue, effective 1 March 2013. A further 28,9% shareholding was acquired during the prior year.

During the current year, the company acquired a further 0,1% of Infrasors' gross shares in issue. Following the cancellation of the treasury shares (refer note 31) Afrimat Limited in total now holds 91,3%, treasury shares account for 0,1% while minorities account for the remaining 8,6% of the total issued Infrasors ordinary shares.

The effective percentage shareholding (excluding cancelled treasury shares) held by non-controlling interest at the end of the year amounted to 8,6% (2014: 9,5%).

During the year, the company acquired a 99,0% shareholding in Afrimat Mozambique Limitada. The effective percentage shareholding held by non-controlling interest at the end of the year amount to 1,0% (2014: Nil) in Afrimat Mozambique Limitada.

Afrimat acquired the remaining 7,3% issued shares held by Joe Kalo Investments (Proprietary) Limited in Afrimat Aggregates (Trading) (Proprietary) Limited ('AAT') with effect 1 March 2014, resulting in the reduced revenue balance in current year disclosed above.

Management does not consider the non-controlling interests to be material to the group.

Infrasors Holdings Limited

The arm's length value of Infrasors was calculated based on the remaining mineral reserves and resources together with current mining rights available in the subsidiary. The value of the additional shareholding was estimated as the net asset value of Infrasors at acquisition date with the exception of property, plant and equipment.

The valuation of the property, plant and equipment was calculated by the executive directors of Afrimat based on the market value and/or replacement value of these assets.

Afrimat Aggregates (Trading) (Proprietary) Limited

The value of additional shareholding acquired in AAT was based on the net asset value calculated on 28 February 2014.

20. Borrowings

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Non-current liabilities				
Medium term loans	**19 993 319**	56 866 232	**–**	8 442 566
Instalment purchase agreements	**36 780 702**	37 739 652	**–**	–
	56 774 021	94 605 884	**–**	8 442 566
Current liabilities				
Medium term loans	**25 714 981**	27 132 654	**8 449 511**	16 874 569
Instalment purchase agreements	**39 931 122**	49 299 005	**–**	–
	65 646 103	76 431 659	**8 449 511**	16 874 569
Medium term loans				
Capital reconciliation of the Standard Bank of South Africa Limited medium term loan were as follows:				
Opening balance	**25 317 135**	42 180 222	**25 317 135**	42 180 222
Repayments	**(16 867 624)**	(16 863 087)	**(16 867 624)**	(16 863 087)
Closing balance	**8 449 511**	25 317 135	**8 449 511**	25 317 135
Capital reconciliation of the ABSA Bank Limited medium term loan were as follows:				
Opening balance	**57 282 780**	–	**–**	–
Acquired through acquisitions (refer note 31)	**–**	64 966 536	**–**	–
Repayments	**(21 276 897)**	(7 683 756)	**–**	–
Closing balance	**36 005 883**	57 282 780	**–**	–
Capital reconciliation of the FirstRand Bank Limited medium term loan were as follows:				
Opening balance	**–**	424 581	**–**	–
Repayments	**–**	(424 581)	**–**	–
Closing balance	**–**	–	**–**	–
Capital reconciliation of the Spec Sand CC medium term loan were as follows:				
Opening balance	**1 398 971**	–	**–**	–
Acquired through acquisitions (refer note 31)	**–**	2 863 057	**–**	–
Repayments	**(146 065)**	(1 464 086)	**–**	–
Closing balance	**1 252 906**	1 398 971	**–**	–
Capital reconciliation of the Industrial Development Corporation of South Africa Limited medium term loan were as follows:				
Opening balance	**–**	–	**–**	–
Acquired through acquisitions (refer note 31)	**–**	13 283 977	**–**	–
Repayments	**–**	(13 283 977)	**–**	–
Closing balance	**–**	–	**–**	–
Total medium term loans	**45 708 300**	83 998 886	**8 449 511**	25 317 135

20. Borrowings (continued)

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Instalment purchase agreements				
Capital reconciliation of instalment purchase agreements were as follows:				
Opening balance	**87 038 657**	78 079 502	**–**	–
Borrowings raised	**53 566 511**	51 996 977	**–**	–
Acquired through acquisitions (refer note 31)	**–**	19 601 087	**–**	–
Repayments	**(63 893 344)**	(62 638 909)	**–**	–
Closing balance	**76 711 824**	87 038 657	**–**	–
Minimum payments due on instalment purchase agreements are as follows:				
Within one year	**42 971 638**	53 109 778	**–**	–
In second to fifth year inclusive	**39 985 178**	40 151 683	**–**	–
	82 956 816	93 261 461	**–**	–
Less: future finance charges	**(6 244 992)**	(6 222 804)	**–**	–
Present value of minimum payments	**76 711 824**	87 038 657	**–**	–
Analysis of present value of minimum payments due:				
Within one year	**39 931 122**	49 299 005	**–**	–
In second to fifth year inclusive	**36 780 702**	37 739 652	**–**	–
	76 711 824	87 038 657	**–**	–
Non-current liabilities				
At amortised cost	**56 774 021**	94 605 884	**–**	8 442 566
Current liabilities				
At amortised cost	**65 646 103**	76 431 659	**8 449 511**	16 874 569
	122 420 124	171 037 543	**8 449 511**	25 317 135

A working capital finance facility of R50 000 000 with Standard Bank of South Africa Limited is in place. The purpose of this loan is to facilitate an increase in working capital. The loan is secured by a cession of trade receivables, bears interest at 3 month Jibar rate less 2,5% and is payable in varying quarterly instalments, starting at R5 331 016 on 28 September 2012, over a period of three years. The capital portion of the repayment being R4 166 667. The company may not cancel or prepay any portion of the medium term loan before 30 September 2013. Thereafter, the company may, if it gives Standard Bank of South Africa Limited prior notice, cancel the whole or any part (being a minimum amount of R10 000 000) of the available facility.

Infrasors Holdings Limited renegotiated a working capital finance facility of R64 861 708 with ABSA Bank Limited ('ABSA') during 2012. The facility was arranged to fund capital expenditure and working capital requirements to support growth and expansion of the Infrasors Group's mining and operating activities. The loan is secured by a cession of property held in Lyttelton Dolomite (Proprietary) Limited (refer note 2) as well as a cession of the Infrasors Group bank accounts (refer note 14). During the prior year, the loan bore interest at an effective interest rate of prime plus 1,3% and was payable in varying bi-annual instalments, over a period of five years. The terms of the bond were fixed. The total instalments paid were R14 237 537. Further to the above mentioned, Infrasors Holdings Limited entered into abridged terms and conditions with ABSA Bank Limited on 27 February 2014, to renegotiate a senior loan facility of R58 000 000 for a further 36 months, repayable in 36 monthly instalments of capital and interest, commencing 31 March 2014 at prime rate minus 1,0%, calculated monthly in arrears. The total instalments for the year amounted to R21 276 897.

The group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios which are monitored monthly via management accounts and cash flow forecasts. None of the covenants were breached as at 28 February 2015 as well as in the preceding year.

The loan agreement entered into with Spec Sand CC by one of the Infrasors subsidiaries is unsecured, bear interest at prime plus 2,0% and is payable over five years.

It is the group policy to purchase certain property, plant and equipment under instalment purchase agreements. The instalment purchase agreements are repayable in monthly instalments of R4 781 541 (2014: R5 174 875) including interest and capital.

Interest rates are linked to prime overdraft rate and varied between 7,4% and 10,5% (2014: 7,0% and 10,5%) during the year. There were no breaches in payments during the year. The instalment purchase agreements are secured over various items of property, plant and equipment as indicated in note 2.

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

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

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
At floating rates	**122 420 124**	171 037 543	**8 449 511**	25 317 135
The fair value of borrowings equals their carrying amount.				
The carrying amounts of the group's borrowings are all denominated in South African Rand. The group has the following undrawn borrowing facilities with FirstRand Bank Limited, Standard Bank of South Africa Limited and ABSA Bank Limited:				
Floating rate:				
– Expiring within one year	**231 673 115**	133 022 739	**19 258 800**	19 258 800

The memorandum of incorporation of Afrimat Limited and its subsidiary companies provide no limitation on the borrowing powers of the directors, accordingly the borrowings set out above comply with the memorandum of incorporation of the respective companies.

