RAUBEX

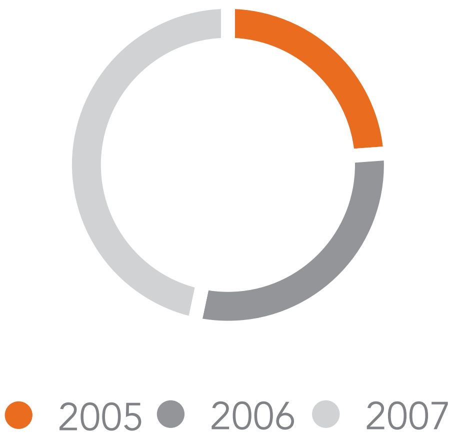
Raubex Group Limited

annual report 2007

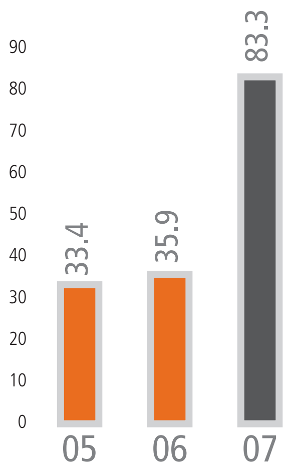
Contents

Financial highlights

- Successful listing on the JSE Limited
- Results in-line with forecasts provided at pre-listing
- Revenues up 58,3% to R1 190,9 million (2006: R752,3 million)
- Group operating margins of 16,3% (2006: 9,6%)
- HEPS up 132% to 83,3 cents per share (2006: 35,9 cents per share)
- Strong cash flow from operations up 123,6% to R198,8 million (2006: R88,9 million)
- Solid order book and good prospects for FY08



Revenue



Headline earnings per share

Milestone

Raubex listed on the JSE on 20 March 2007

Directors present were:

Left to right

Collin Matjila
Fred Kenney
Les Maxwell
Koos Raubenheimer
Francois Diedrechsen
Mbali Swana
Thabo Raubenheimer

Building roads into the future

Building quality roads profitably for over three decades

Chairman's report

Dear shareholder

It is my pleasure to present this overview of Raubex's achievements in this first report to you as chairman of the Group.

A significant event in the thirty year history of the company was its successful listing on the main board of the JSE Limited on 20 March 2007.

We are proud of our transformation into a public entity and firmly believe that we are now better positioned to attain our intended vision and mission through:

- greater access to capital markets;
- the attraction and retention of the best talent in the industry;
- enhanced profile; and
- value creation for all stakeholders.

The listing also provides investors an alternative choice within the construction sector and gives management an exciting platform from which to grow the business into the future.

Financial highlights

The Group produced a solid set of results in line with the forecast provided ahead of the listing. Revenues increased 58,3% to R1 190.9m and cash flow from operations was up 123,6% to R198,8 million. Headline earnings per share increased by 132% to 83,3 cents.

Raubex intends to adopt a competitive dividend policy. The strong performance and healthy cash flow generation should see a maiden dividend being declared for the interim period of the 2008 financial year.

Acquisitions

During the year under review, Raubex proceeded with its stated strategy of growing both organically and acquisitively. This is reflected by the solid performance but also through the strategic acquisitions of Milling Techniks, SPH Kundalila and National Asphalt.
SPH Kundalila and National Asphalt were acquired after 28 February 2007.

SPH Kundalila, which is involved in the screening, mining, crushing and processing of stone and related activities, was acquired by Raumix. The acquisition opens new routes to market for the division and secured a high quality new client base including mining houses.

Milling Techniks and National Asphalt were acquired by Roadmac. These acquisitions are a good fit with the division's activities which include the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments and slurry seals.

The directors will proactively continue to identify value enhancing opportunities for the various divisions of the Group. In southern Africa, acquisitions in geographies well known to the company may also be considered.

Prospects

From an infrastructure development perspective, the government announced a budget spend of R372 billion over the next five years and more specifically a road spend of over R60 billion over the next three years.

Most industry players, including Raubex, only began seeing the tangible results of the announced investments filter through towards the financial year-end.

With an order book in excess of R1,6 billion and the new acquisitions beginning to bear fruit, we are very positive about the prospects and look forward to solid growth next year and continued buoyancy across the infrastructure market in South Africa.

Macro-environment

Locally, a number of government-led initiatives such as the 2010 Soccer World Cup, Gautrain, road network upgrades, low cost housing and the increase in water and electricity demand should inevitably result in increased demand for the services provided by the construction industry.

South Africa is currently experiencing a capacity constraint in the civil engineering sector. Whilst this means that the government may experience difficulties in meeting original timeframes, we believe that this allows highly specialised and empowered companies such as Raubex to select higher quality projects with better margin levels.

BEE

Raubex is fully cognisant of the need for broad transformation in the South African economy and is committed to playing an active role through equity ownership, skills development, procurement and employment diversity.

Raubex is proud of its BEE credentials and is more than 26% owned by disadvantaged groups. The two main anchor BEE shareholders are Matlapeng Holdings (Pty) Limited and Kenworth (Pty) Limited.

Corporate governance

During the course of the year the board of directors was constituted and comprises three executive directors, three non-executive directors and one independent non-executive director. I look forward to their valuable advice and support in the years ahead.

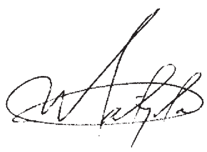
The board of directors endorses and accepts full responsibility for the application of the principles necessary to ensure that effective Corporate Governance is practised consistently throughout Raubex. The intention is to comply with the requirements of the King Code in both letter and spirit and Raubex's approach to corporate governance strives to be stakeholder inclusive, based on good communication and integrated into every aspect of the business.

The directors have proactively taken steps to ensure that all the elements required to make Raubex fully compliant with the recommendations incorporated in the Code have been implemented.

Appreciation

I would like to take this opportunity to thank the management and staff for their support and commitment to the Group. I would also like to thank the board for their support and assistance and look forward to working with them in the future.

In conclusion, we thank our customers and suppliers for their loyal support and look forward to continue building mutually beneficial relationships in the years ahead.



MC Matjila
Chairman

CEO's report

As CEO – it is my pleasure to report Raubex achievements as a public company for the first time.

I would like to take this opportunity to thank the management and all the employees across all our operating divisions for all their support and hard work. They make this company the success that it is.

We are a leading infrastructure construction company focused on roads and I sometimes need to remind shareholders that we are not a pure construction company. We have been building roads and related civil engineering works for over 30 years and this remains our core focus.

The listing on the JSE was a historic day in the development of the company. It was a long but effective process. Again I would like to thank all those who made it possible for this to happen.

Prior to listing, the Group was restructured more efficiently to optimise synergies across all our divisions and we will seek out further efficiencies and opportunities to maximise the value of each division.

Management has an exciting new platform from which to grow the business into the future. Our size and geographic reach ensure that we remain competitive across the country and post listing we are well positioned to compete effectively on any project, including PPPs.

Group financial performance

The Group has delivered a good set of financial results in line with pre-listing forecasts and which set a good platform for organic and acquisitive growth in the next 12 months. The highlights of group performance were:

- Revenues were up 58,3% to R1 190,9 million (2006: R752,3 million).
- HEPS were up 132% to 83,3 cps (2006: 35,9 cps).
- Group operating margins were at 16,33% (2006: 9,61%).
- Cash flow from operations was up 123,6% to R198,8 million (2006: R88,9 million).
- Free cash flow was at R208,4 million (2006: R98,2 million).
- We have low gearing which means we are able to take on debt to fund acquisitive growth if we see the right opportunity.

Divisional reviews

The Group has a balanced portfolio across three lines of business and geographies within South Africa's borders and includes a few projects north of the border. South Africa remains our key focus and 94% of our revenues are derived from within the country.

Three acquisitions were concluded, namely Milling Techniks, National Asphalt and SPH Kundalila. The last two acquisitions were effective after February year-end and all three acquisitions are integrating well into the Group and are performing above expectations. As a group we will continue to explore acquisitive growth opportunities across all three divisions.

Raubex Construction – The division saw good revenue growth of 36% to R477,9 million (2006: R350,5 million). The operating profit was R48,3 million (2006: operating loss of R5,5 million) at operating margins of 10,1%. Growth in government expenditure was lagging during the results reported for the year. However, we are currently completing older, less lucrative contracts and moving towards bigger contracts with better margins. This makes for a buoyant market over the next year.

Roadmac – Revenues increased 79% to R685,1 million for the year (2006: R367,1 million) and the division will continue to grow its revenues and earnings but at a slower rate going forward. Operating profit more than doubled to R134,7 million (2006: R67,6 million) while operating margins were at a healthy 19,7%. Government infrastructure spend was already evident in the results at year-end and we will continue to consolidate our strong position in this market. There is a significant backlog of road maintenance and road building contracts which Raubex as a group is well positioned to execute to the highest standards.

Raumix – Revenues in this division declined 20% to R27,8 million (2006: R34,7 million) due partly to internal revenue, eliminated upon consolidation. The operating margin of 41,2% is slightly higher than usual due to increased internal revenue which inflated the margin. A more sustainable margin is closer to 30%. The outlook for demand for aggregates from the construction industry is robust. We will continue to grow our supplies to this segment.

The order book grew substantially to over R1,6 billion, mainly across the Construction and Roadmac divisions. The order book has continued to develop robustly and Raubex's strategy remains to ensure some flexibility in the order book to leverage the best pricing.

Dividend

We are a cash generative business and have adopted a 3 times dividend cover policy.

BEE

We are proud of our BEE credentials and our share capital structure is almost unencumbered. This sets a positive platform for business with our major clients.

Employees

The Group employs around 3 000 people. We will continue to train and educate through our effective recruitment and training programmes and this will help us to maximise our utility and maintain capacity at high levels of demand.

New options scheme for middle management proposed

As a business imperative we have proposed a new share options scheme to attract, retain and reward the best talent in the industry at middle management level. This new scheme will apply only to current and future middle management in the Group but it excludes senior/executive level management who already own a significant proportion of the share capital. The proposed scheme has restraints and agreements in place for three years and will incentivise middle managers by offering parcels of share options according to a formulaic sliding scale of performance hurdles together with associated strike prices.

Outlook summary

In summary the outlook for 2007/8 is buoyant. Road construction demand is expected to increase over the short and medium term and road upgrade allocations will increase significantly.

I believe we are exceptionally well positioned to benefit from these programmes over the next few years.

Additionally, we are well exposed to the 2010 World Cup construction boom and its associated infrastructure programmes. This bodes well for all the divisions in the Raubex Group.

We are very positive about our prospects, both for organic growth and for acquisitive growth and look forward to a healthy and positive trend over the 12 months ahead.

K Raubenheimer
Chief Executive Officer

Corporate governance

The directors endorse, and accept full responsibility for, the application of the principles necessary to ensure that effective Corporate Governance is practised consistently throughout Raubex. In discharging this responsibility, Raubex complies with the requirements of the Code of Corporate Practice and Conduct in the King II Report on Corporate Governance in both letter and spirit. Raubex's approach to corporate governance strives to be stakeholder inclusive, based on good communication and integrated into every aspect of Raubex's business.

