Afrimat Limited
('Afrimat' or 'the company' or 'the group')
(Incorporated in the Republic of South Africa)
(Registration number: 2006/022534/06)
Share code: AFT ISIN code: ZAE000086302

AFRIMAT® LIMITED

Reviewed condensed consolidated provisional financial results

for the year ended 28 February 2019

CONSISTENTLY DELIVERING

Highlights

- → Group revenue **up 24,6% to R3,0 billion**
- → Headline earnings per share **('HEPS') up 29,6% to 234,1** cents
- → Operating profit margin **15,9%**
- → Final dividend per share of **62,0** cents
- → Return on net operating assets **25,4%**
- → Net debt:equity ratio improved from **35,5% to 23,8%**

www.afrimat.co.za

Reviewed condensed consolidated provisional financial results

COMMENTARY

Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited ('JSE') for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS') and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements from which the condensed consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the implementation of IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers*. Details of the implementation of these standards are disclosed in note 19.

The financial statements have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit *CA(SA)*.

Introduction

The group continues to deliver satisfactory results supported by its diversification strategy despite very difficult trading conditions experienced by the Construction Materials businesses. The political uncertainty and economic slowdown experienced during the last quarter of the previous financial year continued during the current year and impacted the Construction Materials businesses the most. The Bulk Commodities segment, consisting of the Demaneng iron ore mine, contributed positively to the group results, which offset the lower performance of the Construction Materials businesses. The Industrial Minerals segment performance was slightly down after a slow first half of the year and a better second half.

Financial results

Headline earnings per share grew by 29,6% from 180,7 cents to 234,1 cents per share. Industrial mineral producing operations across all regions as well as the iron ore business were the main contributors to the satisfactory results.

Net cash from operating activities increased by 46,4% to R410,5 million (excluding once-off employee-related accruals of R79,5 million, in relation to the Afrimat BEE Trust, paid in the prior year), which resulted in a decrease of the net debt:equity ratio from 35,5% in the prior year to 23,8% in the current year. Goodwill in Afrimat Concrete Products Proprietary Limited, in KwaZulu-Natal/Free State, to the amount of R20,5 million was impaired during the year. Further changes to goodwill relate to the finalisation of the purchase price allocation of Afrimat Demaneng Proprietary Limited ('Demaneng').

Operational review

All operating units remain strategically positioned to deliver excellent service to the group's customers, whilst acting as an efficient hedge against volatile local business conditions. The product range is well diversified to include aggregates and concrete-based products as construction materials and limestone, dolomite and silica as industrial minerals as well as iron ore as bulk commodities.

Labour relations continued to be satisfactory during the period under review, with no labour action having occurred during the year. The group remains committed to creating and sustaining harmonious relationships in the workplace and addressing issues proactively.

The **Bulk Commodities** segment, consisting of the Demaneng iron ore mine, delivered an exceptional contribution to the group results. The business completed the recommissioning of both its dense media separation ('DMS') plants during the first half of the year and completed the expansion of the load-out facility, reaching stable production volumes during the second half of the year. The business also experienced favourable pricing towards the latter part of the current year.

Industrial Minerals businesses across all regions delivered solid results, although the impact of the economic slow down in the construction sector was experienced by the Lyttelton mine.

The **Construction Materials** segment felt the brunt of the slowdown in economic activity, with the KwaZulu-Natal and Gauteng businesses being impacted the most. The KwaZulu-Natal business successfully completed a restructuring process during the year in order to improve the business. The Western Cape aggregates business continued to deliver solid results. In Mozambique, the business mainly supplied construction materials to a resettlement village in the north of the country. The Emfuleni Clinker Ash Dump, situated in Vereeniging and close to Afrimat's customers, will ensure an additional three to four-year lifespan for both Clinker Supplies Proprietary Limited ('Clinker') and SA Block Proprietary Limited. Clinker continues to investigate further options in order to secure additional resources for the group.

Business development

New business development remains a key component of the group's growth strategy. The dedicated business development team continues to successfully identify and pursue opportunities in existing markets, as well as in anticipated new high growth areas in southern Africa.

Afrimat announced on 8 April 2019 that the company has made a non-binding indicative offer (‘NBIO’) to purchase the entire issued share capital of Universal Coal plc (‘Universal’), a company listed on the Australian Stock Exchange, with operations in South Africa, for a maximum purchase price of A$0,40 for each Universal share held. The NBIO is subject to various conditions precedent, including the completion of a due diligence by the company, the finalisation of financing arrangements and board and shareholder approval in respect of the proposed transaction.

The due diligence on Universal is currently in progress.

For further details, refer to the SENS announcement published by the company on 8 April 2019.

B-BBEE

Existing BEE shareholders and the Afrimat BEE Trust in aggregate hold 32,6% of Afrimat’s issued shares.

Notwithstanding the fully empowered ownership platform in line with the Mining Charter requirements, the group remains dedicated to enhancing all aspects of B-BBEE on an ongoing basis. Afrimat is committed to a bottom-up approach to transformation and has had a successful year in terms of sustained training, skills development and all-round employee upliftment.

Dividend

The group’s dividend policy is to maintain a 2,75 times dividend cover. A final dividend of 62,0 cents per share (2018: 42,0 cents) for the year was declared on 22 May 2019. The dividend payable to shareholders who are subject to dividend tax is 49,6 cents per share (2018: 33,6 cents per share). Total dividends for the year amount to 81,0 cents per share (2018: 62,0 cents per share).

Prospects

The group is well positioned to capitalise on its strategic initiatives. It foresees continued growth from an excellent asset base, and expects further expansion of its range of unique products. The continuation of selective acquisitions is expected to deliver good results.