21. Provisions

	Group		
	Environmental rehabilitation R	Dismantling R	Total provisions R
Balance at 1 March 2013	22 610 393	11 114 305	33 724 698
Acquired through business combinations (refer note 31)	19 650 641	7 096 562	26 747 203
Discount unwinding	1 575 728	–	1 575 728
Additions	1 552 502	952 952	2 505 454
Reversed during year	(4 673 790)	(4 019 058)	(8 692 848)
Total changes	18 105 081	4 030 456	22 135 537
Balance at 1 March 2014	40 715 474	15 144 761	55 860 235
Discount unwinding	**2 874 361**	**198 552**	**3 072 913**
Additions	**12 144 501**	**968 709**	**13 113 210**
Reversed during year	**(3 731 805)**	**(991 344)**	**(4 723 149)**
Total changes	**11 287 057**	**175 917**	**11 462 974**
Balance at 28 February 2015	**52 002 531**	**15 320 678**	**67 323 209**

Group policy is that environmental rehabilitation and dismantling estimates will be reviewed annually. All environmental rehabilitation and dismantling provisions at year-end have been reviewed by management and adjusted as appropriate for changes in legislation, technology and other circumstances. The expected timing of any outflows of these provisions will be on the closure of the respective mines. Estimates are based on costs that are reviewed regularly and adjusted as appropriate for new circumstances. Future cash flows are appropriately discounted. A discount rate of 7,0% (2014: 7,0%) was used. During the year, the company appointed Site Plan Consulting ('SPC') to conduct an Independent Specialist Update of the Quarry Site Rehabilitation Quantums.

The decommissioning and rehabilitation provisions are secured by guarantees issued to the Department of Mineral Resources to the amount of R93 278 516 (2014: R87 031 136) (refer note 34). Funds to the amount of R11 807 550 (2014: R17 583 654) have been invested in environmental insurance policies, R205 909 (2014: R205 909) in a Liberty Life New Growth Rehabilitation Plan Trust and R1 797 599 (2014: R1 601 203) in a Green Horizons Environmental Rehabilitation Trust Fund (refer note 9).

22. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Trade payables	**154 539 716**	174 394 255	**338 757**	821 188
Amounts due to related parties	**–**	546 218	**8 310**	–
Taxes and other statutory liabilities	**13 779 153**	13 073 102	**1 316 171**	470 920
Accrued expenses	**71 051 901**	59 941 066	**1 149 737**	9 075 153
Other payables	**23 613 425**	17 788 108	**717 592**	752 849
	262 984 195	265 742 749	**3 530 567**	11 120 110
Analysis of trade and other payables:				
Trade and other payables (refer note 10)	**212 051 792**	221 404 527	**1 175 818**	1 998 415
Taxes and other statutory liabilities	**13 779 153**	13 073 102	**1 316 171**	470 920
Employee related accruals	**37 153 250**	31 265 120	**1 038 578**	8 650 775
	262 984 195	265 742 749	**3 530 567**	11 120 110

Trade and other payables consist of purchases from suppliers at normal trade terms. Interest is paid on overdue accounts at an interest rate linked to the prime bank rate.

The amounts due to related parties includes the acquisition of an investment in the group's joint venture, Pemba Aggregates Limitada and amounts due to non-controlling shareholders of a subsidiary, Labonte 3 (Proprietary) Limited for the company and group, respectively. The payables have no fixed repayment terms and bear interest at prime (2014: prime).

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

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
Rand	**260 014 131**	265 742 749	**–**	–
Meticais	**2 970 064**	–	**–**	–
	262 984 195	265 742 749	**–**	–

23. Revenue

	Group		Company	
	2015	2014*	2015	2014
	R	R	R	R
Sale of goods	**1 945 299 743**	1 863 285 005	**–**	–
Rendering of services	**40 584 076**	26 206 392	**44 735 063**	64 739 418
Interest received (trading)	**12 716 283**	11 695 825	**–**	–
	1 998 600 102	1 901 187 222	**44 735 063**	64 739 418

** Revenue has been split in sale of goods and rendering of services to better reflect the nature of the revenue earned in the comparative year.*

24. Other net gains/(losses)

	Group		Company	
	2015	2014	2015	2014
	R	R	R	R
Profit on disposal of available-for-sale financial assets	**–**	1 426 075	**–**	–

25. Operating profit/(loss)

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Operating profit for the year is stated after accounting for the following:				
Income from subsidiaries				
Administration and management fees	**–**	–	**44 735 063**	64 739 418
Operating lease charges	**74 124 929**	60 861 363	**569 617**	956 590
Premises				
– Contractual amounts	**6 590 396**	5 406 286	**520 576**	895 398
Equipment				
– Contractual amounts	**64 260 620**	52 335 508	**49 041**	61 192
Other				
– Contractual amounts	**3 273 913**	3 119 569	**–**	–
Amortisation of intangible assets	**2 561 737**	2 981 408	**–**	–
Depreciation of property, plant and equipment	**74 047 649**	93 920 432	**863 709**	1 568 441
Impairment of property, plant and equipment	**1 554 875**	–	**–**	–
Impairment of trade receivables	**1 830 826**	1 059 677	**–**	–
Profit on disposal of available-for-sale financial assets	**–**	(1 426 075)	**–**	–
Gains – Financial assets at fair value through profit or loss	**(2 193 292)**	(1 672 919)	**–**	–
Loss on disposal of property, plant and equipment	**483 929**	2 685 817	**–**	–
Profit on disposal of business	**(7 853 090)**	–	**–**	–
Increase in inventory provision for impairment	**4 286 622**	5 895 317	**–**	–
Audit fees – current year	**5 216 218**	4 370 221	**1 272 713**	897 261
Employee costs	**429 596 854**	384 985 694	**34 338 145**	43 478 649
Defined contribution plan contributions	**20 992 081**	19 935 344	**1 370 184**	2 099 303
Share-based payment expense	**10 663 207**	3 527 901	**752 476**	2 098 606
Short-term employee expenses	**397 941 566**	361 522 449	**32 215 485**	39 280 740

26. Investment revenue

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Dividend revenue				
Listed financial assets	**119 628**	–	**–**	–
Inter-company	**–**	–	**53 900 000**	70 246 350
	119 628	–	**53 900 000**	70 246 350
Interest revenue				
Bank	**7 068 713**	8 360 188	**4 518 668**	3 740 034
Deemed interest/Preference dividends (BEE shareholding scheme)	**7 282 412**	6 963 505	**7 282 412**	6 963 505
Group companies	**–**	–	**3 948 736**	1 441 867
Other interest	**2 132 952**	862 838	**337 064**	226 633
	16 484 077	16 186 531	**16 086 880**	12 372 039
Total investment revenue	**16 603 705**	16 186 531	**69 986 880**	82 618 389

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27. Finance costs

	Group		Company	
	2015	**2014***	**2015**	2014
	R	**R**	**R**	R
Instalment purchase agreements	**5 995 105**	6 369 008	**–**	–
Bank	**12 869 332**	15 631 824	**3 962 302**	3 871 940
South African Revenue Services	**110 696**	26 982	**–**	–
Group companies	**–**	–	**9 026 836**	3 733 893
Environmental rehabilitation	**3 072 913**	1 575 728	**–**	–
Other interest paid	**415 918**	1 377 740	**311**	–
	22 463 964	24 981 282	**12 989 449**	7 605 833

** Prior year figures have been amended to include finance costs paid on the ABSA Bank Limited medium term loan in 'Bank' rather than 'Instalment purchase agreements' to better reflect the nature of finance costs paid.*

28. Income tax expense

	Group		Company	
	2015	**2014**	**2015**	**2014**
	R	**R**	**R**	**R**
Major components of the tax expense/(income)				
Current				
Local income tax				
Current year	**79 068 947**	62 025 927	**–**	682 692
Recognised in current year for prior years	**15 253**	35 953	**–**	–
	79 084 200	62 061 880	**–**	682 692
Deferred				
Deferred income tax				
Current year	**(2 156 371)**	(3 951 518)	**(981 027)**	299 542
Recognised in current year for prior years	**(3 892 442)**	–	**–**	–
	(6 048 813)	(3 951 518)	**(981 027)**	299 542
Total income tax expense	**73 035 387**	58 110 362	**(981 027)**	982 234
Tax rate reconciliation				
Standard tax rate (%)	**28,0**	28,0	**28,0**	28,0
Permanent differences (%)	**0,1**	(1,8)	**(26,3)**	(26,7)
Non-deductible expenses (%)	**2,2**	1,2	**0,4**	1,1
Exempt income (%)	**(0,2)**	(4,0)	**(26,7)**	(27,8)
(Decrease)/increase in unrecognised tax losses recognised in current year (%)	**(1,9)**	1,0	**–**	–
Recognised in current year for prior years (%)	**(1,4)**	–	**–**	–
Effective rate (%)	**26,7**	26,2	**1,7**	1,3