The directors have proactively taken steps to ensure that all the elements required to make Raubex fully compliant with the recommendations incorporated in the Code have been implemented. The board is of the opinion that Raubex is compliant with the Code in all material respects.

Separation of roles of Chairperson and Chief Executive Officer

The board is chaired by Collin Matjila, a non-executive director. The Chairperson is responsible for providing leadership to the board, overseeing its efficient operation and has been tasked with ensuring effective Corporate Governance practices.

The Chief Executive Officer, Koos Raubenheimer is responsible for formulating, implementing and maintaining the strategic direction of Raubex, as well as ensuring that the day-to-day affairs of the Group are appropriately supervised and controlled.

Board

The board comprises three executive directors and four non-executive directors, one of whom is independent.

The board's responsibilities include providing Raubex with clear strategic direction, ensuring that there is adequate succession planning at senior levels, overseeing operational performance and management, determining policies and processes which seek to ensure the integrity of Raubex's risk management and internal controls, implementing and maintaining Raubex's communication policy and overseeing director selection, orientation and evaluation.

Non-executive directors bring an independent view to the board's decision-making. As a group, they should enjoy significant influence at the meetings. The executive directors have fixed terms of appointment and all the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at least every three years, in accordance with Raubex's articles of association.

The board intends to meet at least four times a year with additional meetings called if necessary or desirable. Information relevant to a meeting is supplied on a timely basis to the board ensuring directors can make reasoned decisions. The directors have unrestricted access to information and management in relation to Raubex, and where appropriate, may seek the advice of independent professionals on matters concerning the affairs of Raubex.

Directors of Raubex

MC Matjila *(Chairman)*#
JE Raubenheimer
GM Raubenheimer
F Diedrechsen
F Kenney#
MB Swana#
L Maxwell*

 # Non-executive
** Independent non-executive*

Independence of the board

The board's independence from the team responsible for the daily management of Raubex will be maintained by:

- separating the roles of the Chairperson and the Chief Executive Officer;
- functioning board committees comprising mainly non-executive directors;
- the non-executive directors not holding fixed-term service contracts;
- all directors, with prior permission of the board, being entitled to seek independent professional advice and the affairs of Raubex at the company's expense;
- all directors having access to the advice and services of the Company Secretary; and
- the appointment or dismissal of the Company Secretary being decided by the board as a whole and not by one individual director.

Board committees

The responsibilities delegated to the committees are formally documented in terms of reference for that committee, which have been approved by the board and will be reviewed annually. It is intended that the effectiveness of the committees will be reviewed annually by the board, based on a self evaluation done by each committee of the degree to which they have fulfilled their terms of reference.

Audit and Risk Management Committee

The Audit Committee is chaired by Les Maxwell, an independent non-executive director. The committee consists of three non-executive directors, one of whom is independent. The current members are:

- L Maxwell
- C Matjila
- F Kenney
- GM Raubenheimer

The committee meets at least four times a year and is responsible for assisting the board in fulfilling its responsibilities in respect of financial reporting issues, internal and external audit management, ensuring compliance with laws and regulations, risk management and development/ maintenance of an effective internal control system.

The Audit Committee sets the principles for recommending the use of the external auditors for non-audit purposes, which include:

- tax services, including advice on tax planning and transfer pricing issues
- corporate restructuring
- merger and acquisition advice
- training

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is chaired by Les Maxwell, an independent non-executive director. The committee consists of three non-executive directors one of whom is independent. The current members are:

- L Maxwell
- C Matjila
- F Kenney
- GM Raubenheimer
- F Diedrechsen

The committee meets at least twice a year and is responsible for assisting the board in fulfilling its responsibilities in respect of maintaining an appropriate remuneration strategy, ensuring Raubex's directors and senior executives are fairly rewarded, providing for succession planning, assessing the effectiveness of the composition of the board and evaluating the board and individual directors' performances.

Raubex intends adding a supplementary element to the remuneration package, namely a Raubex Employee Share Incentive Scheme, which will be subject to certain pre-defined performance targets being met. The details of the scheme are given on page 62.

Share dealing

The Board has implemented an insider trading policy, in terms of which closed periods will apply. During any closed period, the directors, officers and defined employees may not deal in the shares of Raubex.

Directors are required to obtain written clearance from the Chairperson of the board before dealing in Raubex shares. In terms of the Listings Requirements, any share dealings by directors are required to be released immediately on SENS. A register of share dealings by directors is maintained by the Company Secretary and reviewed by the board on a quarterly basis.

Company Secretary

The Company Secretary acts as adviser to the board and plays a pivotal role in ensuring compliance with statutory regulations and the Code, the induction of new directors, tabling information on relevant regulatory and legislative changes, and giving guidance to the directors regarding their duties and responsibilities. The directors have unlimited access to the advice and services of the Company Secretary.

Stakeholder communication

In all communications with stakeholders, the board aims to present a balanced and understandable assessment of Raubex's position. This is done through adhering to principles of openness and substance over form and striving to address material matters of significant interest and concern to all stakeholders.

Corporate governance

(continued)

The board will encourage shareholder attendance at general meetings and where appropriate provides full and understandable explanations of the effects of resolutions to be proposed.

Communication with institutional shareowners and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the proactive dissemination of any messages considered relevant to investors.

The company maintains a website that contains up-to-date information at www.raubex.co.za

Environment

Raubex recognises that its activities have an impact on the environment. Raubex has adopted a strategy that strives to minimise this impact by regularly reviewing its activities and compliance with all relevant legislation.

Employment equity

Raubex has a clearly defined employment equity strategy aimed at realising the potential of previously disadvantaged people in South Africa.

Raubex has complied with most of the South African legislative requirements on employment equity and has implemented employment equity plans.

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Raubex Group Limited and its subsidiaries

Consolidated Group Financial Statements for the year ended 28 February 2007

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

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

The directors have reviewed the Group's cash flow forecast for the year to 28 February 2008 and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditors and their report is presented on page 14.

The financial statements set out on pages 15 to 60, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2007 and were signed on its behalf by:

K Raubenheimer
Chief Executive Officer

F Diedrechsen
Director

Certification by Company Secretary

I hereby certify that in accordance with section 268G(d) of the Companies Act, 1973, as amended, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

MDP Secretarial Services (Pty) Limited
Company Secretary

21 May 2007

Independent Auditor's Report

To the members of Raubex Group Limited

We have audited the annual financial statements and group annual financial statements of Raubex Group Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 28 February 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 15 to 60.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the Group as of 28 February 2007, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: **DA Foster**
Registered Auditor

Bloemfontein
22 May 2007

Directors' Report

This report represented by the directors is a constituent document of the group consolidated financial statements at 28 February 2007.

Nature of business

Raubex Group Limited is an investment holdings company with interests in the road construction, rehabilitation and associated infrastructure development sectors including the supply of aggregates to the construction industry. The company does not trade and all of its activities are undertaken through a number of subsidiaries, associates and joint ventures. Details of the major operating subsidiaries, associate companies and joint ventures are disclosed in Annexure 1 to 3 of the consolidated financial statements.

Group financial results

Group earnings for the year ended 28 February 2007 were R139 million (2006: R64 million), representing basic earnings per share of 85,3 cents (2006: 36,0 cents). Headline earnings per share were 83,3 cents (2006: 35,9 cents). Full details of the financial position and results of the Group are set out in these financial statements.

Share capital

Full details of the authorised and issued capital of the company at 28 February 2007 are contained in note 10 of the financial statements. During the year the company issued 143 278 200 ordinary shares of 1 cent each at a share premium of R1 282 167 325 to acquire shares in subsidiaries (2006: Nil). At 28 February 2007 the company acquired Raubex (Pty) Limited for equity on a share exchange basis and prepared and issued in terms of the JSE Listing Requirements an offer in respect of the issue of above mentioned shares in terms of a private placement.

Share scheme

There was no share-based employee incentive scheme in place during the year under review. It is the intention of Raubex to implement an employee share incentive scheme in the 2008 financial year.

Dividend

Dividends amounting to R65 504 353 were declared and paid during the year (2006: R39 238 125).

Subsidiaries

Acquisition of Milling Techniks (Pty) Limited

The Group acquired 100% of the issued share capital of Milling Techniks (Pty) Limited on 1 September 2006 for R15 million. Milling Techniks is a company specialising in road rehabilitation.

Acquisition of Roadmac Cape (Pty) Limited

The Group acquired 60% of the issued share capital of Roadmac Cape (Pty) Limited on 1 March 2006 for R150 976. Roadmac Cape (Pty) Limited was previously a 40% associate of the Group and operates in the road rehabilitation division of the Group.

Details of subsidiaries are set out in Annexure 1 of the financial statements.

Capital commitments

Details of capital commitments are set out in note 32 to the annual financial statements.

Fixed assets

There have been no major changes in the nature of the assets of the Group during the year or in the policy relating to their use (2006: Nil).

Fixed assets amounting to R113 831 528 (2006: R71 997 164) were acquired during the year.

Post balance sheet events

JSE listing

The JSE granted approval of Raubex Group's application for the listing of 162 129 832 shares on the JSE. The listing of the shares on the JSE became effective from the commencement of business on Tuesday, 20 March 2007.

Acquisitions

The Group acquired the following two businesses effective 1 March 2007:

National Asphalt (Pty) Limited (through the acquisition of the business of National Asphalt as a going concern) which business specialises in the manufacture and laying of premix asphalt. The deal value of the acquisition was R27,529 million.

SPH Kundalila (Pty) Limited (through the acquisition of 100% of the issued share capital of the holding company Aquatic Services (Pty) Limited).The SPH group consists of specialist quarry, aggregate and plant hire operations and is also involved in the mining, crushing and screening of sand and reef. The deal value of the acquisition was R162,247 million.

Directorate and secretary

At the date of this report, the directors of the company were:

Non-executive

Marake Collin Matjila *(Chairman)*
Mbali Bekiso Swana
Freddie Kenney

Independent non-executive

Leslie Arthur Maxwell

Executive

Jacobus Essaias Raubenheimer *(Group Chief Executive)*
Francois Diedrechsen *(Finance & Commercial Director)*
George Muller Raubenheimer *(Executive Director)*

The secretary's registered business and postal addresses are:

MDP Secretarial Services (Pty) Limited:	42 Lebombo Road, Ashlea Gardens, Pretoria 0081
	Private Bag 2006, Menlyn 0063

Directors' Report

(continued)

Interests of directors in the share capital

The listing of Raubex Group Limited on 20 March 2007 resulted in the present directors of the company holding direct and indirect beneficial and non-beneficial interest in 56 209 999 of the company's issued ordinary shares (2006: 300 ordinary shares). Details of ordinary shares held directly and indirectly per individual director are listed below. No share options have been allocated to directors at 28 February 2007.

	Prior to listing	Post listing
Beneficial		
Direct and indirect		
MC Matjila	1 980 000	1 980 000
F Diedrechsen	5 750 000	4 250 000
MB Swana	1 980 000	1 980 000
F Kenney	20 615 384	20 615 384
Non-beneficial		
Direct and indirect		
JE Raubenheimer	55 000 000	25 000 000
GM Raubenheimer	4 769 230	2 384 615

At date of this report, these interests remained unchanged.