Operational efficiency initiatives aimed at expanding volumes, reducing costs and developing the required skill levels across all employees, remains a key focus in all operations.

Afrimat expects the current business climate to continue with the group’s future growth driven by the successful execution of its proven strategy, recent acquisitions and a wider product offering to the market.

Auditor’s reports

These condensed consolidated financial results for the year have been independently reviewed by PricewaterhouseCoopers Inc.

A copy of the review report on the condensed consolidated financial statements is attached on page 4.

On behalf of the board

MW von Wielligh
Chairman

AJ van Heerden
Chief Executive Officer

22 May 2019

DIVIDEND DECLARATION

Notice is hereby given that a final gross dividend, No 24 of 62,0 cents per share, in respect of the year ended 28 February 2019, was declared on Wednesday, 22 May 2019.

There are 143 262 412 shares in issue at reporting date, of which 7 572 503 are held in treasury. The total dividend payable is R88,8 million (2018: R60,2 million).

The board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act, No 71 of 2008, as amended, has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax rate is 20,0%. The dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 49,6 cents and 62,0 cents per share, respectively. The income tax number of the company is 9568738158.

Relevant dates to the final dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 11 June 2019
Commence trading *ex* dividend	Wednesday, 12 June 2019
Record date	Friday, 14 June 2019
Dividend payable	Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 June 2019 and Friday, 14 June 2019, both dates inclusive.

REVIEW REPORT OF THE INDEPENDENT AUDITOR

On the condensed consolidated financial results

To the shareholders of Afrimat Limited

We have reviewed the condensed consolidated financial statements of Afrimat Limited, set out on pages 5 to 20 of the reviewed condensed consolidated provisional financial results, which comprise the condensed consolidated statement of financial position as at 28 February 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' responsibility for the condensed consolidated financial statements

The directors are responsible for the preparation of the condensed consolidated financial statements in accordance with the JSE Limited's ('JSE') requirements for summary financial statements, as set out in the Basis of Preparation note, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements ('ISRE') 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Afrimat Limited for the year ended 28 February 2019 are not prepared, in all material respects, in accordance with the JSE's requirements for summary financial statements, as set out in the Basis of Preparation note, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

PricewaterhouseCoopers Inc.

Director: FHS Weilbach
Registered Auditor

Stellenbosch

22 May 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed year ended 28 February 2019 R'000	Restated audited year ended 28 February 2018 R'000*	Change %
Revenue*	**2 966 399**	2 380 994	24,6
Cost of sales*	**(2 043 234)**	(1 623 629)	
Gross profit	**923 165**	757 365	21,9
Operating expenses	**(451 497)**	(406 205)	
Profit on disposal of plant and equipment	**3 538**	638	
Other income	**12 189**	–	
Other net gains and losses	**4 225**	–	
Impairment of property, plant and equipment (refer to note 2)	**–**	(1 399)	
Impairment of goodwill (refer to note 3)	**(20 468)**	–	
Operating profit	**471 152**	350 399	34,5
Finance income	**14 771**	32 930	
Finance costs	**(66 706)**	(59 432)	
Share of profit/(loss) of associate and joint venture	**2 326**	(8)	
Profit before tax	**421 543**	323 889	30,2
Income tax expense (refer to note 5)	**(117 328)**	(78 511)	
Profit for the year	**304 215**	245 378	24,0
Profit attributable to:			
Owners of the parent	**301 363**	245 668	
Non-controlling interests	**2 852**	(290)	
	304 215	245 378	
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	**–**	183	
Currency translation differences (refer to note 6)	**(1 430)**	961	
Income tax effect relating to these items	**–**	(41)	
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income	**35**	–	
Income tax effect relating to these items	**(8)**	–	
Other comprehensive income for the year, net of tax	**(1 403)**	1 103	
Total comprehensive income for the year	**302 812**	246 481	22,9
Total comprehensive income attributable to:			
Owners of the parent	**299 960**	246 771	
Non-controlling interests	**2 852**	(290)	
	302 812	246 481	
Earnings per share:			
Earnings per ordinary share (cents)	**221,0**	180,3	22,6
Diluted earnings per ordinary share (cents)	**219,5**	179,0	22,6
Note to statement of profit or loss and other comprehensive income			
Shares in issue:			
Total shares in issue	**143 262 412**	143 262 412	
Treasury shares (refer to note 8)	**(7 572 503)**	(6 654 039)	
Net shares in issue	**135 689 909**	136 608 373	
Weighted average number of net shares in issue	**136 387 043**	136 271 264	
Diluted weighted average number of shares	**137 285 229**	137 248 315	