29. Notes to the cash flow statements

		Group		Company	
		2015	2014	2015	2014
		R	R	R	R
29.1	**Cash generated from/(used in) operations**				
	Profit before taxation	**273 377 710**	221 075 757	**56 522 313**	77 698 542
	Adjustments for:				
	Depreciation and amortisation	**76 609 386**	96 901 840	**863 708**	1 568 441
	Impairment of property, plant and equipment	**1 554 875**	–	**–**	–
	Share of profit of associate	**(178 349)**	(173 105)	**–**	–
	Share of losses of joint venture	**987 410**	–	**–**	–
	Loss on sale of property, plant and equipment	**483 929**	2 685 817	**–**	–
	Profit on disposal of available-for-sale financial assets	**–**	(1 426 075)	**–**	–
	Profit on disposal of business	**(7 853 090)**	–	**–**	–
	Gains – Financial assets at fair value through profit or loss	**(2 193 292)**	–	**–**	–
	Foreign exchange differences	**(561 272)**	–	**–**	–
	Dividend revenue	**(119 628)**	–	**(53 900 000)**	(70 246 350)
	Interest revenue	**(16 484 077)**	(16 186 531)	**(16 086 880)**	(12 372 039)
	Finance costs	**22 463 964**	24 981 282	**12 989 449**	7 605 833
	Net effect of settlement of employee share options	**(14 622 753)**	(9 356 437)	**(33 405 940)**	(25 556 125)
	Net effect of treasury shares issued to non-executive directors	**(2 637 056)**	–	**–**	–
	Movements in provisions	**8 390 057**	(6 187 394)	**–**	–
	Share-based payment reserve	**10 663 207**	3 527 901	**752 476**	2 098 606
	Changes in working capital (excluding the effects of acquisition on consolidation):				
	Inventories	**(16 151 192)**	(6 617 054)	**–**	–
	Trade and other receivables	**17 996 600**	(71 585 528)	**3 379 385**	164 481
	Trade and other payables	**(2 758 552)**	73 065 093	**(7 589 544)**	4 127 703
		348 967 877	310 705 566	**(36 475 033)**	(14 910 908)
29.2	**Interest revenue**				
	Interest revenue (refer note 26)	**16 484 077**	16 186 531	**16 086 880**	12 372 039
	Adjustments for:				
	Deemed interest	**(2 982 412)**	1 731 922	**(2 982 412)**	1 731 922
		13 501 665	17 918 453	**13 104 468**	14 103 961
29.3	**Finance costs**				
	Finance costs (refer note 27)	**22 463 964**	24 981 282	**12 989 449**	7 605 833
	Adjustments for:				
	Rehabilitation discount unwinding	**(3 072 913)**	(1 575 728)	**–**	–
		19 391 051	23 405 554	**12 989 449**	7 605 833

29. Notes to the cash flow statements (continued)

29.4 Tax (paid)/refunded

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Opening balance as per statement of financial position	**452 793**	1 931 053	**(694 335)**	–
Current tax for the year recognised in statement of profit or loss and other comprehensive income (refer note 28)	**(79 084 200)**	(62 061 880)	**–**	(682 692)
Adjustment in respect of businesses sold and acquired during the year (refer note 31)	**–**	(733 677)	**–**	–
Current tax recognised on treasury shares sold to BEE investor recognised in equity	**–**	(90 446)	**–**	–
Closing balance in statement of financial position	**(2 921 080)**	(452 793)	**(53 155)**	694 335
	(81 552 487)	(61 407 743)	**(747 490)**	11 643

29.5 Proceeds on disposal of property, plant and equipment

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Net book amount (refer note 2)	**23 681 430**	19 579 902	**7 702 484**	191 390
Loss on sale of property, plant and equipment	**(483 929)**	(2 685 817)	**–**	–
	23 197 501	16 894 085	**7 702 484**	191 390

29.6 Proceeds on disposal of businesses

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Net book amount of property, plant and equipment (refer note 2)	**633 951**	–	**–**	–
Book value of inventory sold	**2 312 959**	–	**–**	–
Profit on disposal of business	**7 853 090**	–	**–**	–
	10 800 000	–	**–**	–

The business including all assets of Prima Quarries Namibia (Proprietary) Limited has been disposed of as a going concern with effect from 1 October 2014.

30. Dividends paid

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Current year interim dividend paid	**18 624 114**	15 758 865	**18 624 114**	15 758 865
Previous year final dividend paid	**40 113 475**	28 652 483	**40 113 475**	28 652 483
Dividends received on treasury shares	**(8 004)**	(316 250)	**–**	–
Dividends paid by subsidiaries to non-controlling shareholders	**–**	552 650	**–**	–
	58 729 585	44 647 748	**58 737 589**	44 411 348
The company has made the following cash distributions to shareholders:				
Interim dividend paid	–	–	13,0	11,0
Final dividend declared/paid	–	–	37,0	28,0
Distributions paid (cents)	–	–	50,0	39,0

31. Acquisitions of businesses

2014

Infrasors Holdings Limited

The company acquired 94 171 108 Infrasors shares, representing 50,7% of Infrasors' gross shares in issue, from Hanchurch Asset Managers and certain retiring management of Infrasors, with effect from 1 March 2013 for a cash consideration of R33 103 003 (35 cents per share).

As a result of Afrimat's holding in Infrasors surpassing 35,0% of the issued ordinary share capital of Infrasors, Afrimat was required, in terms of section 123 of the Companies Act, No. 71 of 2008, as amended, to extend a mandatory offer to the remaining Infrasors ordinary shareholders. As announced on SENS on 4 March 2013 and 7 June 2013, unconditional mandatory offers were made to the minority shareholders of Infrasors for Afrimat to purchase Infrasors shares held by them at 35 cents and 65 cents per ordinary share, respectively. As a result of the above mentioned mandatory offers, the company acquired a further 8 219 715 Infrasors ordinary shares.

During the prior year, Afrimat also acquired 9 928 927 ordinary shares on the open market, at prices ranging from 35 cents to 100 cents per ordinary share.

Furthermore, Afrimat made an offer on 16 January 2014 to RE: CM Calibre to acquire 35 445 839 ordinary shares at 100 cents per ordinary share and the transaction was concluded on 20 January 2014.

The 24 325 348 Infrasors ordinary shares held by the Infrasors Empowerment Trust ('Trust') were provided as security to the loan agreements between Infrasors and Hanchurch in order to facilitate a B-BBEE transaction. Hanchurch subordinated its loan in favour of Infrasors following a large drop in the market value of the Infrasors ordinary shares held by the Trust. Given the extent of exposure relative to the value of the underlying securities, and the inability to obtain restitution through any other means, Infrasors decided as a last resort to exercise its rights according to the loan agreement and the subordination agreement. On 7 October 2013 Hanchurch agreed to cancel the loan to the Trust and agreed that Infrasors may reposses and cancel the portion of shares held in pledge by Hanchurch (refer to Infrasors SENS announcement dated 18 March 2014). These ordinary shares were held by Infrasors as treasury shares in 2014.

	Infrasors Initial acquisition R	**Infrasors Additional shares acquired (2014) R**	**Infrasors Total R**
Amounts included in the group results are as follows:			
Carrying amount/fair value of net assets			
Property, plant and equipment	(150 866 295)	–	(150 866 295)
Investment property	(3 040 000)	–	(3 040 000)
Intangible assets	(2 690 170)	–	(2 690 170)
Deferred tax (assets)/liabilities	12 909 083	–	12 909 083
Other assets	(21 653 163)	–	(21 653 163)
Inventories	(16 858 766)	–	(16 858 766)
Trade and other receivables	(38 592 788)	–	(38 592 788)
Trade and other payables	40 692 984	–	40 692 984
Tax (assets)/liabilities	733 677	–	733 677
Borrowings	100 714 657	–	100 714 657
Provisions	26 747 203	–	26 747 203
Cash	(11 155 621)	–	(11 155 621)
Fair value of assets acquired	(63 059 199)	–	(63 059 199)
Non-controlling interest within Infrasors	1 364 480	–	1 364 480
Additional non-controlling interest acquired	30 378 478	(22 008 648)	8 369 830
Premium paid on additional shares acquired in subsidiary after initial acquisition	–	(25 986 442)	(25 986 442)
Net assets	(31 316 241)	(47 995 090)	(79 311 331)
Goodwill (refer note 5)	(1 786 764)	–	(1 786 764)
Purchase consideration settled in cash	(33 103 005)	(47 995 090)	(81 098 095)
Net cash outflow on acquisition			
Purchase consideration settled in cash	(33 103 005)	(47 995 090)	(81 098 095)
Cash acquired	11 155 621	–	11 155 621
	(21 947 384)	(47 995 090)	(69 942 474)

At acquisition, the fair value of trade and other receivables is R38 592 788 and includes trade receivables of R34 172 142. An amount of R31 634 897 is reflected as neither impaired nor past due.