Auditors

PricewaterhouseCoopers Inc will continue in office in accordance with section 270 (2) of the Companies Act.

Consolidated Balance Sheet

at 28 February 2007

	Notes	2007 R	Restated 2006 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	**290 398 357**	221 459 999
Goodwill	3	**16 533 580**	3 551 833
Investments in associates	4	**14 629 758**	18 196 645
Deferred income tax assets	5	**4 634 946**	7 577 811
		326 196 641	250 786 288
Current assets			
Inventories	6	**17 628 617**	11 548 511
Construction contracts in progress	7	**44 263 883**	25 244 500
Trade and other receivables	8	**258 686 325**	196 304 516
Current income tax receivable	28	**17 077 177**	8 441 771
Cash and cash equivalents	9	**83 266 639**	61 077 745
		420 922 641	302 617 043
Total assets		**747 119 282**	553 403 331
EQUITY			
Share capital	10	**1 432 782**	300
Share premium	10	**1 282 167 325**	–
Other reserves	11	**(1 174 084 740)**	–
Retained earnings		**196 254 978**	146 908 744
Equity attributable to equity holders of company		**305 770 345**	146 909 044
Minority interest in equity		**1 517 273**	78 198 452
Total equity		**307 287 618**	225 107 496
LIABILITIES			
Non-current liabilities			
Borrowings	13	**89 208 131**	66 867 993
Provisions for liabilities and charges	15	**658 000**	600 000
Deferred income tax liability	5	**52 511 816**	46 319 209
		142 377 947	113 787 202
Current liabilities			
Short-term portion of borrowings	13	**37 014 819**	29 684 764
Current income tax liabilities	28	**8 494 173**	7 176 664
Trade and other payables	14	**246 006 662**	176 369 297
Bank overdrafts	9	**5 938 063**	1 277 908
		297 453 717	214 508 633
Total liabilities		**439 831 664**	328 295 835
Total equity and liabilities		**747 119 282**	553 403 331

Consolidated Income Statement

for the year ended 28 February 2007

	Notes	2007 R	Restated 2006 R
Revenue	16	**1 190 860 142**	752 289 999
Cost of sales		**(964 438 063)**	(647 804 301)
Gross profit		**226 422 079**	104 485 698
Other income	17	**15 811 940**	14 404 663
Other gains/(losses) – net	18	**(11 019 291)**	283 827
Administrative expenses		**(36 710 215)**	(46 896 316)
Operating profit		**194 504 513**	72 277 872
Finance income	20	**16 814 914**	5 275 477
Finance costs	21	**(12 296 390)**	(3 230 306)
Share of profit of associates		**6 258 820**	9 090 184
Profit before taxation		**205 281 857**	83 413 227
Taxation expense	22	**(66 423 518)**	(19 011 960)
Profit for the year		**138 858 339**	64 401 267
Attributable to:			
Equity holders of the company		**85 335 234**	36 025 834
Minority interest		**53 523 105**	28 375 433
Earnings per share for the profit attributable to the equity holders of the company during the year			
Basic earnings per share (cents)		**85,3**	36,0

Consolidated Statement of Changes in Equity

for the year ended 28 February 2007

	Share capital R	Share premium R	Other reserves R	Retained earnings R	Total attributable to equity holders of the parent company R	Minority interest R	Total equity R
Balance at 1 March 2006	**300**	**–**	**–**	**146 908 744**	**146 909 044**	**78 198 452**	**225 107 496**
Changes in equity:							
Issue of share capital and share premium	1 432 482	1 282 167 325	–	–	1 283 599 807	–	1 283 599 807
Currency translation reserve			1 213 204	–	1 213 204	404 401	1 617 605
Profit for the year			–	85 335 234	85 335 234	53 523 105	138 858 339
Equity adjustments for:							
Reverse acquisition of subsidiary			(1 001 620 037)	–	(1 001 620 037)	–	(1 001 620 037)
Minority interest acquisition			(173 677 907)	–	(173 677 907)	(101 093 332)	(274 771 239)
Dividends			–	(35 989 000)	(35 989 000)	(29 515 353)	(65 504 353)
Total changes	1 432 482	1 282 167 325	(1 174 084 740)	49 346 234	158 861 301	(76 681 179)	82 180 122
Balance at 28 February 2007	**1 432 782**	**1 282 167 325**	**(1 174 084 740)**	**196 245 978**	**305 770 345**	**1 517 273**	**307 287 618**
Notes	10	10	11			12	

Consolidated Statement of Changes in Equity

for the year ended 28 February 2007

	Share capital R	Other reserves R	Retained earnings R	Total attributable to equity holders of the parent company R	Minority interest R	Total equity R
As restated for IFRS adjustments						
Balance at 1 March 2005	**300**	**–**	**137 380 485**	**137 380 785**	**58 106 776**	**195 487 561**
Changes in equity:						
Profit for the year		–	36 025 834	36 025 834	28 375 433	64 401 267
Minority interest on acquisition of subsidiaries		–	–	–	4 456 793	4 456 793
Dividends		–	(26 497 575)	(26 497 575)	(12 740 550)	(39 238 125)
Total changes	–		9 528 259	9 528 259	20 091 676	29 619 935
Balance at 28 February 2006	**300**	**–**	**146 908 744**	**146 909 044**	**78 198 452**	**225 107 496**
Notes	10	11			12	

Consolidated Cash Flow Statement

for the year ended 28 February 2007

	Notes	2007 R	2006 R
Cash flows from operating activities			
Cash generated from operations	27	**198 880 958**	88 913 342
Finance income	20	**16 814 914**	5 275 477
Dividends paid	29	**(65 504 353)**	(39 238 125)
Finance costs	21	**(12 296 390)**	(3 230 306)
Taxation paid	28	**(66 524 920)**	(31 050 499)
Net cash from operating activities		**71 370 209**	20 669 889
Cash flows from investing activities			
Additions and acquisitions of fixed assets	2	**(113 831 528)**	(71 997 164)
Sale of fixed assets	27	**22 731 812**	26 666 738
Acquisition of subsidiaries		**(997 222 552)**	6 655 934
Minorities acquired		**(278 826 096)**	–
Sale of financial assets		**–**	1 659 408
Associates' dividends received		**4 275 000**	–
Loans to associates		**(4 238 405)**	(1 125 331)
Net cash from investing activities		**(1 367 111 769)**	(38 140 415)
Cash flows from financing activities			
Proceeds from borrowings		**49 639 872**	22 978 290
Borrowings repaid		**(19 969 679)**	–
Proceeds from shares and share premium issued		**1 283 600 106**	–
Net cash from financing activities		**1 313 270 299**	22 978 290
Total cash movement for the period		**17 528 739**	5 507 764
Cash at the beginning of the period		**59 799 837**	54 292 073
Total cash at the end of the period	9	**77 328 576**	59 799 837

Notes to the Consolidated Financial Statements

for the year ended 28 February 2007

1. Accounting policies

Presentation of Financial Statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The company acquired Raubex (Pty) Limited in a reverse acquisition transaction during the year and consequently predecessor accounting was applied and the comparative figures presented are those of the acquired subsidiary. The consolidated financial statements of Raubex Group Limited have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated 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 financial liabilities (including derivative instruments) at fair value through profit or loss.

These financial statements are the first published financial statements of the Group prepared in accordance with IFRS. Reconciliation of the effects of the transition from SA GAAP to IFRS on the Group's equity and net income is provided in note 36.

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

1.1 Significant estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Estimated impairment of goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 3).

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made (note 1.12).

Impairment of trade and other receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. 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 selling and marketing costs in the income statement.

1.2 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. They carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.2 Property, plant and equipment (continued)

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

– Buildings	20 years
– Machinery	10 - 15 years
– Vehicles	3 - 5 years
– Furniture, fittings and equipment	3 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 (note 1.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

Where a property's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount in line with accounting policy 1.10; gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in net profit.

Replacement and modification expenditure

Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining book value of the component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement when incurred.

1.3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included as goodwill on the balance sheet. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in the area in which it operates.

1.4 Consolidation

Common control transactions

Transactions involving entities under common control before and after the transaction and where control is not transitory are treated within the scope of IFRS 3. The difference between the purchase consideration and the carrying value of net assets acquired is recorded in equity against a separate reserve by the defined acquirer.

Subsidiaries

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

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.4 Consolidation (continued)

Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see note 1.3).

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

Transactions and minority interests

The Group applies the economic entity model as a policy of treating transactions with minority interests. The difference between the purchase consideration and the carrying value of the net assets acquired is recognised in equity against a separate reserve for transactions with minorities. The gains and losses on disposals to minorities are also recorded in equity against the same reserve.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, if applicable net of any accumulated impairment loss (see note 4).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in joint ventures

An investment in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the Group's share of each of the assets, liabilities, income and expenses of the investment is combined line by line with similar items in the group financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

1.5 Financial instruments

Initial recognition

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 balance sheet when the Group becomes party to the contractual provisions of the instrument.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.5 Financial instruments (continued)

Initial recognition (continued)

The Group classifies its financial assets in the following categories: at fair value through profit and loss and loans and receivables and its financial liabilities: at fair value through profit or loss and financial liabilities measured at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial 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 balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. 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 in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings

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

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

1.6 Taxation

Current income tax assets and liabilities

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

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

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.6 Taxation (continued)

Deferred income taxes

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

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

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

1.7 Leases

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

Finance leases

Finance leases where the Group is the lessee are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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

The lease 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 of interest on the remaining balance of the liability.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The Group from time to time leases out certain plant and equipment. Income from this is seen as incidental and included in other income.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the applicable variable selling expenses.

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

1.9 Construction contracts in progress

Contract costs are initially recognised at cost. Cost should include all costs that relate directly to the specific contract, and allocated overheads relating to construction contracts generally. The Group does not follow a policy of capitalising borrowing cost.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.9 Construction contracts in progress (continued)

Contract work in progress is subsequently measured by reducing the amount of contract cost transferred to contract expense in the income statement. The amount transferred is determined by the stage of completion of the construction contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and other receivables and construction contracts in progress respectively.

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

The Group assesses at each balance sheet 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 asset.

1.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.11 Share capital and equity

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

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as part of other reserves.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental cost, is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Group's equity holders.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.12 Provisions and contingencies

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

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

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Inter-company revenues are eliminated on consolidation.

Construction contracts

Revenue from construction contracts is recognised on the stage of completion method. Refer policy 1.9 for further detail.

Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the buyer.

Interest income and dividends

Interest is recognised on a time-proportion basis using the effective interest rate method. Dividends are recognised when the company's right to receive payment has been established.

1.14 Borrowing costs

Borrowing costs are recognised directly in the income statement when incurred.

1.15 Employee benefits

Pension obligations

The Group operates defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Profit sharing and bonus plans

The Group pays performance based bonuses based on evaluations by management.