** Comparative information has been reclassified. Refer to note 20 for further disclosure.*

RECONCILIATION OF HEADLINE EARNINGS

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000	Change %
Profit attributable to owners of the parent	**301 363**	245 668	
Profit on disposal of plant and equipment attributable to owners of the parent	**(3 538)**	(638)	
Impairment of property, plant and equipment (refer to note 2)	**–**	1 399	
Impairment of goodwill (refer to note 3)	**20 468**	–	
Total income tax effects of adjustments	**991**	(213)	
	319 284	246 216	29,7
Headline earnings per ordinary share ("HEPS") (cents)	**234,1**	180,7	29,6
Diluted HEPS (cents)	**232,6**	179,4	29,7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed year ended 28 February 2019 R'000	Restated audited year ended 28 February 2018 R'000*
Assets		
Non-current assets		
Property, plant and equipment	**1 469 837**	1 417 845
Investment property	**3 040**	3 040
Intangible assets*	**221 873**	243 970
Investment in associate and joint venture	**164**	183
Other financial assets (refer to note 7)	**56 698**	59 446
Deferred tax	**33 680**	55 115
Total non-current assets	**1 785 292**	1 779 599
Current assets		
Inventories	**261 249**	242 124
Current tax receivable	**13 250**	9 181
Trade and other receivables	**435 458**	391 603
Cash and cash equivalents	**191 763**	112 208
Total current assets	**901 720**	755 116
Total assets	**2 687 012**	2 534 715
Equity and liabilities		
Equity		
Stated capital	**258 292**	266 985
Treasury shares	**(85 822)**	(59 660)
Net issued stated capital	**172 470**	207 325
Other reserves	**(94 391)**	(99 900)
Retained earnings	**1 320 087**	1 111 915
Attributable to equity holders of the parent	**1 398 166**	1 219 340
Non-controlling interests	**11 351**	9 980
Total equity	**1 409 517**	1 229 320
Liabilities		
Non-current liabilities		
Borrowings (refer to note 9)	**235 542**	271 954
Deferred tax	**214 576**	207 583
Provisions	**141 080**	130 288
Total non-current liabilities	**591 198**	609 825
Current liabilities		
Borrowings (refer to note 9)	**148 004**	165 004
Other financial liabilities (refer to note 10)	**9 480**	21 856
Current tax payable	**4 143**	11 485
Trade and other payables*	**390 517**	407 022
Bank overdraft	**134 153**	90 203
Total current liabilities	**686 297**	695 570
Total liabilities	**1 277 495**	1 305 395
Total equity and liabilities	**2 687 012**	2 534 715
Note to statement of financial position:		
Net asset value per share (cents)	**1 030**	893
Net tangible asset value per share (cents)	**867**	714
Total borrowings	**393 026**	458 814
(Surplus cash)/overdraft less cash and cash equivalents	**(57 610)**	(22 005)
Net debt	**335 416**	436 809
Net debt:equity ratio (%)	**23,8**	35,5

* *Comparative information was amended due to a measurement period adjustment relating to business combinations, refer to note 12.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
Cash flows from operating activities		
Cash generated from operations	**551 722**	344 542
Interest revenue	**14 320**	31 623
Dividends received	**58**	54
Finance costs	**(58 565)**	(52 752)
Tax paid	**(97 051)**	(122 507)
Net cash inflow from operating activities	**410 484**	200 960
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(93 889)**	(118 918)
Proceeds on disposal of property, plant and equipment	**14 369**	22 975
Purchase of financial assets	**(444)**	(68 060)
Acquisition of businesses (refer to note 12)	**–**	4 228
Net cash outflow from investing activities	**(79 964)**	(159 775)
Cash flows from financing activities		
Repurchase of Afrimat shares	**(30 981)**	(13 552)
Acquisition of additional non-controlling interest	**(9 014)**	(37 521)
Proceeds from borrowings (refer to note 9.2)	**144 635**	300 000
Repayment of borrowings (refer to note 9.2)	**(309 847)**	(119 871)
Repayment of other financial liabilities	**(3 488)**	(25 143)
Dividends paid (refer to note 14.2)	**(86 220)**	(96 240)
Net cash (outflow)/inflow from financing activities	**(294 915)**	7 673
Net increase in cash and cash equivalents and bank overdrafts	**35 605**	48 858
Cash, cash equivalents and bank overdrafts at the beginning of the year	**22 005**	(26 853)
Cash, cash equivalents and bank overdrafts at the end of the year	**57 610**	22 005

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2017	285 842	(70 999)	(101 263)	1 085 792	7 547	1 206 919
Total comprehensive income						
Profit for the year	–	–	–	245 668	(290)	245 378
Other comprehensive income for the year	–	–	1 103	–	–	1 103
Net change in fair value of available-for-sale financial assets	–	–	183	–	–	183
Income tax effect	–	–	(41)	–	–	(41)
Currency translation differences (refer to note 6)	–	–	961	–	–	961
Total comprehensive income	–	–	1 103	245 668	(290)	246 481
Transaction with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	5 456	–	–	5 456
Purchase of treasury shares	–	(13 552)	–	–	–	(13 552)
Settlement of employee share appreciation rights exercised and reserve transfer, net of tax	(20 357)	11 391	(5 196)	5 196	–	(8 966)
Dividends paid (refer to note 14.2)	–	–	–	(95 600)	(640)	(96 240)
Total contributions and distributions	(20 357)	(2 161)	260	(90 404)	(640)	(113 302)
Changes in ownership interests						
Initial non-controlling interest acquired (refer note 12)	–	–	–	–	(64 257)	(64 257)
Additional non-controlling interest acquired due to:						
■ Infrasors	–	–	–	(104)	83	(21)
■ Afrimat Bulk Commodities	1 500	13 500	–	(19 268)	1 768	(2 500)
■ Afrimat Demaneng	–	–	–	(109 769)	65 769	(44 000)
Total changes in ownership interest	1 500	13 500	–	(129 141)	3 363	(110 778)
Total transactions with owners of parent	(18 857)	11 339	260	(219 545)	2 723	(224 080)
Balance at 28 February 2018 as originally presented	266 985	(59 660)	(99 900)	1 111 915	9 980	1 229 320
Change in accounting policy (refer to note 19)	–	–	–	(10 812)	–	(10 812)
Restated balance at 1 March 2018	266 985	(59 660)	(99 900)	1 101 103	9 980	1 218 508
Total comprehensive income						
Profit for the year	**–**	**–**	**–**	**301 363**	**2 852**	**(304 215)**
Other comprehensive income for the year	**–**	**–**	**(1 403)**	**–**	**–**	**(1 403)**
Net change in fair value of equity instruments at fair value through other comprehensive income	**–**	**–**	**35**	**–**	**–**	**35**
Income tax effect	**–**	**–**	**(8)**	**–**	**–**	**(8)**
Currency translation differences (refer to note 6)	**–**	**–**	**(1 430)**	**–**	**–**	**(1 430)**
Total comprehensive income	**–**	**–**	**(1 403)**	**301 363**	**2 852**	**302 812**
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments, net of tax	**–**	**–**	**9 286**	**–**	**–**	**9 286**
Purchase of treasury shares	**–**	**(30 981)**	**–**	**–**	**–**	**(30 981)**
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	**(8 693)**	**4 819**	**(2 374)**	**2 374**	**–**	**(3 874)**
Dividends paid (refer to note 14.2)	**–**	**–**	**–**	**(84 745)**	**(1 475)**	**(86 220)**
Total contributions and distributions	**(8 693)**	**(26 162)**	**6 912**	**(82 371)**	**(1 475)**	**(111 789)**
Changes in ownership interests						
Additional non-controlling interest acquired due to:						
■ Infrasors	**–**	**–**		**(8)**	**(6)**	**(14)**
Total changes in ownership interest	**–**	**–**	**–**	**(8)**	**(6)**	**(14)**
Total transactions with owners of parent	**(8 693)**	**(26 162)**	**6 912**	**(82 379)**	**(1 481)**	**(111 803)**
Balance at 28 February 2019	**258 292**	**(85 822)**	**(94 391)**	**1 320 087**	**11 351**	**1 409 517**