The fair value of property, plant and equipment was calculated by the executive directors of Afrimat, as at 1 March 2013, based on the replacement value and/or market value of current assets.

Non-controlling interest was measured using the proportionate share of the acquired entity's net identifiable assets. At acquisition, non-controlling interest was identified as the remaining 49,3% in Infrasors as well as the non-controlling interest of Infrasors in Delf Silica Coastal (Proprietary) Limited of 33,3%.

Goodwill recorded with the above Infrasors Group acquisition is primarily attributable to the profit generating ability of this business.

31. Acquisitions of businesses (continued)

2015

Afrimat Mozambique Limitada

During the year, as part of the group's strategy to intensify its focus on finding opportunities outside of South Africa, the company acquired a 99,0% shareholding in Afrimat Mozambique Limitada ('AML').

	AML Total R
Net cash outflow on acquisition	
Purchase consideration settled in cash	**(14 285)**
	(14 285)

The subsidiary is a start-up business with no substantial assets, liabilities, income or expenses and management does not consider this to be material to the group in current year.

32. Acquisition of additional non-controlling interest

Afrimat Aggregates (Trading) (Proprietary) Limited

Afrimat acquired the remaining 7,3% issued shares held by Joe Kalo Investments (Proprietary) Limited in Afrimat Aggregates (Trading) (Proprietary) Limited ('AAT') with effect 1 March 2014.

Delf Silica Coastal (Proprietary) Limited

Delf Sand (Proprietary) Limited acquired an additional 33,3% shareholding from a non-controlling interest party, in order to obtain 100,0% shareholding in Delf Silica Coastal (Proprietary) Limited. The business of Delf Silica Coastal (Proprietary) Limited was sold as a going concern with effect from 1 September 2014. Payment to the non-controlling interest party was in the form of the transfer of physical assets and a portion of working capital.

Infrasors Holdings Limited

On 1 July 2014 Infrasors announced on SENS that it intends to issue 4 790 000 Infrasors shares for cash to Joe Kalo Investments (Proprietary) Limited ('JKI'). Infrasors published a circular on 7 November 2014, to provide Infrasors shareholders with information relating to the Specific Repurchase of 24 325 348 Infrasors shares from the Infrasors Empowerment Trust and the Specific Issue of 4 790 000 Infrasors shares to JKI. The directors of Infrasors were required to obtain independent external advice as to how the Specific Repurchase affects shareholders of Infrasors. In determining the fair and reasonableness of the Repurchase Price, BDO Corporate Finance (Proprietary) Limited determined an indicative valuation of per Infrasors Share on a marketable, minority basis. At the general meeting held on 4 December 2014 special authority was provided to implement the Specific Repurchase and the Specific Issue of shares for cash and to cancel and delist the remaining treasury shares.

During the year, Afrimat acquired a further 1 288 098 ordinary shares on the open market, at prices ranging from 112 cents to 117 cents per ordinary share. Infrasors repurchased a further 197 500 ordinary shares on the open market, at an average price of 124 cents per ordinary share.

In total Afrimat now holds 91,3%, treasury shares account for 0,1% while the minorities account for the remaining 8,6% of the total issued Infrasors ordinary shares (after cancellation of 27 020 754 treasury shares).

	Afrimat Aggregates (Trading) (Proprietary) Limited R	Delf Silica Coastal (Proprietary) Limited R	Infrasors Holdings Limited R	Infrasors Holdings Limited Repurchase R	Total R
2015					
Amounts included in group equity are as follows:					
Additional non-controlling interest acquired	**(1 235 893)**	**(1 770 899)**	**(778 066)**	**(212 165)**	**(3 997 023)**
Premium paid on additional shares acquired in subsidiary after initial acquisition	**(2 755 863)**	**(1 051 872)**	**(749 512)**	**(33 214)**	**(4 590 461)**
	(3 991 756)	**(2 822 771)**	**(1 527 578)**	**(245 379)**	**(8 587 484)**
Net cash outflow on additional acquisition					
Consideration paid for shares held in treasury by Infrasors					**(245 379)**
Acquisition of additional non-controlling interest					**(8 342 105)**
					(8 587 484)

33. Commitments

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Authorised capital expenditure				
Contracted after year-end, but not provided for				
Property, plant and equipment	**17 036 240**	8 141 967	**–**	219 887
Not yet contracted for				
Property, plant and equipment	**165 078 164**	145 673 217	**–**	2 143 400
Total authorised capital expenditure	**182 114 404**	153 815 184	**–**	2 363 287
Operating leases – as lessee (expense)				
Minimum lease payments due				
Within one year	**6 135 248**	4 692 706	**1 960 167**	994 993
In second to fifth year inclusive	**11 428 774**	5 714 691	**2 833 874**	167 450
	17 564 022	10 407 397	**4 794 041**	1 162 443

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. The lease terms are between one and five years, and the majority of lease agreements are renewable at the end of the lease period at market rate. All rental agreements exceeding five years have a notice period of six months and therefore not disclosed above. The lease expenditure charged to profit or loss during the year is disclosed in note 25.

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

34. Contingencies

Guarantees

Guarantees to the value of R63 951 342 (2014: R68 221 076) were supplied by Standard Bank of South Africa Limited to various parties, including the Department of Mineral Resources and Eskom.

Guarantees to the value of R9 828 725 (2014: R10 028 725) were supplied by FirstRand Bank Limited to various parties, including the Department of Mineral Resources and Eskom.

Guarantees to the value of R27 562 871 (2014: R25 162 897) by Lombard's Insurance Group, R806 341 (2014: R594 941) by ABSA Bank Limited and R2 703 000 (2014: R2 703 000) by SIG Guarantee Acceptances (Proprietary) Limited were supplied to various parties, including the Department of Mineral Resources, Eskom and Chevron South Africa (Proprietary) Limited.

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

On 25 June 2013 South African Revenue Services ('SARS') issued an adjusted income tax assessment claiming R9 652 413 additional tax, R7 239 308 penalties and R2 432 117 interest, relating to the activities of a subsidiary of Infrasors for the tax years 2010, 2011 and 2012 based on the premise that the subsidiary is not a mining entity. The subsidiary has submitted an objection to SARS and is of the opinion that the activities are of a mining nature. During an Alternative Dispute Resolution hearing ('ADR') held on 6 June 2014, SARS agreed to waive the relevant penalties and interest. The group is in the process of obtaining a final ruling form SARS regarding the treatment of income tax in the relevant subsidiary.

A contingent liability exists due to the uncertain timing of cash flows with regards to future local economic development ('LED') commitments made to the Department of Mineral Resources in respect of companies with mining rights. These commitments are dependent on the realisation of the future agreed upon LED projects. Future commitments amount to R7 459 633 (2014: R10 132 639). An accrual has been raised in respect of commitments made up to the end of the financial year.

35. Related parties

Subsidiaries, associates and related trusts

During the year under review, the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. Those transactions occurred under terms that are no less favourable than those arranged with third parties. For a list of the group's subsidiaries, associates and related trusts, refer to note 6.

		Company	
		2015	**2014**
Loan balances owing (to)/by	Subsidiaries	**(188 942 260)**	(104 038 300)
Loan balances owing (to)/by	Associate	**321 331**	321 331
Amounts included in trade and other receivables	Associate	**49 000**	49 000
Amounts included in trade and other payables	Joint venture	**(8 310)**	–
Sales of goods to – gross values	Subsidiaries	**44 735 063**	64 739 418
Dividends received from	Subsidiaries	**53 900 000**	70 246 350
Interest paid to	Subsidiaries	**(9 026 836)**	(3 733 893)
Interest received from	Subsidiaries	**3 948 736**	1 441 867

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

Directors

Remuneration

Details relating to executive and non-executive directors' remuneration are disclosed in note 38.

Share options

Share options have been granted to certain executive directors of Afrimat Limited and employees of its subsidiaries. These are more fully disclosed in note 17.

Shareholding

Refer to the Analysis of shareholders on page 108 for a list of shareholders with a beneficial interest of 5,0% or more in the company.

Associate

Details regarding the group's associate are set out in notes 7 and 13. Transactions with the associate is entered into at the prevailing market rates. An amount of R47 657 (2014: R72 711) was received on intercompany loan accounts with the group's associate.

Joint venture

Details regarding the group's joint venture are set out in note 8 and 13. Transactions with the joint venture is entered into at the prevailing market rates.

Treasury shares

The company acquired Nil (2014: Nil) of its own shares through purchases on the JSE Limited in The Afrimat Share Incentive Trust and 911 865 (2014: 2 808 578) in Afrimat Aggregates (Operations) (Proprietary) Limited. Refer to note 16 for further disclosure.