1.16 Translation of foreign currencies

Functional and presentation currency

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

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.16 Translation of foreign currencies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.17 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's primary format for reporting segmental information is determined in accordance with the nature of business and its secondary format is determined with reference to the geographical location of the operations.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arms'-length prices. These transfers are eliminated on consolidation.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.17 Segmental reporting (continued)

Segmental revenue and expenses

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

Segmental assets

All operating assets used by a segment, principally property, plant and equipment, investments, inventories, contracts in progress, and receivables, net of allowances. Cash balances are excluded. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

All operating liabilities of a segment, principally accounts payable, subcontractor liabilities and external interest bearing borrowings.

1.18 Standards, interpretations and amendments to published standards that are not yet effective

Certain new improved, revised and replaced standards, amendments and interpretations have been published that are mandatory for the company's accounting periods beginning on or after 1 March 2007 or later periods which the company has treated, as follows:

IFRS 7 – Financial Instruments: Disclosure, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosure (Effective from 1 January 2007)

IFRS 7 introduces new disclosure to improve the information for financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risk arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analyses to market risks. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IAS. The amendment to IAS 1 introduces disclosure about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and some additional disclosures will be required such as the capital disclosures required by the amendment of IAS 1. The company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

IFRS 8 – Operating Segments

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. It requires specific disclosures to be made in the financial statements of the entity. The estimated impact of the standard is change to the disclosure of segment reporting in terms of IAS 14 – Segment Reporting.

IFRIC 8 – Scope of IFRS 2 (effective from 1 May 2006)

IFRS 2 applies to transactions in which an entity or an entity's shareholders have granted equity instruments or incurred a liability to transfer cash or other assets for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity in exchange for goods or services. This Interpretation applies to such transactions when the identifiable consideration received (or to be received) by the entity, including cash and the fair value of identifiable non-cash consideration (if any), appears to be less than the fair value of the equity instruments granted or liability incurred. The interpretation is effective for annual periods beginning on or after 1 May 2006. The interpretation is not expected to have any impact on the Group.

IFRIC 9 – Reassessment of Embedded Derivatives

IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flow that otherwise would be required under the contract. As none of the group entities have changed the terms of their contract, IFRIC 9 is not relevant.

1. Accounting policies (continued)

Presentation of Financial Statements (continued)

1.18 Standards, interpretations and amendments to published standards that are not yet effective (continued)

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The interpretation is not expected to have any impact on the Group.

IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions

The interpretation addresses specific issues and whether these should be treated as equity-settled or cash-settled under the requirements of IFRS 2 – Share-based Payments. The interpretation is not expected to have any impact on the Group.

IFRIC 12 – Service Concession Arrangements

The interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. The interpretation is not expected to have any impact on the Group.

AC 503 – Accounting for Black Economic Empowerment (BEE) Transactions

AC 503 – Transactions states that if equity instruments are granted at a discount to a BEE partner, this must be expensed unless it relates to the acquisition of another intangible. BEE credentials acquired as part of a business combination shall be subsumed in goodwill and not recognised as a separate intangible asset provided that the business combination is genuine. Where the BEE transaction includes service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised over the period of the service conditions. Where the BEE transaction includes no service conditions, the fair value of the equity instruments shall be measured at grant date and the expense and any resulting expense should be recognised immediately on grant date but may be trued up for non-market performance conditions. AC 503 is effective for annual periods beginning on or after 1 May 2006. The interpretation is not expected to have any impact on the Group.

	2007 Cost R	2007 Accumulated depreciation R	2007 Carrying value R	2006 Cost R	2006 Accumulated depreciation R	2006 Carrying value R
2. Property, plant and equipment						
Property	**12 300 866**	**(601 957)**	**11 698 909**	9 016 377	(263 588)	8 752 789
Plant and machinery	**249 513 767**	**(23 393 927)**	**226 119 840**	178 119 078	(13 778 660)	164 340 418
Motor vehicles	**61 691 022**	**(10 518 045)**	**51 172 977**	54 980 082	(7 675 995)	47 304 087
Office equipment	**2 216 325**	**(809 694)**	**1 406 631**	1 479 738	(417 033)	1 062 705
Total	**325 721 980**	**(35 323 623)**	**290 398 357**	243 595 275	(22 135 276)	221 459 999

Reconciliation of property, plant and equipment – 2007

	Opening balance R	**Acquisitions R**	**Additions R**	**Transfers R**	**Disposals R**	**Depreciation R**	**Total R**
Property	**8 752 789**	**–**	**3 744 989**	**–**	**(460 500)**	**(338 369)**	**11 698 909**
Plant and machinery	**164 340 418**	**4 580 333**	**87 196 991**	**22 035**	**(13 062 491)**	**(16 957 447)**	**226 119 839**
Motor vehicles	**47 304 087**	**2 272 816**	**15 190 160**	**(20 627)**	**(5 861 965)**	**(7 711 493)**	**51 172 978**
Office equipment	**1 062 705**	**140 182**	**706 057**	**(1 408)**	**–**	**(500 905)**	**1 406 631**
Total	**221 459 999**	**6 993 331**	**106 838 197**	**–**	**(19 384 956)**	**(25 508 214)**	**290 398 357**

Reconciliation of property, plant and equipment – 2006

	Opening balance R	Acquisitions R	Additions R	Transfers R	Disposals R	Depreciation R	Total R
Property	7 051 677	–	2 197 859	–	(233 159)	(263 588)	8 752 789
Plant and machinery	144 361 926	9 057 899	42 488 356	–	(17 632 580)	(13 935 183)	164 340 418
Motor vehicles	47 021 501	2 417 257	14 986 484	–	(8 538 457)	(8 582 698)	47 304 087
Office equipment	608 489	89 589	759 720	–	(5 238)	(389 855)	1 062 705
Total	199 043 593	11 564 745	60 432 419	–	(26 409 434)	(23 171 324)	221 459 999

Pledged as security

A general notarial bond of R60 000 000 is registered over plant and equipment in favour of Nedcor Bank Limited as security for overdraft and asset finance facilities granted to the company and its subsidiaries. Amount outstanding to Nedcor Bank Limited at year-end amounted to R83 918 143 (2006: R80 460 824).

Certain movable assets with a book value of R164 022 435 (2006: R129 002 317) and fixed property with a book value of R2 655 768 (2006: R5 222 524) are pledged as security as stated in note 13.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

	2007 Cost R	2007 Accumulated impairment R	2007 Carrying value R	2006 Cost R	2006 Accumulated impairment R	2006 Carrying value R

3. Goodwill

	2007 Cost R	2007 Accumulated impairment R	2007 Carrying value R	2006 Cost R	2006 Accumulated impairment R	2006 Carrying value R
Goodwill	**16 533 580**	**–**	**16 533 580**	3 551 833	–	3 551 833

Reconciliation of goodwill – 2007

	Opening balance R	**Acquisition of subsidiaries R**	**Total R**
Goodwill	**3 551 833**	**12 981 747**	**16 533 580**

Reconciliation of goodwill – 2006

	Opening balance R	Acquisition of subsidiaries R	Total R
Goodwill	1 975 588	1 576 245	3 551 833

Impairment test for goodwill

Goodwill is allocated to the Group cash-generating units (CGU) identified to area of operation and business segment. Impairment testing is performed by calculating the future discounted cash flow of each CGU by using pre-tax cash flow projections based on financial budgets approved by management. The pre-tax discount rate used is 10%. No goodwill impairment was made.

4. Investments in associates

	2007 R	2006 R
Unlisted associates		
Shares at cost	**93**	232
Group's share of retained profits	**7 222 256**	15 027 409
	7 222 349	15 027 641
Unsecured loans	**7 407 409**	3 169 004
Carrying value	**14 629 758**	18 196 645

The carrying amounts of associates are shown net of impairment losses.

Reconciliation of carrying value

	2007 R	2006 R
Beginning of year	**18 196 645**	15 147 796
Associates sold	**–**	(368 220)
Associate's equity acquired to become subsidiary	**(9 789 112)**	(2 399 597)
Share of retained profits	**6 258 820**	9 090 184
Dividends received from associates	**(4 275 000)**	(1 350 000)
Movement in loans	**4 238 405**	(1 923 518)
End of year	**14 629 758**	18 196 645

Investment in associates does not include any goodwill. Refer to Annexure 2 for details of associates.

	2007 R	2006 R

5. Deferred income tax

Deferred income tax asset (liability)

	2007 R	2006 R
Accelerated capital allowances for tax purposes	**(44 331 876)**	(37 409 731)
Provision and accrued expenses	**3 264 282**	2 476 508
Construction contracts	**(8 179 940)**	(5 356 913)
Provision for impairment of trade receivables	**22 234**	71 230
Tax losses available for set-off against future taxable income	**58 518**	4 660 323
Other deferred tax	**462 694**	369 750
Secondary tax on companies	**827 218**	–
	(47 876 870)	(35 188 833)

Deferred income tax liabilities

	Accelerated depreciation R	Construction contracts R	Total R
At 1 March 2006	40 962 296	5 356 913	46 319 209
Charged to income statement	1 450 604	2 823 027	4 273 631
Acquisition of subsidiaries	1 918 976	–	1 918 976
At 28 February 2007	**44 331 876**	**8 179 940**	**52 511 816**

Deferred income tax assets

	Provisions/ accruals R	STC R	Tax losses R	Other R	Total R
At 1 March 2006	2 476 508	–	4 660 323	440 980	7 577 811
Charged to income statement	787 774	827 218	(4 601 805)	43 948	(2 942 865)
At 28 February 2007	**3 264 282**	**827 218**	**58 518**	**484 928**	**4 634 946**

6. Inventories

	2007 R	2006 R
Crusher stone	**924 696**	1 503 022
Consumable stores	**16 703 921**	10 045 489
	17 628 617	11 548 511

The amount of the inventory recognised as an expense is R93 218 010 (2006: R58 329 250).

7. Construction contracts in progress

	2007 R	2006 R
Contracts in progress at balance sheet date including retentions	**44 263 883**	25 244 500

Advances received in excess of work completed are included in trade and other payables.

Notes to the Consolidated Financial Statements

for the year ended 28 February 2007 (continued)

	2007 R	2006 R
8. Trade and other receivables		
Trade and contract receivables	**236 823 559**	171 587 434
Less: Provision for impairments	**(2 299 272)**	(1 690 264)
Other receivables	**9 138 961**	613 217
Amounts owing to joint ventures	**15 023 077**	25 794 129
	258 686 325	196 304 516

Trade and other receivables pledged as security

Trade and other receivables are pledged as security for overdraft facilities of the Group.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2007 R	2006 R
Cash on hand	**1 387 669**	640 860
Bank balances	**81 689 413**	60 028 014
Other cash and cash equivalents	**189 557**	408 871
Bank overdrafts	**(5 938 063)**	(1 277 908)
	77 328 576	59 799 837
Current assets	**83 266 639**	61 077 745
Current liabilities	**(5 938 063)**	(1 277 908)
	77 328 576	59 799 837

10. Share capital

	Number of shares	Ordinary shares	Share premium	Total
At 1 March 2005	**300**	**300**	**–**	**300**
Proceeds from shares issued	–	–	–	–
At 28 February 2006	**300**	**300**	**–**	**300**
Proceeds from shares issued	10 000	100	–	100
Purchase of minority interests	42 854 974	428 550	278 020 582	278 449 132
Subsidiaries acquired	100 412 926	1 003 832	1 004 146 743	1 005 150 575
At 28 February 2007	**143 278 200**	**1 432 782**	**1 282 167 325**	**1 283 600 107**

The total authorised number of ordinary shares is 500 000 000 shares with a par value of 1 cent per share. All issued shares are fully paid.