1. Segment information

The segments of the group have been identified by business segment. 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. Aggregation of segments has been determined on the basis of product outputs with similar attributes; by considering the nature of products and services, production processes and the type of class of customer for the products and services.

At 1 March 2018, the executive committee, being the chief decision-making body, amended the basis upon which the various businesses within the group are reported as a result of changes to the executive management of the group. This aligned into three main operational pillars with five segments being allocated to these pillars, based on the market use of products.

Industrial Minerals, previously reflected within the Aggregates segment, is separately disclosed. The rationale for the change was that over the years the Industrial Minerals business has become an integral contributor to the group and serves a different market to Construction Materials.

The principal services and products of each of these segments are as follows:

- Construction Materials: Comprises Aggregates, Concrete-Based Products and Contracting operations;
- Industrial Minerals: Comprises limestone, dolomite and industrial sand (previously included within the Aggregates segment); and
- Bulk Commodities: Iron Ore.

	Change %	Reviewed year ended 28 February 2019 R'000	Restated audited year ended 28 February 2018 R'000*
Revenue			
External sales			
Construction Materials	5,7	**1 739 496**	1 645 252
Industrial Minerals	(2,7)	**544 705**	559 757
Bulk Commodities	287,6	**682 198**	175 985
	24,6	**2 966 399**	2 380 994
Intersegment sales			
Construction Materials		**126 316**	100 237
Industrial Minerals		**18 462**	–
Bulk Commodities		**–**	–
		144 778	100 237
Total revenue			
Construction Materials		**1 865 812**	1 745 489
Industrial Minerals		**563 167**	559 757
Bulk Commodities		**682 198**	175 985
		3 111 177	2 481 231
Operating profit			
Construction Materials		**190 182**	274 580
Industrial Minerals		**78 012**	88 393
Bulk Commodities		**201 329**	(33 443)
Services		**1 629**	20 869
		471 152	350 399
Operating profit margin on external revenue (%)			
Construction Materials**		**10,9**	16,7
Industrial Minerals		**14,3**	15,8
Bulk Commodities		**29,5**	(19,0)
Overall operating profit		**15,9**	14,7
Other information			
Assets			
Construction Materials		**1 080 543**	1 072 080
Industrial Minerals		**610 521**	582 634
Bulk Commodities		**467 230**	382 777
Services		**528 718**	497 224
		2 687 012	2 534 715

	Reviewed year ended 28 February 2019 R'000	Restated year ended 28 February 2018 R'000
1. Segment information *(continued)*		
Liabilities		
Construction Materials	**358 604**	324 707
Industrial Minerals	**131 860**	88 224
Bulk Commodities	**56 370**	81 989
Services***	**730 661**	810 475
	1 277 495	1 305 395
Depreciation and amortisation		
Construction Materials	**81 478**	73 105
Industrial Minerals	**28 233**	27 504
Bulk Commodities	**32 656**	20 042
Services	**3 974**	3 642
	146 341	124 293
Capital expenditure (excluding acquisitions through business combinations)		
Construction Materials	**110 643**	114 080
Industrial Minerals	**63 593**	40 707
Bulk Commodities	**25 975**	41 633
Services	**7 332**	5 800
	207 543	202 220

* *Prior year figures were restated to reflect the amended basis in which various businesses within the group are reported. A classification misstatement between revenue and cost of sales of R75,8 million has been corrected in FY2018 (refer to note 20 for further disclosure).*

** *Excluding goodwill impairment, 12,1%.*

*** *Includes the R300,0 million amortising five-year facility with SBSA and FNB.*

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
2. Impairment of property, plant and equipment		
Impairment of property, plant and equipment	**–**	1 399

In the prior year an impairment loss was recognised, relating to property, plant and equipment items written off at Afrimat Aggregates (KZN) Proprietary Limited and Afrimat Contracting International Proprietary Limited.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
3. Impairment of goodwill		
Impairment of goodwill	**20 468**	–

After performing the annual goodwill impairment test of Afrimat Concrete Products Proprietary Limited, it was determined that the carrying value of the reporting unit exceeded its fair value, resulting in a R20,5 million goodwill impairment. This is mainly due to the reduction in sales volumes as a result of small medium enterprises entering the market adding to the level of competition.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
4. Depreciation and amortisation		
Depreciation	**144 712**	122 566
Amortisation	**1 629**	1 727
	146 341	124 293