Other related parties

Retirement funds

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

36. Earnings per share

	Group 2015 R	Group 2014 R
Number of shares in issue		
Total shares in issue	**143 262 412**	143 262 412
Treasury shares (refer note 16)	**(505 829)**	(1 048 676)
Net shares in issue	**142 756 583**	142 213 736
Net shares in issue		
March	**142 182 488**	143 223 396
April	**142 109 535**	142 647 321
May	**142 693 263**	143 186 264
June	**143 205 156**	143 242 120
July	**143 045 156**	143 237 620
August	**143 075 125**	142 237 620
September	**143 075 125**	142 237 620
October	**142 498 061**	142 237 620
November	**141 842 997**	142 328 186
December	**141 963 709**	142 328 186
January	**141 843 541**	142 323 736
February	**142 756 583**	142 213 736
Weighted average number of net shares in issue	**142 524 228**	142 620 285
Adjusted for effect of future share-based compensation payments	**2 971 761**	3 702 749
Diluted weighted average number of shares	**145 495 989**	146 323 034
Profit attributable to ordinary shareholders	**198 104 118**	154 508 627
Earnings per ordinary share (cents)	**139,0**	108,3
Diluted earnings per ordinary share (cents)	**136,2**	105,6

	Group			
	Gross 2015 R	Net of tax 2015 R	Gross 2014 R	Net of tax 2014 R
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders	**–**	**198 104 118**	–	154 508 627
Loss on disposal of property, plant and equipment	**483 929**	**348 429**	2 685 817	1 933 789
Profit on disposal of businesses	**(7 853 090)**	**(6 289 873)**	–	–
Impairment of property, plant and equipment	**1 554 875**	**1 119 510**	–	–
Realised gains on disposal of available-for-sale financial assets	**–**	**–**	(1 426 075)	(1 026 774)
Headline earnings		**193 282 184**		155 415 642
Headline earnings per share ('HEPS') (cents)		**135,6**		109,0
Diluted HEPS (cents)		**132,8**		106,2

37. Net asset value ('NAV') per share

	Group 2015 R	Group 2014 R
Number of shares in issue		
Total shares in issue	**143 262 412**	143 262 412
Treasury shares (refer note 16)	**(505 829)**	(1 048 676)
Net shares in issue	**142 756 583**	142 213 736
Shareholders' funds attributable to owners of the parent	**936 999 739**	823 767 311
Total NAV per share (cents)	**656**	579
Tangible net asset value ('TNAV') per share		
Shareholders' funds attributable to owners of the parent	**936 999 739**	823 767 311
Intangible assets and goodwill	**(153 338 905)**	(155 900 642)
	783 660 834	667 866 669
Total NTAV per share (cents)	**549**	470

38. Directors' emoluments

Directors' basic salary and allowances

	Short-term benefits			Post-retirement benefits	Other	
	Basic Salary R	Travel Allowance R	Medical Aid R	Pension R	Other Allowances R	Total R
2015						
Paid by company						
Executive						
Andries J van Heerden	**2 927 674**	**161 471**	**6 227**	**–**	**–**	**3 095 372**
Hendrik P Verreynne	**2 078 378**	**37 743**	**–**	**228 622**	**–**	**2 344 743**
Gert J Coffee	**1 388 736**	**300 000**	**12 564**	**–**	**–**	**1 701 300**
	6 394 788	**499 214**	**18 791**	**228 622**	**–**	**7 141 415**
Non-Executive						
Marthinus W von Wielligh	**640 000**				**–**	**640 000**
Francois du Toit	**150 000**	**–**	**–**	**–**	**–**	**150 000**
Loyiso Dotwana	**290 000**	**–**	**–**	**–**	**–**	**290 000**
Hendrik JE van Wyk	**267 760**	**–**	**–**	**–**	**25 760**	**293 520**
Jacobus F van der Merwe	**121 333**	**–**	**–**	**–**	**–**	**121 333**
Phuti RE Tsukudu	**272 000**	**–**	**–**	**–**	**11 000**	**283 000**
	1 741 093	**–**	**–**	**–**	**36 760**	**1 777 853**
Total	**8 135 881**	**499 214**	**18 791**	**228 622**	**36 760**	**8 919 268**
2014						
Paid by company						
Executive						
Andries J van Heerden	2 635 750	161 380	17 250	–	–	2 814 380
Hendrik P Verreynne	1 886 487	38 153	–	207 513	–	2 132 153
Gert J Coffee	1 390 428	312 834	10 872	–	–	1 714 134
	5 912 665	512 367	28 122	207 513	–	6 660 667
Non-Executive						
Marthinus W von Wielligh	597 000	–	–	–	–	597 000
Francois du Toit	170 000	–	–	–	–	170 000
Loyiso Dotwana	260 000	–	–	–	–	260 000
Hendrik JE van Wyk	216 000	–	–	–	24 300	240 300
Laurie P Korsten (deceased)	92 000	–	–	–	–	92 000
Phuti RE Tsukudu	190 000	–	–	–	–	190 000
	1 525 000	–	–	–	24 300	1 549 300
Total	7 437 665	512 367	28 122	207 513	24 300	8 209 967

NOTES

1. Other fees include daily rates for non-executive directors utilised on extraordinary duties.
2. Other fees paid to Hendrik JE van Wyk include trustees fees paid in terms of the Afrimat Share Incentive Trust.
3. Jacobus F van der Merwe was appointed as non-executive director and member to the Audit & Risk Committee on 1 August 2014. His remuneration disclosed is for 7 months ending 28 February 2015.
4. Directors' fees, to the amount of R82 000 (2014: R80 000) and R63 000 (2014: R60 000) were paid by Infrasors to Afrimat in respect of Andries J van Heerden and Hendrik P Verreynne being members of the Infrasors board (not included above).

Executive directors' contracts

No executive director has a notice period of more than three months. No executive director's service contract includes predetermined compensation as a result of termination exceeding one year's salary and benefits.

Gert J Coffee's contract is for a one-year period, which started 1 January 2015. No compensation will apply to termination.

Andries J van Heerden and Hendrik P Verreynne, the CEO and FD, respectively, have indefinite employment contracts.

Directors' participation in share schemes

Shares options are granted to executive directors in the format of a Share Appreciation Rights Scheme (refer note 17).

Name and offer date	Date exercised	Number	Grant price in cents per share	Exercise price in cents per share	Share-based payment R
2015 (Grant 6)					
Andries J van Heerden					
May 2011	**16 May 2014**	**575 000**	**340**	**1 652**	**7 544 000**
Hendrik P Verreynne					
May 2011	**16 May 2014**	**250 000**	**340**	**1 652**	**3 280 000**
Gert J Coffee					
May 2011	**30 July 2014**	**250 000**	**340**	**1 650**	**3 275 000**
	–	**1 075 000**	**–**	**–**	**14 099 000**
2014 (Grant 5)					
Andries J van Heerden					
May 2010	13 May 2013	750 000	325	901	4 320 000
Hendrik P Verreynne					
May 2010	13 May 2013	500 000	325	901	2 880 000
Gert J Coffee					
May 2010	13 May 2013	300 000	325	901	1 728 000
	–	1 550 000	–	–	8 928 000

In terms of the Share Appreciation Rights Scheme: Grant 6 (2014: Grant 5), the rights have vested after the three-year vesting period, as the performance criteria have been met.

Grants of ordinary shares to non-executive directors

On 15 December 2014, 240 000 treasury shares (net of Pay-As-You-Earn) with a fair value of R16,39 per share (weighted average traded price over 30 days prior to agreement date), were issued to non-executive directors for no consideration. These shares were issued to non-executive directors to reward them for their personal contribution towards the company's good performance over the past few years (refer note 16).

Name and offer date	Date exercised	Number	Grant price in cents per share	Exercise price in cents per share	Share-based payment R
2015					
Marthinus W von Wielligh					
November 2014	**25 November 2014**	**300 000**	**–**	**1 639**	**4 917 000**
Hendrik JE van Wyk					
November 2014	**25 November 2014**	**100 000**	**–**	**1 639**	**1 639 000**
	–	**400 000**	**–**	**–**	**6 556 000**

Incentive bonuses paid to executive directors

	Group 2015 R	2014 R
2015		
Executive		
Andries J van Heerden	**1 600 000**	1 348 000
Hendrik P Verreynne	**800 000**	585 750
Gert J Coffee	**800 000**	459 351
	3 200 000	2 393 101

Incentive bonuses include those earned in current year but only received in the following year.

39. Events after the reporting period

No event material to the understanding of these financial statements has occurred between the end of the financial year and the date of approval.

40. Financial risk management

The group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables, loans to/from subsidiaries 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. The Audit & Risk Committee oversees how management monitors compliance with these risks and control policies.