On 28 February 2007 the Group acquired the minority interests in its subsidiaries for R278 449 132 by issuing 42 854 974 shares. Subsidiaries were acquired by issuing 100 412 926 shares with a value of R1 005 150 575.

After year-end:

The Group issued 18 851 632 shares on 21 March 2007 (3,77% of the total ordinary share capital issued) to the shareholders of SPH Kundalila (Pty) Limited as part of the purchase consideration for the remaining 55% of Canyon Rock (Pty) Limited and all the ordinary shares of SPH Kundalila (Pty) Limited. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to R169 447 100 (R8,98 per share).

Notes to the Consolidated Financial Statements

for the year ended 28 February 2007 (continued)

	2007 R	2006 R
11. Other reserves		
Balance at beginning of year	**–**	–
Translation difference of foreign subsidiary	**1 213 204**	–
Reversed acquisition of subsidiary	**(1 001 620 037)**	–
Minority interest acquisition	**(173 677 907)**	–
Balance at end of year	**(1 174 084 740)**	–
Consisting of:		
Translation difference of foreign subsidiary	**1 213 204**	–
Minority interest acquisition	**(173 677 907)**	–
Reversed acquisition of subsidiary	**(1 001 620 037)**	–
	(1 174 084 740)	–
12. Minority interest		
Balance at beginning of year	**78 198 452**	58 106 776
Currency translation reserve	**404 401**	–
Increase in minorities due to subsidiaries acquired	**–**	4 456 793
Share of net profit of subsidiaries	**53 523 105**	28 375 433
Acquisition of minorities' interest in subsidiaries	**(101 093 332)**	–
Dividends paid to minorities	**(29 515 353)**	(12 740 550)
Balance at end of year	**1 517 273**	78 198 452
13. Borrowings		
Interest-bearing borrowings		
Instalment sale agreements	**115 745 032**	76 105 160
The instalment sale agreements are secured by hypothec over certain fixed assets with a book value of R164 022 435 (2006: R129 002 317) and repayable in monthly instalments of R4 676 072 (2006: R2 503 345) with an effective interest rate ranging between 10% and 10,5% per annum (2006: 8,5% – 9%).		
Unsecured loan	**10 000 000**	2 083 381
The loan bears interest at 8% per annum and is repayable in five yearly instalments of R2 000 000 each. The maturity date is September 2011.		
Mortgage bonds	**477 918**	705 177
The mortgage bonds are secured by first bonds over fixed property with a book value of R2 655 768 (2006: R5 222 524). The loans are repaid in monthly instalments of R2 265 (2006: R5 483) including interest at 10,5% (2006: 9,5%) per annum. The maturity dates of the mortgage bonds are April 2008 and March 2013.		
Raubenbel (Pty) Limited	**–**	17 659 039
	126 222 950	96 552 757
Non-current liabilities		
At amortised cost	**89 208 131**	66 867 993
Current liabilities		
At amortised cost	**37 014 819**	29 684 764
	126 222 950	96 552 757

	2007 R	2006 R
13. Borrowings (continued)		
The present value of future minimum payments on instalment sale agreements is as follows:		
Less than 1 year	**53 750 142**	33 090 907
More than 1 year and less than 5 years	**72 874 156**	53 126 563
More than 5 years	**467 732**	–
	127 092 030	86 217 470
Less: Future finance costs	**(11 346 998)**	(10 112 310)
Present value of instalment sale agreements	**115 745 032**	76 105 160
14. Trade and other payables		
Trade and other payables	**202 909 100**	146 424 381
Amounts owing by joint ventures	**14 677 058**	25 794 131
Accrued expenses	**4 159 852**	3 261 741
Excess billing over work done	**24 260 652**	889 044
	246 006 662	176 369 297
15. Provisions for liabilities and charges		
Rehabilitation provisions		
Balance 1 March 2005	**600 000**	–
Charged to income statement/equity	**–**	600 000
Provisions utilised	**–**	–
Acquisitions	**–**	–
Balance at 28 February 2006	**600 000**	600 000
Charged to income statement	**58 000**	–
Provisions utilised	**–**	–
Acquisitions	**–**	–
Balance at 28 February 2007	**658 000**	600 000
Rehabilitation provisions consist of amounts accrued to rehabilitate environments disturbed by quarries. The provisions have been determined based on assessments and estimates by management to reflect the estimated current cost of the rehabilitation. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.		
16. Revenue		
Contracting revenue	**1 163 079 250**	722 882 637
Crusher stone revenue	**27 780 892**	29 407 362
	1 190 860 142	752 289 999
17. Other income		
Rental of construction plant and equipment	**15 811 940**	14 404 663

	Note	2007 R	2006 R
18. Other gains/(losses) – net			
Negative goodwill on acquisition of subsidiaries	33	**1 700 391**	–
Profit (loss) on sale of fixed assets		**3 346 856**	114 427
(Loss)/profit on exchange differences		**(16 066 538)**	26 518
Profit (loss) on sale of associated company		**–**	142 882
		(11 019 291)	283 827
19. Expenses by nature			
Changes in inventories and construction contracts in progress		**25 099 489**	11 671 317
Subcontractors, raw materials and consumables		**704 422 467**	533 494 583
Employee costs		**155 572 235**	98 448 115
Depreciation and amortisation		**25 508 214**	23 171 324
Operating lease charges		**14 568 469**	3 617 479
Other operating expenses		**75 977 404**	24 297 799
		1 001 148 278	694 700 617
20. Finance income			
Interest income on cash resources		**4 651 561**	4 823 112
Extended credit		**9 867 909**	452 365
Other interest		**2 295 444**	–
		16 814 914	5 275 477
21. Finance costs			
Non-current borrowings		**10 798 816**	2 155 054
Bank		**904 202**	302 363
Related parties		**–**	554 007
Other interest		**593 372**	218 882
		12 296 390	3 230 306
22. Taxation			
Major components of the tax expense (income)			
Current			
Local income tax – current period		**50 691 066**	18 180 602
Local income tax – recognised in current tax for prior periods		**(965 579)**	402 875
Capital gains tax		**698 876**	–
Secondary tax on companies		**8 782 659**	3 305 625
		59 207 022	21 889 102
Deferred			
Originating and reversing temporary differences		**7 216 496**	(2 217 940)
Change in tax rate		**–**	(659 202)
		66 423 518	19 011 960

Notes to the Consolidated Financial Statements

for the year ended 28 February 2007 (continued)

	2007 %	2006 %
22. Taxation (continued)		
Reconciliation between applicable tax rate and effective tax rate		
Applicable tax rate	**29,00**	29,00
Exempt income	**(1,00)**	(3,41)
Tax loss used	**–**	(4,75)
Capital gains tax	**(0,34)**	(0,15)
STC	**3,24**	1,15
Current tax recognised in prior periods	**(0,14)**	0,14
Disallowed charges	**1,59**	0,81
Effective tax rate	**32,35**	22,79

23. Auditors' remuneration	**2007 R**	2007 R
Fees	**988 000**	756 700
Adjustment for previous year	**–**	26 500
Tax and secretarial services	**–**	10 370
	988 000	793 570
24. Employee benefits		
Staff costs		
Wages and salaries	**145 490 348**	93 015 940
Pension cost – defined contribution fund	**4 276 075**	3 427 515
Medical aid	**1 998 998**	1 180 821
Other contributions	**3 806 814**	823 839
	155 572 235	98 448 115

25. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company at year-end by the weighted average number of ordinary shares in issue during the year. The total profit excluding R270 255 pertaining to the remaining minorities is considered to be attributable to the company as all other minorities were acquired by a share issue and the total number of shares used in the calculation therefore includes those issued to acquire the minorities (see note 10).

	2007	2006
Profit attributable to equity holders of the company	**85 335 234**	36 025 834
Weighted average number of ordinary shares in issue	**100 000 000**	100 000 000
Basic earnings per share (cents)	**85,3**	36,0
Net profit for the year after tax	**138 858 339**	64 401 267
Less: Minority interest	**(53 523 105)**	(28 375 433)
Net profit after tax attributable to equity holders	**85 335 234**	36 025 834
Adjusted for:		
Profit on sale of fixed assets after tax	**(1 460 217)**	(45 439)
Impairment of loans	**505 638**	–
Negative goodwill on acquisition of subsidiaries	**(1 044 890)**	(79 880)
Basic headline earnings	**83 335 765**	35 900 515
Weighted average number of shares	**100 000 000**	100 000 000
Headline earnings per share (cents)	**83,3**	35,9

	2007 R	2006 R
26. Dividends per share		
The dividends paid for the 2007 year were R65 504 353 (65,5 cents per share) and R39 238 125 (39,2 cents per share) in 2006.		
27. Cash generated from operations		
Profit before taxation	**205 281 857**	83 413 227
Adjustments for:		
Depreciation and amortisation	**25 508 214**	23 171 324
Profit on sale of assets (see below)	**(3 346 856)**	(257 304)
Finance income	**(16 814 914)**	(5 275 477)
Finance costs	**12 296 390**	3 230 306
Foreign exchange differences	**–**	26 518
Provision for rehabilitation	**58 000**	–
Income from associates	**(6 258 820)**	(9 090 184)
Changes in working capital:		
Inventories	**(6 080 106)**	(2 130 490)
Trade and other receivables	**(62 381 809)**	(82 325 661)
Construction contracts in progress	**(19 018 363)**	(9 540 827)
Trade and other payables	**69 637 365**	87 691 910
	198 880 958	88 913 342
In the cash flow statement, proceeds from sale of property, plant and equipment comprise:		
Net book amount (note 2)	**19 384 956**	26 409 434
Profit on disposal of property, plant and equipment	**3 346 856**	257 304
Proceeds from disposal of property, plant and equipment	**22 731 812**	26 666 738
28. Tax (paid) refunded		
Balance owing at beginning of the period	**1 265 106**	(7 896 290)
Current tax for the period recognised in income statement	**(59 207 022)**	(21 889 102)
Balance receivable at end of period	**(17 077 177)**	(8 441 771)
Balance payable at end of period	**8 494 173**	7 176 664
	(66 524 920)	(31 050 499)
29. Dividends paid		
Dividends declared for period	**(65 504 353)**	(39 238 125)
Balance unpaid at end of period	**–**	–
	(65 504 353)	(39 238 125)

		2007 R	2006 R

30. Related parties

Relationships

Associates	Refer to annexure 2
Joint ventures	Refer to annexure 3
Directors	JE Raubenheimer
Companies controlled by directors	Raubex Eiendomme (Pty) Limited
	Raubenbel (Pty) Limited