5. Income tax expense

The effective tax rate of the group increased from 24,2% to 27,8% in the current year. This was mainly due to the quantum of income tax deducted from expenditure actually incurred in settlement of the shares exercised in the Share Appreciation Rights Scheme as well as the reversal of previously raised deferred tax assets in Delf Sand Proprietary Limited and Afrimat Silica Proprietary Limited. Included in the available income tax losses of R531,1 million (2018: R522,1 million) are tax losses of R73,9 million (2018: R32,8 million), which are available for set-off against future taxable income but not raised due to the improbability of the realisation of related tax benefits. Furthermore, the available income tax losses include a tax loss of R345,3 million (2018: R340,5 million) relating to Afrimat Demaneng Proprietary Limited, also not raised due to pre-acquisition tax losses not acknowledged.

6. Currency translation differences

Foreign currency transactions relating to the Mozambique operations are translated into the presentation currency (ZAR or R) by means of translating assets and liabilities at the closing rate at the date of the statement of financial position and income and expenses at average exchange rates for the year and recognising all resulting exchange differences in other comprehensive income. Exchange differences arising on monetary items that form part of the group's net investment in the Mozambique operations are recognised in other comprehensive income, whilst all other translations including those on short-term receivables, are recognised in profit or loss.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
7. Other financial assets		
Financial assets at fair value through other comprehensive income	**2 734**	–
Available-for-sale financial assets	**–**	20 684
Financial assets at fair value through profit or loss	**50 025**	30 573
Financial assets at amortised cost	**3 939**	8 189
	56 698	59 446
Non-current other financial assets	**56 698**	59 446
Current other financial assets	–	–
	56 698	59 446

Refer to note 13 for fair value disclosure of other financial assets.

	Number of shares	
	28 February 2019	28 February 2018
8. Movement in number of treasury shares		
Opening balance	**6 654 039**	7 187 643
Utilised for Share Appreciation Rights Scheme	**(183 036)**	(473 106)
Utilised to purchase minority shares in Afrimat Bulk Commodities	**–**	(535 714)
Purchased during the year		
Afrimat Aggregates Operations Proprietary Limited ('AAO')	**209 000**	475 216
Afrimat Management Services Proprietary Limited ('AMS')	**892 500**	–
Closing balance	**7 572 503**	6 654 039

8. Movement in number of treasury shares *(continued)*

The Afrimat BEE Trust (indirectly through Afrimat Empowerment Investments Proprietary Limited) holds, on an unencumbered basis, 6 653 854 shares representing 4,64% of the issued share capital of the company.

AMS holds 397 700 shares, as nominee for the absolute benefit of the participants of the company's Forfeitable Share Plan ('FSP').

The remaining 494 800 shares held in AMS are held for the purposes of the company's Share Appreciation Rights Scheme.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
9. Borrowings		
9.1 Capital net movement		
Opening balance	**436 958**	174 089
Acquired through business combination	**–**	2 895
New borrowings	**256 435**	379 845
Repayments	**(309 847)**	(119 871)
Closing balance	**383 546**	436 958
Analysis as per statement of financial position		
Borrowings non-current	**235 542**	271 954
Borrowings current	**148 004**	165 004
	383 546	436 958
9.2 Analysis as per statement of cash flows		
New borrowings	**144 635**	300 000
Repayments	**(309 847)**	(119 871)
	(165 212)	180 129

In the prior year, the group financed debt included in the general bank facilities into a R300,0 million amortising five-year term facility with SBSA and FNB, bearing interest linked to the three-month Jibar rate and payable in quarterly instalments commencing 30 November 2017.

During the current year an amount equal to R60,0 million of the original R300,0 million facility commitment, which had previously been repaid by the company, was redrawn. On the last repayment date of the year, the group prepaid an amount of R100,0 million to the five-year term facility, from internally generated cash flows.

During the current year, the group financed plant and machinery with SBSA to fund capital expenditure and working capital requirements to support the growth and expansion of the group. The financed plant and machinery was purchased in preceding years and would have been included in the 'additions' of those respective years. A vehicle asset facility of R109,6 million over 36 months at prime rate minus 1,15% repayable in monthly instalments of capital and interest, was agreed upon for this purpose.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
10. Other financial liabilities		
Net capital proceeds owing to Afrimat BEE Trust participants	**9 480**	12 968
Deferred liability: Demaneng minorities	**–**	8 888
	9 480	21 856

10. Other financial liabilities *(continued)*

Upon implementation of the Afrimat Rainbow Capital ('ARC') transaction, the beneficiaries of the trust received their respective consideration net of liabilities and ceased to be participants under the current BEE scheme. This liability exists due to an amount owing to beneficiaries whom could not be traced, mostly deceased individuals. Afrimat is in the process of tracking these beneficiaries to ensure payment occurs timeously.