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise: currency risk, equity price risk and interest rate risk. Financial instruments affected by market risk include trade and other receivables, borrowings and cash and cash equivalents.

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Mozambique New Metical (MZN). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and investment in Afrimat Mozambique Limitada and Pemba Aggregates Limitada. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group's functional currency.

Afrimat generally does not enter into forward contracts, derivative or other hedging arrangements to establish an exchange rate in advance. The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 500 basis points change in the exchange rate that would affect profit or loss.

	Amounts denominated in MZN	Movement in basis points	Effect on profit after tax R
2015			
Group			
Trade and other receivables	**13 011 813**	**+500**	**(158 693)**
	13 011 813	**-500**	**158 693**
Trade and other payables	**8 715 662**	**+500**	**106 297**
	8 715 662	**-500**	**(106 297)**
Cash and cash equivalents	**8 259 784**	**+500**	**(100 737)**
	8 259 784	**-500**	**100 737**
Total		**+500**	**(153 133)**
		-500	**153 133**
2014			
Group			
Trade and other receivables	–	+500	–
	–	-500	–
Trade and other payables	–	+500	–
	–	-500	–
Cash and cash equivalents	–	+500	–
	–	-500	–
Total		+500	–
		-500	–

In addition, a 500 basis points increase would increase the group's other comprehensive income and foreign currency translation reserve within equity by R19 083 (2014: RNil). A 500 basis points decrease would have an equal but opposite effect.

(ii) Equity 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 and financial assets at fair value through profit or loss. The group is not exposed to commodity price risk.

The group's investments in equity securities are publicly traded on the JSE Limited. R205 909 (2014: R205 909) of the available-for-sale investments of R2 127 703 (2014: R1 914 925) comprise an investment in a guaranteed fund with no negative price risk and limited positive exposure.

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

Equity investments classified as available-for-sale investments, will change due to movements in market prices of investments which will be charged directly to equity. A change of 500 basis points in the price of the investment will have an effect of R86 526 (2014: R77 873) on equity.

Post-taxation profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. A change of 500 basis points in the price of the investment will have an effect of R480 168 (2014: R715 060) on profit or loss and retained earnings.

(iii) Interest rate risk

The group's interest rate risk arises from cash and cash equivalents and borrowings as set out in notes 14 and 20. Cash and cash equivalents invested and borrowings obtained at variable interest rates expose the group to cash flow interest rate risk.

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

Sensitivity analysis

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity.

The group measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on the profit after tax based on the group's exposure at 28 February. The group regards a 200 basis points (2014: 200 basis points) change in the Reserve Bank repo rate as being reasonably possible at the reporting periods.

	Movement in basis points	Effect on profit after tax R
2015		
Group		
Cash and cash equivalents	**+200**	**1 124 986**
	-200	**(1 124 986)**
Borrowings	**+200**	**(1 762 850)**
	-200	**1 762 850**
Bank overdraft	**+200**	**(761 381)**
	-200	**761 381**
Total	**+200**	**(1 399 245)**
	-200	**1 399 245**
Company		
Cash and cash equivalents	**+200**	**2 855**
	-200	**(2 855)**
Loans to subsidiaries	**+200**	**928 263**
	-200	**(928 263)**
Loans from subsidiaries	**+200**	**(3 649 031)**
	-200	**3 649 031**
Borrowings	**+200**	**(121 673)**
	-200	**121 673**
Bank overdraft	**+200**	**(22 572)**
	-200	**22 572**
Total	**+200**	**(2 862 158)**
	-200	**2 862 158**

40. Financial risk management (continued)

	Movement in basis points	Effect on profit after tax R
2014		
Group		
Cash and cash equivalents	+200	1 329 526
	-200	(1 329 526)
Borrowings	+200	(2 462 941)
	-200	2 462 941
Bank overdraft	+200	(740 901)
	-200	740 901
Total	+200	(1 874 316)
	-200	1 874 316
Company		
Cash and cash equivalents	+200	72 713
	-200	(72 713)
Loans to subsidiaries	+200	405 062
	-200	(405 062)
Loans from subsidiaries	+200	(1 903 213)
	-200	1 903 213
Borrowings	+200	(364 567)
	-200	364 567
Total	+200	(1 790 005)
	-200	1 790 005

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group is exposed to credit risks from its operating activities and from certain financing activities. Credit risk arise principally from accounts receivable and, to a lesser extent, from other third-party contractual financial obligations such as other financial assets and short-term bank deposits in note 9 and 14.

The group did not consider there to be any significant credit risk exposure which has not been adequately provided for.

(i) Trade receivables

Potential concentrations of credit risk consist principally of trade receivables, due to a number of clients engaged in similar business activities or activities in the same geographic region or have similar economic characteristics that would cause their ability to meet their contractual obligations to be similarly affected by changes in economic or market conditions. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Trade receivables are disclosed net of provision for impairment. Each local entity 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, except for concentration risks outlined in the preceding paragraph. 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. Sales to customers are settled in cash, using major credit cards and electronic fund transfers.

Limited security is obtained for trade receivables, and accordingly the entire balance as per the statement of financial position is exposed to credit risk.

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

	2015 %	2014 %
Contractual		
Neither impaired nor past due	**80,5**	80,8
Between 30 and 60 days	**11,2**	14,7
Between 60 and 90 days	**3,3**	2,0
More than 90 days	**5,0**	2,5
Total	**100,0**	100,0

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

(ii) Cash and cash equivalents

The group limits its counterparty exposure arising from money market by only dealing with well-established financial institutions of high credit standing. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board annually.

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

(iii) Financial guarantees

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

Guarantees in respect of environmental rehabilitation costs, payable only when the group is in default, were supplied by Standard Bank of South Africa Limited, FirstRand Bank Limited, ABSA Bank Limited and Lombard's Insurance Group to various parties, including the Department of Mineral Resources as well as performance guarantees to Eskom.

(iv) Available-for-sale financial assets

The maximum exposure to credit risk at the reporting period is the carrying value of the debt securities classified as available-for-sale. None of the financial assets were held as collateral for any security provided. Management have assessed the credit risk as low due to the investments being held with established financial institutions and due to the underlying listed categorisation of equity investments.

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

(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 risk damage to the group's reputation.

The group monitors its cash flow requirements through monthly cash forecasts which includes the servicing of financial obligations, but excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To assist, strict credit control and debt monitoring processes are applied.

Surplus cash, over and above balance required for working capital management, are transferred to the group treasury. Group treasury invest surplus cash in interest bearing current accounts, money market deposits to provide sufficient headroom as determined by the above mentioned forecasts. At the reporting period, the group held money market funds of R11 331 401 (2014: R27 540 225) that are expected to readily generate cash inflows for managing liquidity risks.

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

Group At 28 February 2015	Carrying values	Total cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Medium term loans	**45 708 300**	**47 794 825**	**28 197 489**	**19 597 336**	**–**
Instalment purchase agreements	**76 711 824**	**82 956 816**	**42 971 638**	**39 985 178**	**–**
Trade and other payables	**249 205 042**	**249 205 042**	**249 205 042**	**–**	**–**
Bank overdraft	**52 873 655**	**52 873 655**	**52 873 655**	**–**	**–**
	424 498 821	**432 830 338**	**373 247 824**	**59 582 514**	**–**
At 28 February 2014	**Carrying values**	**Total cash flows**	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Medium term loans	83 998 886	92 050 267	44 415 620	47 634 647	–
Instalment purchase agreements	87 038 657	93 261 461	53 109 778	40 151 683	–
Trade and other payables	252 669 647	252 669 647	252 669 647	–	–
Bank overdraft	51 451 466	51 451 466	51 451 466	–	–
	475 158 656	489 432 841	401 646 511	87 786 330	–

Company At 28 February 2015	Carrying values	Total cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Medium term loans	**8 449 511**	**8 600 153**	**8 600 153**	**–**	**–**
Loans from subsidiaries	**253 404 963**	**253 404 963**	**253 404 963**	**–**	**–**
Trade and other payables	**2 214 396**	**2 214 396**	**2 214 396**	**–**	**–**
Exposure to omnibus securityship	**52 873 655**	**52 873 655**	**52 873 655**	**–**	**–**
	316 942 525	**317 093 167**	**317 093 167**	**–**	**–**
At 28 February 2014	**Carrying values**	**Total cash flows**	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Medium term loans	25 317 135	26 662 526	18 093 309	8 569 217	–
Loans from subsidiaries	132 167 583	132 167 583	132 167 583	–	–
Trade and other payables	10 649 190	10 649 190	10 649 190	–	–
Exposure to omnibus securityship	51 451 466	51 451 466	51 451 466	–	–
	219 585 374	220 930 765	212 361 548	8 569 217	–

(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.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the group to fund the group's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy-back its own shares or reduce debt.