Related party balances

	2007 R	2006 R
Amounts included in trade receivables (trade payables) regarding related parties		
Raubex/HIR Namibia Roads – Joint Venture	**(4 361 505)**	(12 270 022)
Kentha/Raumix – Joint Venture	**127 700**	81 845
EB Cloete JV	**1 517 111**	–
Raubex/BG & M JV	**(1 647 464)**	(1 915 096)
Raubex/Muscle – Joint Venture	**(94 671)**	5 500
Muscle Construction (Pty) Limited	**5 511 409**	3 704 409
Canyon Rock (Pty) Limited	**1 000 000**	(225 000)
RMS/BTS JV	**(58 495)**	(750 500)
Muscle Construction (Pty) Limited	**–**	1 660 639
JE Raubenheimer	**(10 944)**	(74 306)
EB Cloete – Joint Venture	**–**	4 100 552
G M Raubenheimer Beleggings (Pty) Limited	**(14 852)**	–
Raubenbel (Pty) Limited	**(7 993 872)**	–

Related party transactions

	2007 R	2006 R
Interest paid to (received from) related parties		
Muscle Construction (Pty) Limited	**130 451**	106 851
Raubenbel (Pty) Limited	**–**	554 007
Subcontractors' fees paid/(received)		
RMS/BTS JV	**6 149 220**	(148 120)
Muscle Construction (Pty) Limited	**9 665 842**	(1 708 506)
Rental of equipment and premises paid to (received from) related parties		
Muscle Construction (Pty) Limited	**82 248**	(8 370 898)
Raubex Eiendomme (Pty) Limited	**307 200**	307 200
Administration fees paid to (received from) related parties		
Muscle Construction (Pty) Limited	**(441 619)**	–
Other fees paid to (received from) related parties		
Kentha/Raumix (Pty) Limited	**(526 316)**	–
Canyon Rock (Pty) Limited	**(5 527)**	–
Muscle Construction (Pty) Limited	**(225 074)**	–

	Salary performance-related payments R	Bonuses R	Other allowances and fringe benefits R	Medical contribu-tions R	Retirement fund contri–butions R	Total directors' emoluments R
30. Related parties (continued)						
Related party transactions with directors						
Directors' emoluments 2007						
Subsidiaries						
GM Raubenheimer	**396 000**	**271 000**	**28 277**	**11 541**	**23 760**	**730 578**
JE Raubenheimer	**396 000**	**393 000**	**113 676**	**13 363**	**23 760**	**939 799**
F Diedrechsen	**225 000**	**15 000**	**75 000**	**–**	**–**	**315 000**
Directors' emoluments 2006						
Subsidiaries						
GM Raubenheimer	360 000	270 000	33 574	13 140	21 600	698 314
JE Raubenheimer	360 000	416 000	33 171	11 298	21 600	842 069

	2007 R	2006 R
31. Directors' emoluments		
Executive		
For services as directors of the company	**1 985 377**	1 540 383
For services as directors of subsidiaries	**9 702 157**	9 520 272
32. Commitments		
Capital commitments		
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:		
Property, plant and equipment	**13 669 493**	6 239 220
Operating lease commitments – group company as lessee		
The Group leases various land and buildings and quarries under non-cancellable operating lease agreements. These leases have varying terms, clauses and renewal rights.		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows		
No later than 1 year	**3 619 456**	2 334 930
Later than 1 year and no later than 5 years	**4 206 639**	4 310 403
Later than 5 years	**2 550 000**	3 100 000
	10 376 095	9 745 333

	2007 R
33. Business combinations	
Roadmac Cape (Pty) Limited	
On 28 February 2007 the Group acquired the remaining 60% of the ordinary share capital of Roadmac Cape (Pty) Limited which was previously an associate.	
Details of net assets acquired and the goodwill are as follows:	
Fair value of assets acquired	
Property, plant and equipment	3 142 839
Deferred tax assets/liabilities	(641 726)
Inventories	33 911
Trade and other receivables	35 141 587
Trade and other payables	(33 632 905)
Tax assets/liabilities	490 713
Borrowings	(6 591 386)
Cash	5 142 578
Total net assets acquired	3 085 611
Less: Existing share of net assets before acquisition (40%)	(1 234 244)
Fair value of net assets acquired	1 851 367
Purchase consideration	(150 976)
Negative goodwill recognised in profits (note 18)	1 700 391
Consideration paid	
Cash	–
Equity – By issuance of ordinary shares in Raubex Group Limited	(150 976)
Asset – Deferred payments (Fair value)	–
	(150 976)
Net cash inflow on acquisition	
Cash consideration paid	–
Cash acquired	5 142 578
	5 142 578
Milling Techniks (Pty) Limited	
On 1 September 2006 the Group acquired 100% of the ordinary share capital of Milling Techniks (Pty) Limited. The acquired business contributed revenue of R35 881 579 and attributed profit after tax of R3 455 110 during this period.	
Details of net assets acquired and the goodwill are as follows:	
Fair value of assets acquired	
Property, plant and equipment	3 850 492
Deferred tax assets/liabilities	(490 853)
Inventories	–
Trade and other receivables	19 958 744
Trade and other payables	(7 095 381)
Tax assets/liabilities	(3 900 346)
Borrowings	(11 186 508)
Cash	882 104
Total net assets acquired	2 018 252
Less: Existing share of net assets before acquisition	–
Fair value of net assets acquired	2 018 252
Purchase consideration	(15 000 000)
Goodwill	12 981 748

	2007 R	2006 R
33. Business combinations (continued)		
Consideration paid		
Cash	**–**	
Equity – By issuance of ordinary shares in Raubex Group Limited	**(5 000 000)**	
Liability – Deferred payments (Fair value)	**(10 000 000)**	
	(15 000 000)	
Net cash outflow on acquisition		
Cash consideration paid	**–**	
Cash acquired	**882 104**	
	882 104	

The initial accounting for the business combinations has only been determined provisionally as management is still in the process of determining the purchase price allocation.

34. Contingencies

The company signed an unlimited guarantee and surety in favour of Nedcor Bank Limited as security for the overdraft and credit facilities of the company and its subsidiaries. Amounts outstanding at year-end to Nedcor Bank Limited amounted to R83 918 143 (2006: R80 460 824) in respect of overdraft, mortgage bonds and instalment sale agreements.

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R243 619 542 (2006: R217 874 752). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R400 000 000.

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

35. Events after balance sheet date

JSE Listing

The JSE granted approval of the company's application for the listing of 102 129 832 shares on the JSE. The listing of the shares became effective from the commencement of business on 20 March 2007.

Business combinations

The Group acquired the following two businesses effective 1 March 2007:

- 100% of the business of National Asphalt (Pty) Limited as a going concern specialising in the manufacture and laying of premix asphalt, for a cash consideration of R27 529 million; and
- 100% of the share capital of SPH Kundalila (Pty) Limited through the acquisition of holding company Aquatic Services (Pty) Limited specialising in quarry, aggregate and plant hire operations and also involved in the mining, crushing and screening of sand and reef. The company was acquired by issuing of equity in the holding company amounting to R162 247 100.

Borrowings

The Group incurred borrowings of R25 million to finance the purchase of the National Asphalt business. The loan is with Nedbank with an interest rate of 10,5% per annum repayable in monthly instalments of R505 200 starting 15 May 2007 till 15 April 2012.

Equity transactions

On 1 March 2007 equity to the amount of R162 247 100 was issued to enable the Group to acquire SPH Kundalila (Pty) Limited.

36. First-time adoption of International Financial Reporting Standards

For the year ended 28 February 2006 the Raubex Group Limited and its subsidiaries (the Group) prepared its financial statements under South African Statements of Generally Accepted Accounting Practice (SA GAAP) as effective at that date. As the Group listed on the Johannesburg Securities Exchange (JSE) on 20 March 2007, the Group is required to prepare its consolidated financial statements in accordance with IFRS for the year ending 28 February 2007. As the Group publishes comparative information in its financial statements, the date for transition to IFRS is 1 March 2005, which represents the start of the earliest period of comparative information to be presented. The Group has restated information previously published under SA GAAP to the equivalent basis under IFRS. This restatement follows the guidelines set out in IFRS 1 – First-time Adoption of International Financial Reporting Standards.

Application of IFRS 1

The date of transition to IFRS for the Group is 1 March 2005 and as required by IFRS 1, the Group's opening balance sheet at 1 March 2005 has been restated to reflect all existing IFRS statements applicable at 28 February 2007. However, IFRS 1 allows for a number of optional exemptions and mandatory exceptions from full retrospective application of IFRS.

Exemptions from full retrospective application – elected by the Group

The Group has elected to apply the following optional exemptions from full retrospective application in accordance with IFRS 1.

(i) Business combinations exemption

The Group has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 March 2005 transition date. No effect was noted from applying this exemption.

(ii) Fair value as deemed cost exemption

The Group has elected to measure certain items of property, plant and equipment at fair value as at 1 March 2005 and to use these fair values as the items' deemed cost at 1 March 2005.

(iii) Employee benefits exemption

The Group has elected to recognise all cumulative actuarial gains and losses at 1 March 2005 where applicable.

(iv) Cumulative translation differences exemption

The Group has elected not to apply the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates, retrospectively for cumulative translation differences of all foreign operations. The Group has therefore elected to set the previously accumulated cumulative difference to zero at 1 March 2005 and applied IAS 21 effective from this date. This exemption has been applied to all subsidiaries in accordance with IFRS 1.

(v) Exemption from restatement of comparative information for IAS 32, IAS 39 and IFRS 4

The Group has elected to apply the exemption that allows it to apply the previous SA GAAP principles under AC 125 – Financial Instruments: Disclosure and Presentation, AC 133 – Financial Instruments: Recognition and Measurement, and IFRS 4 – Insurance Contracts to derivatives, financial assets and financial liabilities, hedging relationships and to insurance contracts for its comparative information relating to the financial year ended 28 February 2006. It therefore only applied IAS 32, IAS 39 and IFRS 4 with effect from 1 March 2006.

(vi) Share-based payments

In March 2004, Raubenbel (Proprietary) Limited (Raubenbel) disposed of 25% of their shareholding in Raubex (Proprietary) Limited to Matlapeng Strategic Investments (Proprietary) Limited (a Black Empowerment Entity (BEE)). If IFRS 2 – Share-based Payments and IFRIC 8 – Scope of IFRS 2 were applied to the Group, the Group would need to have determined the BEE charge to the income statement in terms of IFRS 2. In agreement with the substance of the transaction the instruments will be accounted as a grant of options and not a share issue to Matlapeng.

However, IFRS 1 – First Time Adoption of IFRS provides the Group an exemption in respect of retrospective application of IFRS 2. The Group is encouraged but not required to apply IFRS 2, for all equity instruments that were granted on or before 7 November 2002, equity instruments that were granted after 7 November 2002 that vested before the later of 1 January 2005 or opening balance sheet date, or liabilities that were settled before the later of 1 January 2005 and opening balance sheet date. As the Group elected the option not to apply IFRS 2 to these options, no income statement charge would be required. There are still certain disclosure requirements which need to be made in terms of IFRS 2 and these have been set out in note 37 to the annual financial statements.

36. First-time adoption of International Financial Reporting Standards (continued)

Application of IFRS 1 (continued)

(vii) Decommissioning liabilities included in the cost of property, plant and equipment exemption

The Group recognises a provision in respect of liabilities relating to the installation of assets including those in respect to leasehold improvements required. The exemption provided in IFRS 1 from the full retrospective application of IFRIC 1 has been applied to determine the adjustment required to property, plant and equipment in respect of the obligation to decommission existing facilities.