On 22 August 2017, the group announced on SENS that Afrimat had concluded a sale of shares and claims agreement with the minorities of Afrimat Demaneng Proprietary Limited and Diro Iron Ore Proprietary Limited ('Demaneng') to acquire the remaining 40% stake in Demaneng as from 15 August 2017. The purchase consideration of R44,0 million was payable in nine tranches as follows: eight monthly instalments of R5,0 million per month for eight consecutive months commencing 15 August 2017; and R4,0 million in one final instalment. The deferred liability was repaid during the current year.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
11. Authorised capital expenditure		
Contracted after year-end, but not provided for		
Property, plant and equipment	**2 928**	6 771
Not yet contracted for		
Property, plant and equipment	**194 697**	177 144
Total authorised capital expenditure	**197 625**	183 915

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

12. Acquisition of businesses

Afrimat Demaneng Proprietary Limited and Diro Iron Ore Proprietary Limited ('Demaneng')

In the prior year, the group acquired 60% of the issued shares of Demaneng, as well as a cession and delegation agreement with Investec Limited to purchase all of its security. On 13 July 2017, all conditions precedent, including section 11 approval from the Department of Mineral Resources ('DMR'), were fulfilled and the agreement became unconditional. On 22 August 2017, the group announced on SENS that Afrimat had concluded a sale of shares and claims agreement with the minorities of Demaneng to acquire the remaining 40% stake in Demaneng from 15 August 2017 for an aggregate purchase consideration of R44,0 million. The acquisition complemented and augmented Afrimat's product offering and further expanded its footprint across South Africa. Given the nature of Demaneng's reserves and the access to infrastructure, together with Afrimat's existing competencies, the transaction allows the ability to leverage the combined strengths which resulted in developing new revenue opportunities for Afrimat in the iron ore space.

Details of the acquisition are as follows:

	F2018
	Total R'000
Carrying amount/fair value of net assets acquired:	
Property, plant and equipment*	**304 374**
Other financial assets	**17 557**
Inventories	**12 446**
Trade and other receivables	**8 804**
Borrowings	**(307 852)**
Trade and other payables**	**(66 996)**
Provisions	**(20 294)**
Deferred tax liability	**(53 454)**
Current tax payable	**(4 542)**
Cash and cash equivalents	**5 228**
Net assets	**(104 729)**
Additional non-controlling interest acquired	**64 257**
Goodwill**	**40 472**
Consideration paid	**–**

	F2018
	Total R'000
12. Acquisition of businesses *(continued)*	
Net cash inflow from acquisition of subsidiary:	
Cash and cash equivalents acquired	5 228
	5 228
Pro forma revenue assuming the business combination for the full period ended 28 February 2018	274 647
Pro forma loss after tax assuming the business combination for the full period ended 28 February 2018	(103 836)
Revenue included in results	251 773
Loss after taxation included in results	(38 790)
Acquisition costs (including business rescue costs) included in operating expenses for the period ended 28 February 2018	5 782

* *Property, plant and equipment includes the fair value of mining assets of R169,7 million acquired.*

** *Measurement period adjustment – during the reporting period, the comparative information was retrospectively adjusted to decrease trade and other payables offset by a decrease in goodwill, at the acquisition date, by R55,9 million in the process of finalising the accounting for this business combination.*

At acquisition, the fair value of trade and other receivables was R8,8 million and includes trade receivables of R8,0 million. An amount of R8,8 million is reflected as neither impaired nor past due.

Bethlehem Quarry and ancillary businesses from WG Wearne Limited ('Wearne')

Wearne Aggregates Proprietary Limited and Wearne Readymix Concrete Proprietary Limited, both wholly owned subsidiaries of Wearne, entered into an agreement with Afrimat Aggregates (KZN) Proprietary Limited and Afrimat Concrete Products Proprietary Limited, both wholly owned subsidiaries of Afrimat, on 6 July 2016 to dispose of the Bethlehem quarry and ancillary businesses as a going concern for R28,0 million. Furthermore, Wearne also agreed to dispose of Erf 4038, Bethlehem, Free State to Rodag Holdings Proprietary Limited, a wholly owned subsidiary of Afrimat, for R2,0 million. The effective date of the transaction was 17 October 2016.

Details of the acquisition are as follows:

	F2018	
	Wearne – additional acquisition R'000	**Total R'000**
Carrying amount/fair value of net assets acquired:		
Property, plant and equipment*	1 000	1 000
Net assets*	1 000	1 000
Consideration paid		
Cash	1 000	1 000
Total consideration	1 000	1 000
Net cash outflow from acquisition of subsidiary:		
Cash consideration paid**	(1 000)	(1 000)
	(1 000)	(1 000)

* *Property, plant and equipment includes the fair value of R1,0 million mining assets acquired.*

** *An amount of R1,0 million was payable on the approval of section 11 by the Department of Mineral Resources.*

13. Fair value estimation

Fair value determination

The following table presents the financial assets that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
At 28 February 2019			
Assets			
Investment property*	**–**	**–**	**3 040**
At fair value through other comprehensive income			
Equity securities**	**71**	**–**	**–**
Environmental funds***	**–**	**2 663**	**–**
At fair value through profit or loss			
Unit trusts***	**–**	**50 025**	**–**
Trade receivables****	**–**	**52 522**	**–**
Total assets	**71**	**105 210**	**3 040**
At 28 February 2018			
Assets			
Investment property*	–	–	3 040
Available-for-sale financial assets			
Equity securities**	128	–	–
Environmental funds***	–	20 556	–
At fair value through profit or loss			
Unit trusts***	–	30 573	–
Total assets	128	51 129	3 040

* *The fair value was determined based on the price per square metre for similar properties derived from observable market data.*

** *This fair value was based on quoted market prices at the end of the reporting period.*

*** *The fair value was derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment by reference to the fair value of the individual assets and liabilities recognised in the unit trust's/environmental fund's statement of financial position.*

**** *The fair value was determined using the three-month forward looking commodity prices and foreign exchange rates as at the end of the reporting period.*