The group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios which are monitored monthly via management accounts and cash flow forecasts. 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 25,0%. The net debt:equity ratios at 28 February were as follows:

	Group 2015 R	2014 R	Company 2015 R	2014 R
Total borrowings	**122 420 124**	171 037 543	**8 449 511**	25 317 135
Less: Cash and cash equivalents	**(25 250 403)**	(40 876 733)	**1 369 246**	(5 049 524)
Net debt	**97 169 721**	130 160 810	**9 818 757**	20 267 611
Total equity	**949 437 228**	837 963 474	**576 449 471**	610 337 184
Total capital	**1 046 606 949**	968 124 284	**586 268 228**	630 604 795
Net debt:equity ratio (%)	**10,2**	15,5	**1,7**	3,3

There were no changes in the group's approach to capital maintenance during the year.

41. Fair value estimation

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

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

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

At 28 February 2015	Level 1	Group Level 2	Level 3	Total balance
Assets				
Investment property	**–**	**–**	**3 040 000**	**3 040 000**
Available-for-sale financial assets				
- Equity securities	**124 195**	**–**	**–**	**124 195**
- Environmental funds	**–**	**2 003 508**	**–**	**2 003 508**
At fair value through profit or loss - designated				
- Unit trusts	**–**	**11 807 550**	**–**	**11 807 550**
Total assets	**124 195**	**13 811 058**	**3 040 000**	**16 975 253**

At 28 February 2014	Level 1	Group Level 2	Level 3	Total balance
Assets				
Investment property	–	–	3 040 000	3 040 000
Available-for-sale financial assets				
– Equity securities	107 813	–	–	107 813
– Environmental funds	–	1 807 112	–	1 807 112
At fair value through profit or loss - designated				
– Unit trusts	–	17 583 654	–	17 583 654
Total assets	107 813	19 390 766	3 040 000	22 538 579

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

Environmental funds and environmental insurance policies consist of equity investments quoted in an active market. Their fair values are indirectly derived from prices quoted in Level 1, and therefore included in Level 2.

Unit trusts are investments held in trust to be used to rehabilitate the environment after mining operations are completed at the Lyttleton, Marble Hall and Delf mining sites included in the Infrasors group (refer note 21).

41. Fair value estimation (continued)

Unit trusts are measured at fair value. The fair value of unquoted unit trusts is derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment in the unit trust by reference to the fair value of the individual assets and liabilities recognised in a unit trust's statement of financial position. The significant inputs to the adjusted net asset method are the fair values of the individual assets and liabilities whose fair value is derived from quoted market prices in active markets. The fair values are indirectly derived from prices quoted in Level 1, and therefore included in Level 2 of the fair value hierarchy.

(a) Transfers

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. There were no transfers within the fair value hierarchy during the period ended 28 February 2015 or the prior year.

(b) Infrasors Environmental Rehabilitation Trust ('IERT')

Unit trusts to the value of R11 807 550 (2014: R17 583 654), held in IERT, are classified under level 2 of the fair value hierarchy. The IERT receives, holds and invests funds contributed by the group for the rehabilitation or management of negative environmental impacts associated with mining and exploration activities. The contributions are aimed at providing for sufficient funds at date of estimated closure of mining activities to address the rehabilitation and environmental impacts.

Funds accumulated for a specific mine or exploration project can only be utilised for the rehabilitation and environmental impacts of that specific mine or project.

The trustees of the fund are appointed by the group and consist of sufficiently qualified employees capable of fulfilling their fiduciary duties.

The funds are invested by the in-house treasury department with reputable financial institutions in accordance with a strict mandate to ensure capital preservation and real growth.

42. Segmental analysis

	Change %	2015 R	2014 R
Mining & Aggregates/Minerals *			
Segmental revenue		**1 511 659 963**	1 419 926 788
Intersegmental revenue		**(89 354 884)**	(73 897 685)
Revenue from external customers	5,7	**1 422 305 079**	1 346 029 103
Depreciation and amortisation		**62 396 557**	81 875 712
Contribution from operations	12,8	**220 254 779**	195 234 930
Contribution margin on external revenue		**15,5%**	14,5%
Operating profit	15,2	**226 552 994**	196 661 005
Assets	7,1	**951 196 110**	887 806 882
Equity		**646 475 775**	551 898 885
Liabilities	(9,3)	**304 720 335**	335 907 997
Capital expenditure (excluding acquisitions through business combinations)		**136 144 245**	99 039 001

** Comprising Industrial Minerals, Contracting Services and Aggregates. Segment header named to include 'Minerals', with no change to segment composition.*

	Change %	2015 R	2014 R
Concrete Based Products**			
Segmental revenue		**580 561 168**	564 686 215
Intersegmental revenue		**(4 266 145)**	(9 528 096)
Revenue from external customers	3,8	**576 295 023**	555 158 119
Depreciation and amortisation		**12 289 173**	13 457 687
Contribution from operations	81,0	**55 050 784**	30 408 618
Contribution margin on external revenue		**9,6%**	5,5%
Operating profit	81,0	**55 050 784**	30 408 618
Assets	(4,5)	**197 688 325**	207 103 669
Equity		**141 578 834**	142 694 914
Liabilities	(12,9)	**56 109 491**	64 408 755
Capital expenditure (excluding acquisitions through business combinations)		**19 137 881**	20 376 026

*** Comprising Concrete Products and Readymix.*

	Change %	2015 R	2014 R
Unsegmental and eliminations			
Segmental revenue		**–**	–
Intersegmental revenue		**–**	–
Revenue from external customers	–	**–**	–
Depreciation and amortisation		**1 923 656**	1 568 441
Contribution from operations	(159,2)	**(1 556 748)**	2 627 780
Contribution margin on external revenue		**–**	–
Operating profit	(159,2)	**(1 556 748)**	2 627 780
Assets ***	8,9	**418 786 314**	384 506 698
Equity		**161 382 619**	143 369 675
Liabilities ****	6,7	**257 403 695**	241 137 023
Capital expenditure (excluding acquisitions through business combinations)		**7 185 401**	1 910 943
Total			
Segmental revenue		**2 092 221 131**	1 984 613 003
Intersegmental revenue		**(93 621 029)**	(83 425 781)
Revenue from external customers	5,1	**1 998 600 102**	1 901 187 222
Depreciation and amortisation		**76 609 386**	96 901 840
Contribution from operations	19,9	**273 748 815**	228 271 328
Contribution margin on external revenue		**13,7%**	12,0%
Operating profit	21,9	**280 047 030**	229 697 403
Assets	6,0	**1 567 670 749**	1 479 417 249
Equity		**949 437 228**	837 963 474
Liabilities	(3,6)	**618 233 521**	641 453 775
Capital expenditure (excluding acquisitions through business combinations)		**162 467 527**	121 325 970
***** Unsegmental assets**			
Unsegmental assets consist of the following unallocated assets:			
Goodwill		**134 493 535**	134 493 535
Other financial assets		**159 010 905**	135 497 849
Deferred tax		**25 274 292**	5 047 929
Current tax receivable		**8 866 814**	6 162 579
Cash and cash equivalents		**78 124 058**	92 328 199
Other assets		**13 016 710**	10 976 607
		418 786 314	384 506 698
****** Unsegmental liabilities**			
Unsegmental liabilities consist of the following unallocated liabilities:			
Provisions		**67 323 209**	55 860 235
Deferred tax		**105 707 504**	91 651 996
Current tax payable		**5 945 734**	5 709 786
Bank overdraft		**52 873 655**	51 451 466
Other liabilities		**17 104 082**	11 146 405
Borrowings		**8 449 511**	25 317 135
		257 403 695	241 137 023

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the executive directors of Afrimat Limited.

The chief operating decision maker monitors the operating results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance, they primarily assess the performance of the operating segments based upon a measure of operating profit.

Intersegment pricing is determined on an arm's length basis in a manner similar to transactions with third parties.