(viii) Leases

The Group elected to apply the transitional provisions in IFRIC 4 – Determining whether an Arrangement contains a Lease. Therefore, the Group determined whether an arrangement existing at 1 March 2005 contains a lease on the basis of facts and circumstances existing at that date.

Exceptions from full retrospective application – followed by the Group

The Group has applied the following mandatory exceptions from retrospective application in accordance with IFRS 1.

(a) Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 March 2006 have not been re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that the Group recognised from 1 March 2006 any financial assets and financial liabilities derecognised since 1 March 2006 that do not meet the IAS 39 derecognition criteria. The Group did not apply the IAS 39 derecognition criteria to an earlier date.

(b) Hedge accounting exception

The Group has not applied hedge accounting and as such there is no effect from applying this exception.

(c) Estimate exception

Estimates under IFRS at 1 March 2005 are consistent with the estimates made for the same date under SA GAAP. The Group therefore did not adjust any estimates it had made under SA GAAP for information that was received subsequent to the date of the transition to IFRS.

(d) Assets held for sale and discontinued operations exception

The Group applied IFRS 5 prospectively from 1 March 2006. Any assets held for sale or discontinued operations are recognised in accordance with IFRS 5 from 1 March 2006. The Group did not have any assets that met the held-for-sale criteria during the period presented and thus no adjustment was required. The Group did however have certain discontinued operations for certain operations abandoned during the year.

Reconciliation from SA GAAP to IFRS

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 March 2005 and 28 February 2006. The following reconciliations provide details of the impact of the transition on:

- Reconciliation of equity at 1 March 2005
- Reconciliation of balance sheet 28 February 2006
- Reconciliation of income statement at 28 February 2006

Reconciliation of equity at 1 March 2005 (Conversion date)

Total equity under SA GAAP	90 924 159
Restatement of property, plant and equipment	96 734 794
Restatement of equity accounted investments	10 030 291
Provision for rehabilitation	(600 000)
Deferred taxation on IFRS adjustments	(28 801 680)
Impairments	(7 697 083)
Minority interest in adjustments	(23 209 396)
Total equity under IFRS at 1 March 2005	137 380 785

36. First-time adoption of International Financial Reporting Standards (continued)

Reconciliation of balance sheet at 28 February 2006

Balance Sheet	Notes	As reported previously under SA GAAP	Effects of transition to IFRS	As reported under IFRS
ASSETS				
Non-current assets				
Property, plant and equipment	i	122 765 597	98 694 402	221 459 999
Goodwill	ii	6 942 763	(3 390 930)	3 551 833
Investments in associates	iii	8 166 054	10 030 591	18 196 645
Loans to group companies	iv	6 175 607	(6 175 607)	–
Other financial assets	v	613 217	(613 217)	–
Deferred income tax asset	xi	–	7 577 811	7 577 811
		144 663 238	106 123 050	250 786 288
Current assets				
Inventories		11 548 511	–	11 548 511
Construction contracts in progress		25 244 500	–	25 244 500
Trade and other receivables	vi	197 486 006	(1 181 490)	196 304 516
Current tax receivable		8 441 771	–	8 441 771
Cash and cash equivalents		61 077 745	–	61 077 745
		303 798 533	(1 181 490)	302 617 043
Total assets		448 461 771	104 941 560	553 403 331
EQUITY AND LIABILITIES				
Equity				
Share capital		300	–	300
Reserves	vii	1 261 664	(1 261 664)	–
Retained earnings	viii	102 152 006	44 756 738	146 908 744
Equity attributable to equity Holders of company		103 413 970	43 495 074	146 909 044
Minority interest in equity		49 845 026	28 353 426	78 198 452
Total equity		153 258 996	71 848 500	225 107 496
LIABILITIES				
Non-current liabilities				
Loan from holding company	ix	32 767 920	(32 767 920)	–
Borrowings	ix	49 208 954	17 659 039	66 867 993
Provisions	x	–	600 000	600 000
Deferred income tax	xi	11 867 807	34 451 402	46 319 209
		93 844 681	19 942 521	113 787 202
Current liabilities				
Short-term portion of borrowings		29 684 764	–	29 684 764
Current income tax payable		7 176 664	–	7 176 664
Trade and other payables	xi	163 218 759	13 150 538	176 369 297
Bank overdrafts		1 277 908	–	1 277 908
		201 358 095	13 150 538	214 508 633
Total liabilities		295 202 776	33 093 059	328 295 835
Total equity and liabilities		448 461 772	104 941 559	553 403 331

36. First-time adoption of International Financial Reporting Standards (continued)

Notes to the reconciliation of the balance sheet at 28 February 2006

(i) The assets were restated to fair value under IAS 16. Depreciation was calculated by reference to the tax requirements under SA GAAP but under IFRS reflects the useful life of the assets. The cumulative adjustment increased the carrying amount of property, plant and equipment by R98 694 402.

The Group made the following adjustments to its SA GAAP financial statements:

	SA GAAP carrying amount	Fair value adjustments	IFRS carrying amount
Property	8 752 789	–	8 752 789
Plant and machinery	101 512 728	62 827 690	164 340 418
Motor vehicles	11 396 456	35 907 631	47 304 087
Equipment	1 103 624	(40 919)	1 062 705
Total	122 765 597	98 694 402	221 459 999

(ii) Goodwill amounts to the difference between historic cost of acquisition and purchase price of subsidiaries under SA GAAP but under IFRS the goodwill amounts to the difference between fair value and purchase price. The application of IFRS 3 decreased the goodwill by R3 390 930.

(iii) After the adoption of IFRS by associates the net asset value of associates increased. This resulted in an increase in investment in associates using the equity method. Loans to associates were reclassified from loans to group companies to investment in associates. The effects of above mentioned changes are an increase of R10 030 591.

(iv) Loans to group companies with no repayment terms have been reclassified to current assets in accordance with IAS 32. The resulting decrease in loans to group companies is R6 175 607.

(v) Other financial assets with no repayment terms have been reclassified to current assets in accordance with IAS 32. The resulting decrease in other financial assets is R613 217.

(vi) Trade and other receivables are carried at fair value and provision for extended credit has been made as required by IAS 39. Trade and other receivables were carried at cost under SA GAAP. Certain loans were reclassified as current, refer to note iv and v. The effect of these changes on trade receivables was a decrease of R1 181 490.

(vii) The non-distributable reserve on acquisition of subsidiaries taken to income under IFRS.

(viii) The adjustments to retained earnings are the net effect of the changes under IFRS as discussed in the equity reconciliation above.

(ix) The decrease in the loan from the holding company was due to the reclassification of other inter company balances that were included under this heading. Loans with no specific repayment terms were reclassified as required by IAS 32 to trade and other payables. Under SA GAAP these loans were classified as non-current. The loan from the holding company is reclassified as borrowings.

(x) A rehabilitation provision of R600 000 relating to activities of quarries was recognised under IFRS according to IAS 37, but was not recognised under previous SA GAAP.

(xi) Reclassification of debit deferred taxation under non-current assets amounting to R7 577 811. Provision of deferred tax on revaluations and provisions.

The changes due to IAS 16 and IAS 37 increased the deferred tax liability as follows:

Retained earnings	34 451 402
Reserves	–
	34 451 402

(xii) Trade and other payables increased due to reclassification of loans, refer note (x) in accordance with IAS 32. The result of the above mentioned reclassifications is an increase of R13 150 538.

36. First-time adoption of International Financial Reporting Standards (continued)

Reconciliation of income statement at 28 February 2006

	Note	As reported previously under SA GAAP	Effects of transition to IFRS	As reported under IFRS
Revenue	i	633 706 351	118 583 648	752 289 999
Other income		14 404 663	–	14 404 663
Operating expenses	i	(575 303 791)	(119 112 999)	(694 416 790)
Operating profit		72 807 223	(529 351)	72 277 872
Finance income	ii	7 964 379	(2 688 902)	5 275 477
Profit/(losses) of joint ventures	i	(1 544 964)	1 544 964	–
Share of profit of associates	iii	8 228 315	861 869	9 090 184
Finance costs		(3 230 306)	–	(3 230 306)
Profit before taxation		84 224 647	(811 420)	83 413 227
Taxation	iv	(21 059 183)	2 047 223	(19 011 960)
Profit for the period		63 165 464	1 235 803	64 401 267

Notes to the reconciliation of the income statement at 28 February 2006

(i) Revenue and operating expenses increased due to the line for line consolidation of joint ventures. Operating expenses decreased because depreciation was influenced by tax requirements under SA GAAP, but reflects the useful life of the assets under IFRS. The effect of this also influenced the profit and loss on sale of assets. These changes under IFRS resulted in an increase of operating expenses by R119 112 999 and an increase of revenue by R118 583 648.

(ii) Finance income increased due to provision for extended credit in accordance with IAS 39, which was not provided for under SA GAAP. This resulted in an increase of R452 365 in finance income. Management fees of R3 141 267 were reclassified to operating income.

(iii) The implementation of IFRS by associates increased the share of profit from associates by R861 869.

(iv) Adjustments as explained in i-iii above led to an increase of R2 047 223 in deferred tax expense.

37. Share-based payments

As noted in section (vi) of note 36, Raubex had entered into a BEE transaction with Matlapeng Strategic Investments (Pty) Limited. In terms of IFRS 1 exemption, the Group elected not to apply IFRS 2 to this transaction but detailed disclosure is still required. In March 2004 Raubenbel (Pty) Limited (the previous holding company) disposed of 25% of their shareholding in Raubex (Pty) Limited to Matlapeng Strategic Investments (Pty) Limited (a Black Empowerment Entity (BEE)). The beneficial ownership of the shares as well as the voting rights on the shares vested with the BEE shareholders on the effective date of the transaction. At the date of this balance sheet Raubenbel has been fully paid and there are no unexercised options.

38. Risk management

Financial risk factors

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 management under policies approved by the board of directors. Management identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk as well as investment of excess liquidity.