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
14. Dividends		
14.1 Afrimat Limited dividends paid/declared in respect of the current year profits		
Interim dividend paid	**27 220**	28 652
Final dividend declared/paid	**88 823**	60 170
	116 043	88 822
14.2 Dividends cash flow		
Current year interim dividend paid	**27 220**	28 652
Previous year final dividend paid	**60 170**	71 631
Dividends received on treasury shares	**(2 645)**	(4 683)
	84 745	95 600
Dividends paid by subsidiaries to non-controlling shareholders	**1 475**	640
	86 220	96 240
The company has declared the following cash distributions to shareholders:		
Interim dividend paid (cents)	**19,0**	20,0
Final dividend declared/paid (cents)	**62,0**	42,0
Distributions paid (cents)	**81,0**	62,0

15. Events after reporting date

Subsequent to the reporting date, the company made a non-binding indicative offer ('NBIO') to purchase the entire issued share capital of Universal Coal plc ('Universal'), a company listed on the Australian Stock Exchange, with operations in South Africa, for a maximum purchase price of A$0,40 for each Universal share held. The NBIO is subject to various conditions precedent, including the completion of a due diligence by the company, the finalisation of financing arrangements and board and shareholder approval in respect of the proposed transaction.

16. Contingencies

Guarantees to the value of R73,7 million (2018: R87,5 million) were supplied by SBSA to various parties, including the DMR and Eskom, respectively during the year under review.

Guarantees to the value of R25,1 million (2018: R73,9 million) were supplied by FNB to various parties, including the DMR and Eskom, respectively during the year under review.

Guarantees to the value of R1,6 million (2018: R1,6 million) by Lombard's Insurance Group, R0,9 million (2018: R0,5 million) by ABSA, R116,6 million (2018: R94,2 million) by Centriq Insurance Innovation and R2,7 million (2018: R2,7 million) by SIG Guarantee Acceptances Proprietary Limited were supplied to various parties, including the DMR, Eskom and Chevron South Africa Proprietary Limited.

The majority of these guarantees are in respect of environmental rehabilitation and will only be payable in the event of default by the group.

A contingent liability exists due to the uncertain timing of cash flows with regards to future local economic development ('LED') commitments made to the DMR 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 R8,3 million (2018: R10,3 million). An accrual has been raised in respect of commitments made up to the end of the year.

The company received notice on 31 March 2017 from the Competition Commissioner that it had referred a complaint to the Competition Tribunal ('Tribunal'), alleging that the company, through its wholly owned subsidiary, Clinker Supplies Proprietary Limited ('Clinker'), has engaged in an abuse of dominance by allegedly charging excessive prices. After taking legal advice and considering the complaint, the company is of the opinion that there is no merit to the complaint and will therefore vigorously defend itself before the Tribunal. The Competition Commission is ordering an administrative penalty equal to 10% of affected turnover for F2016 which equates to R16,3 million. The company awaits a final hearing date to be set by the Tribunal.

The company received notice on 27 February 2019 from the South African Revenue Service ('SARS'), in terms of which SARS demands payment of R74,3 million from Afrimat Demaneng Proprietary Limited ('Demaneng'). The company submits that the debts owed to SARS prior to the commencement of business rescue proceedings have been settled in full as envisaged in the business rescue plan. On 13 March 2019, the company requested SARS to permanently write off the outstanding balance, in accordance with the provisions of section 197 and section 198 of the Tax Administration Act. After taking legal advice and considering the claim, the company is of the opinion that there is no merit to the claim and will therefore vigorously defend itself against SARS. The probability of outflow is remote and no liability has been raised.

	Reviewed year ended 28 February 2019 R'000	28 February 2018 R'000
17. Commitments		
Operating leases – as lessee (expenses)		
Minimum lease payments due		
No later than one year	**11 604**	7 847
Later than one year and no later than five years	**21 918**	18 428
	33 522	26 275

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 rates. All rental agreements exceeding five years have a notice period of six months and therefore not disclosed above.

	Reviewed year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
18. Related parties		
Loan balance owing by associate	**7 777**	10 151
Loan balance owing by joint venture	**11 884**	31 011
Interest received from associate	**574**	484
Interest received from joint venture	**1 971**	887

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. This resulted in an increase of the loss allowance on 1 March 2018 by R10,8 million for the loan owing by joint venture. The loss allowance increased by a further R8,9 million during the current year.

19. New and amended accounting standards

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group changed its accounting policies. The group applied the modified retrospective approach in adopting the following standards:

- IFRS 9: *Financial Instruments*; and
- IFRS 15: *Revenue from Contracts with Customers*.

The impact of the adoption of IFRS 15 and IFRS 9 is presented below.

Standard	Subject
IFRS 15	*Revenue from Contracts with Customers*

The group adopted IFRS 15 from 1 March 2018 using the modified retrospective transition method and has therefore not restated the comparatives for FY2018. In terms of IFRS 15 revenue is recognised based on the satisfaction of specifically identified performance obligations, when control of goods or services transfers to a customer.

Presentation of assets and revenue related to bulk commodities sales:

- The group's sales of bulk commodities are provisionally priced. At the point of recognition of revenue, Afrimat Demaneng Proprietary Limited, a wholly owned subsidiary of Afrimat Limited, estimates the amount and recognises the revenue at the best estimate (three-month forward looking rate is considered to be the best estimate) of the amount expected to be received. In terms of the agreement with Kumba International Trading S.A.R.L, the commodity prices used in the calculation of the revenue of bulk commodities are based on the average daily prices during the month prior to the relevant month of delivery.
- Previously the receivable was fair valued when the price was fixed at the end of the third month. The fair value adjustment was recognised in the statement of comprehensive income as an adjustment to revenue.
- The fair value changes due to market variability (that is changes in the commodity prices and exchange rates) are not in the scope of IFRS 15 and can therefore not be presented as revenue from contracts with customers. These movements are accounted for as other revenue and disclosed separately from revenue from contracts with customers.
- Although there has been a change in the presentation and disclosure of other revenue within the revenue note, no measurement change is relevant and therefore no impact on opening retained income.