Analysis of shareholders
as at 28 February 2015

	Number of shareholders	%	Number of shares	%
Shareholding				
1 – 1000 shares	1 120	39,23	536 865	0,37
1 001 – 10 000 shares	1 318	46,16	5 212 472	3,64
10 001 – 100 000 shares	304	10,65	8 739 254	6,10
100 001 – 1 000 000 shares	91	3,19	29 306 584	20,46
1 000 000 shares and over	22	0,77	99 467 237	69,43
	2 855	100,00	143 262 412	100,00
Analysis of holdings				
Non-public shareholding				
Directors and their associates	7	0,25	30 440 566	21,25
Treasury shares – Afrimat Aggregates (Operations) (Proprietary) Limited	1	0,04	505 829	0,35
Afrimat Empowerment Investments (Proprietary) Limited/Afrimat BEE Trust	1	0,04	32 303 854	22,55
	9	0,33	63 250 249	44,15
Public shareholding	2 846	99,67	80 012 163	55,85
	2 855	100,00	143 262 412	100,00

Major, founder and BEE shareholders

	Number of shares	%	Number of BEE shares	%
Founder shareholders – related parties				
Frans du Toit Trust (non-executive director)	18 658 502	13,02	–	–
Andries J van Heerden *(CEO)*	3 975 026	2,78	–	–
Maryke E van Heerden	1 198 543	0,84	–	–
Amala Familie Trust *(CEO)*	793 025	0,55	–	–
Founder shareholders – not related parties				
Korum Trust (TCB Jordaan)	9 892 944	6,91	–	–
JHM Korsten	506 646	0,35	–	–
Forecast Investments (Proprietary) Limited (Laurie P Korsten)	1 000 000	0,70	–	–
Other major shareholders				
Old Mutual Investment Group (Proprietary) Limited	11 246 924	7,85	–	–
BEE shareholders				
Mega Oils (Proprietary) Limited (66,6% Loyiso Dotwana, non-executive director)	3 964 529	2,77	3 964 529	2,77
Tando Mbikwana	720 000	0,50	720 000	0,50
Afrimat Empowerment Investments (Proprietary) Limited/Afrimat BEE Trust	32 303 854	22,55	32 303 854	22,55
Joe Kalo Investments (Proprietary) Limited	270 000	0,19	270 000	0,19
Johannes M Kalo	190 605	0,13	190 605	0,13
	84 720 598	59,14	37 448 988	26,14
Other	58 541 814	40,86	–	–
	143 262 412	100,00	37 448 988	26,14

SHAREHOLDER INFORMATION

Notice of annual general meeting

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

Notice is hereby given that the annual general meeting of Afrimat will be held at The King Fisher Room, Feathers Lodge Boutique Hotel, 24 Melina Street, Durbanville on Wednesday, 5 August 2015 at 14:00 for the purposes of:

- considering and adopting the annual financial statements of the company for the year ended 28 February 2015;
- re-electing directors;
- re-electing the Audit & Risk Committee members;
- appointing auditors;
- considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below; and
- transacting any other business as may be transacted at an annual general meeting.

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

Accordingly, for purposes of the annual general meeting of the company, the record date is hereby set at close of business on Friday, 31 July 2015 with the last day to trade in the shares of the company on the JSE Limited being Friday, 24 July 2015.

Special resolutions

Special resolution 1: General authority to repurchase company shares

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

- any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
- any such acquisition is authorised by the company's memorandum of incorporation;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of the passing of this special resolution;
- an announcement will be released on SENS as soon as the company has acquired ordinary shares since the previous annual general meeting constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details of such repurchases;
- acquisitions in the aggregate in any one financial year may not exceed 10% (ten percent) of the company's ordinary issued shares nor may acquisitions in the aggregate, from the date of passing of a similar special resolution at the previous annual general meeting, exceed 10% (ten percent) of the company's ordinary issued shares up to 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 14 and 15 of the integrated annual report;
- share capital of the company – see page 43 of the integrated annual report.
- directors' interests in ordinary shares – see page 44 of the integrated annual report; and
- major beneficial shareholders – see page 108 of the integrated annual report;

Litigation statement

The directors, whose names appear under board of directors on pages 14 and 15 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 14 and 15 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all necessary information.

Material changes

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

Statement by the board of directors of the company

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

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

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

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

Special resolution 2: Future non-executive directors' remuneration

'Resolved that the company be and is hereby authorised, by way of general authority, to make the following fixed annual fee payments to non-executive directors with effect from 1 March 2015:

Chairman of the board	R535 000
Non-executive director	R180 000
Audit & Risk Committee Chairman	R98 500
Audit & Risk Committee member	R62 000
Remuneration Committee Chairman	R44 000
Nominations Committee Chairman	R44 000
Remuneration & Nominations Committee member	R34 500
Social & Ethics and Sustainability Committee Chairman	R53 500
Social & Ethics and Sustainability Committee member	R34 500

as well as a daily rate of R11 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.'

Definition of financial assistance

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

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

Ordinary resolutions

Ordinary resolution 1: Adoption of annual financial statements

'Resolved that the annual financial statements of the company for the year ended 28 February 2015 be and are hereby received and adopted.'

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

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

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

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

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

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

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

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

Ordinary resolution 3: Unissued ordinary shares

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

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

Ordinary resolution 4: Re-election of director

'Resolved that Mr Loyiso Dotwana be re-elected as a director of the company.'

A brief *curriculum vitae* in respect of Mr Dotwana is set out on page 15 of the integrated annual report of which this notice forms part.

Ordinary resolution 5: Re-election of director

'Resolved that Mr Francois du Toit be re-elected as a director of the company.'

A brief *curriculum vitae* in respect of Mr du Toit is set out on page 15 of the integrated annual report of which this notice forms part.

Ordinary resolution 6: Re-election of director

'Resolved that Mr Jacobus F van der Merwe be re-elected as a director of the company.'

A brief *curriculum vitae* in respect of Mr van der Merwe is set out on page 15 of the integrated annual report of which this notice forms part.

Notice of annual general meeting (continued)

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

'Resolved that the following directors be re-elected as members of the Audit & Risk Committee of the company:

Mr Loyiso Dotwana (non-executive director);
Mrs Phuti RE Tsukudu (independent non-executive director);
Mr Jacobus F van der Merwe (independent non-executive director);
Mr Hendrik JE van Wyk (independent non-executive director) (Chairman); and
Mr Marthinus W von Wielligh (independent non-executive director and Chairman of the board)'.

Ordinary resolution 8: Appointment of auditor

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

Ordinary resolution 9: Remuneration policy

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

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

Ordinary resolution 10: Signature of documentation

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

Voting and proxies

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

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

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

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

By order of the board

Mariëtte Swart
Company secretary

24 June 2015

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 (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 520

'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 King Fisher Room, Feathers Lodge Boutique Hotel, 24 Melina Street, Durbanville on Wednesday, 5 August 2015 at 14:00 and at any adjournment thereof.

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

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

I/We (Full name in block letters)
of (Address)
being a member/members of Afrimat Limited and holding ordinary shares in the company hereby appoint
1. (Name) of or failing him/her.
2. (Name) of or failing him/her.
3. the Chairman of the annual general meeting,

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

	For*	Against*	Abstain*
Special resolutions			
1. To give directors general authority to repurchase company shares			
2. To give the company general authority to pay fixed fee annual payments to non-executive directors			
3. To give the company general authority to provide financial assistance to related or inter-related companies and others			
Ordinary resolutions			
1. To adopt the 2015 annual financial statements			
2. To issue unissued shares for cash			
3. To place unissued shares under directors' control			
4. To re-elect Mr Loyiso Dotwana as a director of the company			
5. To re-elect Mr Francois du Toit as a director of the company			
6. To re-elect Mr Jacobus F van der Merwe as director of the company			
7. To re-elect the Audit & Risk Committee members of the company			
Mr Loyiso Dotwana			
Mrs Phuti RE Tsukudu			
Mr Jacobus F van der Merwe			
Mr Hendrik JE van Wyk			
Mr Marthinus W von Wielligh			
8. To authorise the directors to reappoint the auditor, Mazars together with Mr Duncan Dollman as the individual registered auditor and to fix their remuneration			
9. To approve the remuneration policy as a non-binding advisory vote			
10. To authorise the directors or the company secretary to sign documentation			

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

Signed at (place) on date 2015
Member's signature assisted by (if applicable)

SHAREHOLDER INFORMATION

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 (Proprietary) Limited

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

Shareholders' diary

Financial year-end	28 February
Announcement of annual results and final dividend	21 May 2015
Final dividend payment	15 June 2015
Annual general meeting	5 August 2015
Annual report posted	July 2015
Announcement of interim results and interim dividend	November 2015
Interim dividend payment	December 2015

Contact details

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
Email: info@afrimat.co.za
Website: www.afrimat.co.za

Company secretary
Mariëtte Swart
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)
Email: mariette.swart@afrimat.co.za
Telephone: +27 21 917 8840
Facsimile: +27 21 914 1174

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

Transfer secretaries
Computershare Investor Services (Proprietary) 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 (Proprietary) Limited
2nd Floor, 27 Fricker Road, Illovo, 2196
(PO Box 651010, Benmore, 2010)
Telephone: +27 11 268 6231
Facsimile: +27 11 268 6538

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

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

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