Standard	Subject
IFRS 9	*Financial Instruments*

IFRS 9 replaces the multiple classification and measurement models in IAS 39: *Financial Instruments*: *Recognition and measurement* with a single model that has initially only two classification categories: amortised cost and fair value and introduces new rules for hedge accounting and a new impairment model for financial assets.

The group adopted IFRS 9 from 1 March 2018 using the modified retrospective transition method and therefore comparative figures have not been restated.

(i) Classification and measurement

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On 1 March 2018, management assessed which business models applied to each of the financial assets held by the group and has classified these financial instruments in the appropriate IFRS 9 categories.

- A component of the group's equity instruments that were previously classified as available-for-sale satisfied the conditions for classification as at fair value through other comprehensive income ('FVOCI');

19. New and amended accounting standards *(continued)*

New and amended standards adopted by the group *(continued)*

(i) Classification and measurement *(continued)*

- Equity instruments previously measured at fair value through profit or loss ('FVPL') will continue to be measured on the same basis under IFRS 9; and
- The majority of the group's debt instruments that were previously classified as loans and receivables at amortised cost satisfied the conditions for classification as financial assets measured at amortised cost.

The effects of this reclassification is presented below:

		IAS 39 categories			IFRS 9 categories		
Opening balances	Notes	**Loans and receivables R'000**	**FVPL R'000**	**Available for sale ('AFS') R'000**	**Amortised cost R'000**	**FVPL R'000**	**FVOCI R'000**
Other financial assets		–	–	–	–	–	–
Loans and receivables		8 189	–	–	8 189	–	–
AFS	1	–	–	20 684	–	18 008	2 676
FVPL	1	–	30 573	–	–	30 573	–
Trade receivables*	2	368 318	–	–	336 888	31 430	–
Cash and cash equivalents		112 208	–	–	112 208	–	–

** Excluding prepayments and value-added taxation.*

1. *Reclassification from available-for-sale to FVPL*

Investments in insurance policies of R18,0 million were reclassified from available-for-sale assets to financial assets at FVPL. No related fair value gains were transferred from other reserves to retained earnings.

2. *Reclassification from loans and receivables to FVPL*

Provisionally priced receivables related to the sale of bulk commodities were measured at FVPL from the date of recognition up until date of settlement, as it fails the amortised cost requirement of cash flows representing solely payment of principal and interest. Previously these receivables were disclosed as loans and receivables.

(ii) Impairment of financial assets

IFRS 9 replaced the incurred credit losses model in IAS 39 with a forward-looking expected credit loss ('ECL') model to calculate impairments of financial assets. It was applied to financial assets classified at amortised cost, lease receivables and loan commitments. In assessing the impairment that should be raised under the ECL model on these financial assets, credit enhancements such as insurance held against loans and receivables were taken into account in the ECL model.

(a) Trade and other receivables

The increase in the impairment provision from the incurred loss model to ECL amounted to R10,8 million (net of taxation) relating to loans to the group's joint venture on 1 March 2018 upon adoption of IFRS 9.

The adjustment of the loss allowance for trade and other receivables on transition to IFRS 9 was found to be immaterial.

(b) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Opening balances	**28 February 2018 As originally presented R'000**	**IFRS 9 ECL R'000**	**1 March 2018 Restated R'000**
Current assets			
Trade and other receivables (measured at amortised cost)	368 318	(12 042)	356 276
Equity			
Retained earnings	(1 111 915)	10 812	(1 101 103)
Non-current liabilities			
Deferred tax	(207 583)	(1 230)	(208 813)

19. New and amended accounting standards *(continued)*

New and amended standards adopted by the group *(continued)*

(iii) Financial liabilities

There was no impact on the group's accounting for financial liabilities, as the new requirements only affected the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

Impact of standards issued but not yet applied by the group

Standard	Subject
IFRS 16	*Leases*

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting of lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of R33,5 million, refer to note 17. The group estimates that approximately 20% to 22% of these relate to payments for short-term and low-value leases which will be recognised on a straight-line basis as an expense in profit or loss.

The group has assessed the effect of the difference in treatment of variable lease payments and the extension and termination options. The estimate of the effect of the adoption of the new standard is as follows:

	R'000
Property, plant and equipment	**16 885**
Lease liability	**(21 150)**
Retained earnings (opening balance)	**4 265**

Mandatory for financial years commencing on or after 1 January 2019. The group will apply the new standard on 1 March 2019. The group intends to apply the simplified approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 March 2019 and that the comparatives will not be restated.

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

20. Comparative information

Certain comparative figures were inaccurately reflected and have been reclassified. The classification error had no impact on the profit for the year, neither the statement of financial position.

Statement of profit or loss and other comprehensive income

The misstatement related to the recording of freight and shipping for all foreign sales in Demaneng to the landing port. Foreign sales in Demaneng are made on a free-on-board basis and risks and rewards pass at the loading port. The company has however previously recorded freight and shipping to the landing port and recorded a corresponding amount in cost of sales. The company had no obligation to deliver to the landing port.

The effect of the reclassification is as follows:

	28 February 2018		
	As originally presented R'000	Reclassi-fication R'000	Restated R'000
Revenue	2 456 782	(75 788)	2 380 994
Cost of sales	(1 699 417)	75 788	(1 623 629)
		–	

Directors
MW von Wielligh*# (Chairman)
AJ van Heerden (CEO)
PGS de Wit (CFO)
GJ Coffee*
L Dotwana*
PRE Tsukudu*#
JF van der Merwe*#
HJE van Wyk*#
JH van der Merwe*#
HN Pool*#
FM Louw*#
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