38. Risk management (continued)

Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally on a limited basis and is exposed to foreign exchange risk arising from some currency exposures, currently primarily with respect to the Zambian Kwacha. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group would consider using forward contracts if necessary. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

(ii) Price risk

The Group is not exposed to equity securities price risk as it does not hold investments in equity. The Group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

(b) Credit risk

The Group has no significant concentrations of credit risk except contract debt to public sector institutions which is not considered to be a credit risk. It has policies in place to ensure that sales of aggregate are made to customers with appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash coupled with, the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

39. Segmental analysis

	Aggregate and crusher R	Road surfacing and rehabilitation R	Road construction and earthworks R	Consolidated R
Primary reporting format				
Business segments				
At 28 February 2007				
Segment revenue – external	**27 780 892**	**685 149 524**	**477 929 726**	**1 190 860 142**
Segment result (operating profit)	**11 438 651**	**134 731 529**	**48 334 333**	**194 504 513**
Finance income	**1 115 343**	**6 445 407**	**9 254 164**	**16 814 914**
Finance costs	**(1 571 955)**	**(3 106 556)**	**(7 617 879)**	**(12 296 390)**
Share of associates' income	**6 202 506**	**56 314**	**–**	**6 258 820**
Taxation	**(6 412 370)**	**(46 742 878)**	**(13 268 270)**	**(66 423 518)**
Profit for the year	**10 772 175**	**91 383 816**	**36 702 348**	**138 858 339**
Segment assets	**77 626 401**	**343 642 103**	**325 850 778**	**747 119 282**
Segment liabilities	**53 495 887**	**273 628 541**	**112 707 236**	**439 831 664**
Depreciation	**4 013 512**	**8 717 684**	**12 405 135**	**25 508 214**
Capital expenditure	**16 951 161**	**40 544 704**	**56 335 663**	**113 831 528**
At 28 February 2006				
Segment revenue – external	34 662 994	367 093 054	350 533 951	752 289 999
Segment result (operating profit)	10 178 607	67 580 521	(5 481 256)	72 277 872
Finance income	750 882	1 677 704	2 846 891	5 275 477
Finance costs	(831 125)	–	(2 399 181)	(3 230 306)
Share of associates' income	4 439 888	1 347 424	3 302 872	9 090 184
Taxation	(3 933 178)	(11 643 174)	(3 435 608)	(19 011 960)
Profit for the year	10 605 074	58 962 475	(5 166 282)	64 401 267
Segment assets	64 334 105	259 095 440	230 073 786	553 403 331
Segment liabilities	31 206 962	180 828 673	116 260 200	328 295 835
Depreciation	3 278 980	5 945 467	13 946 877	23 171 324
Capital expenditure	12 180 091	24 484 688	35 332 385	71 997 164

	Local R	International R	Consolidated R
39. Segmental analysis (continued)			
Secondary reporting format			
Geographical segments namely local and international			
At 28 February 2007			
Segment revenue – external	**1 047 246 969**	**143 613 173**	**1 190 860 142**
Segment result (operating profit)	**186 654 139**	**7 850 374**	**194 504 513**
Finance income	**16 376 525**	**438 389**	**16 814 914**
Finance costs	**(11 243 692)**	**(1 052 698)**	**(12 296 390)**
Share of associates' income	**6 258 820**	**–**	**6 258 820**
Taxation	**(64 643 364)**	**(1 780 154)**	**(66 423 518)**
Profit for the year	**133 402 428**	**5 455 911**	**138 858 339**
Segment assets	**663 599 810**	**83 519 472**	**747 119 282**
Segment liabilities	**364 998 435**	**74 833 229**	**439 831 664**
Depreciation	**24 948 993**	**559 221**	**25 508 214**
Capital expenditure	**106 792 633**	**7 038 895**	**113 831 528**
At 28 February 2006			
Segment revenue – external	713 417 603	38 872 396	752 289 999
Segment result (operating profit)	75 629 583	(3 351 711)	72 277 872
Finance income	5 263 827	11 650	5 275 477
Finance costs	(3 230 306)	–	(3 230 306)
Share of associates' income	7 332 724	1 757 460	9 090 184
Taxation	(19 011 960)	–	(19 011 960)
Profit for the year	65 983 868	(1 582 601)	64 401 267
Segment assets	539 202 943	14 200 388	553 403 331
Segment liabilities	314 351 303	13 944 532	328 295 835
Depreciation	23 171 324	–	23 171 324
Capital expenditure	71 997 164	–	71 997 164

Annexure 1 – Interest in Subsidiaries

for the year ended 28 February 2007

		Issued Share capital Shares	**Percentage held 2007 %**	Percentage held 2006 %	**Shares at cost 2007 R**	Shares at cost 2006 R	**Amounts owing to/by subsidiaries 2007 R**	Amounts owing to/by subsidiaries 2006 R
Direct								
Raubex (Pty) Limited	#	300	**100**	–	**1 001 620 337**	–	**281 979 670**	–
Indirect								
Raubex Civil (Pty) Limited	#	100	**100**	80	**14 999 105**	80	**–**	115 409
Raubex Construction (Pty) Limited	✓	100	**100**	70	**87 300 660**	70	**–**	18 669 546
Roadmac (Pty) Limited	*	100	**100**	70	**84 550 070**	70	**–**	(11 870 920)
Milling Techniks (Pty) Limited	*	100	**100**	–	**15 000 000**	–	**–**	–
Raumix (Pty) Limited	†	100	**100**	75	**23 477 234**	75	**–**	(1 832 590)
Lacrete Construction (Pty) Limited	†	100	**100**	56	**100**	56	**–**	194 243
Forward Infra (Pty) Limited	†	100	**100**	61	**100**	61	**–**	(660 000)
Petra Quarry (Pty) Limited	†	100	**100**	70	**3 849 070**	70	**–**	–
Haulking (Pty) Limited	✓	100	**100**	80	**100**	80	**–**	693 572
Multistone Construction (Pty) Limited	*	100	**100**	100	**100**	790 334	**–**	(920 000)
Super Civil Construction (Pty) Limited	*	100	**100**	75	**100**	75	**–**	–
Stabilpave (Pty) Limited	*	200	**100**	76,5	**200**	3 873 927	**–**	7 467 389
Raubex North (Pty) Limited	*	100	**100**	70	**100**	70	**–**	106 000
Roadmac Surfacing (Pty) Limited	*	100	**100**	80	**20 000 080**	80	**–**	23 534 486
Phambili Road Surfacing (Pty) Limited	*	100	**100**	74	**20 515 136**	11 000 000	**–**	–
Centremark Roadmarking (Pty) Limited	*	100	**60**	60	**2 802 022**	1 400 000	**–**	–
Roadmac Surfacing Cape (Pty) Limited	*	200	**100**	67,5	**24 299 160**	135	**–**	(3 000 000)
Roadmac Cape (Pty) Limited	*	100	**100**	40	**1 385 219**	–	**–**	–
Raubex Construction Zambia Limited	*	6 340	**100**	49	**6 008 989**	–	**–**	–

Nature of business

✓ *Letting of construction equipment and civil construction work*
* *Rehabilitation of roads, civil and general construction work*
† *Crusher, transport work, civil and general construction work*
\# *Investment and holding company*

All companies are incorporated in South Africa except Raubex Construction Zambia Limited which is incorporated in Zambia.
The Group maintains a register of all subsidiaries for inspection at the registered office of Raubex (Pty) Limited.

Annexure 2 – Investment in Associates

for the year ended 28 February 2007

Associates	Country	Nature of business	**Number of shares issued 2007**	Number of shares issued 2006	**Proportion of issued shares held 2007 %**	Proportion of issued shares held 2006 %
Unlisted						
Canyon Rock (Pty) Limited	South Africa	Crusher	**100**	100	**45**	45
Muscle Construction (Pty) Limited	South Africa	Construction	**100**	100	**48**	48

AGGREGATE FINANCIAL INFORMATION: UNLISTED

	2007 R	2006 R
BALANCE SHEET		
Group's share of assets and liabilities:		
Assets		
Non-current assets	**19 972 389**	19 887 974
Current assets	**14 527 568**	34 121 466
	34 499 957	54 009 440
Equity and liabilities		
Shareholders' interest	**7 222 349**	15 027 409
Non-current liabilities	**9 884 436**	14 186 717
Current liabilities	**17 393 172**	24 795 314
	34 499 957	54 009 440
INCOME STATEMENT		
Group's share of income and expenditure:		
Revenue	**43 592 068**	137 639 995
Profit after tax attributable to Group	**6 202 506**	7 348 978
Profit after tax recognised in income statement	**6 258 820**	9 090 184
Less: Income of associates who became subsidiaries after acquisitions	**(56 314)**	(1 741 206)
Profit after tax of remaining associates	**6 202 506**	7 348 978

Annexure 3 – Interest in Joint Ventures

for the year ended 28 February 2007

Joint ventures	Country	Nature of business	Proportion of issued shares held 2007 %	Proportion of issued shares held 2006 % %
Touwsriver Joint Venture	South Africa	Construction	**50**	–
Hex River – Joint Venture	South Africa	Construction	**50**	50
Kentha/Raumix – Joint Venture	South Africa	Construction	**49**	49
Raubex/HIR Namibia Roads – Joint Venture	Namibia	Construction	**50**	50

The Group maintains a register of all joint ventures for inspection at its registered office.

AGGREGATE FINANCIAL INFORMATION

	2007 R	2006 R
BALANCE SHEET		
Group's proportionate share of assets and liabilities		
Assets		
Non-current assets	**–**	–
Current assets	**15 023 077**	25 794 131
	15 023 077	25 794 131
Equity and liabilities		
Shareholders' interest	**346 019**	–
Non-current liabilities	**–**	–
Current liabilities	**14 677 058**	25 794 131
	15 023 077	25 794 131
INCOME STATEMENT		
Group's proportionate share of income and expenditure:		
Revenue	**57 814 083**	118 983 397
Profit/(loss) attributable to Group	**13 556 028**	(3 222 166)

Balance Sheet

as at 28 February 2007

	Notes	2007 R
ASSETS		
Non-current assets		
Investments in subsidiary	1	**(1 001 620 337)**
		(1 001 620 337)
Current assets		
Loan to subsidiary	2	**281 979 670**
Cash and cash equivalents	3	**100**
		281 979 770
Total assets		**1 283 600 107**
EQUITY AND LIABILITIES		
Equity		
Ordinary shares	4	**1 432 782**
Share premium	4	**1 282 167 325**
Total equity and liabilities		**1 283 600 107**

Statements of Changes in Equity

for the year ended 28 February 2007

	Share capital R	Share premium R	Total equity R
Balance at 1 March 2006	–	–	–
Changes in equity:			
Issue of share capital and share premium	1 432 782	1 282 167 325	1 283 600 107
Total changes	1 432 782	1 282 167 325	1 283 600 107
Balance at 28 February 2007	**1 432 782**	**1 282 167 325**	**1 283 600 107**
Note	4	4	4

Cash Flow Statement

for the year ended 28 February 2007

	2007 R
Cash flows from investing activities	
Acquisition of subsidiary	**(1 001 620 337)**
Loan advanced to subsidiary	**(281 979 670)**
Net cash from investing activities	**(1 283 600 007)**
Cash flows from financing activities	
Proceeds of share issue	**1 432 782**
Proceeds of share premium	**1 282 167 325**
Net cash from financing activities	**1 283 600 107**
Total cash movement for the period	**100**
Cash at the beginning of the period	**–**
Total cash at the end of the period	**100**

Notes to the Financial Statements

for the year ended 28 February 2007

		2007 R
1. Investments in subsidiary		
Name of company	% holding	**Carrying amount**
Raubex (Pty) Limited	100	**1 001 620 337**
The carrying amount of subsidiary is shown net of impairment losses.		
2. Loan to group company		
Raubex (Pty) Limited		**281 979 670**
The loan is interest free and has no fixed terms of repayment.		
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balance		**100**
4. Share capital		
Authorised		
500 000 000 ordinary shares of one cent each		**5 000 000**
Reconciliation of number of shares issued:		
Issue of shares – ordinary shares		**143 278 200**
Issued		
Ordinary		**1 432 782**
Share premium		**1 282 167 325**
		1 283 600 107
5. Taxation		
No provision has been made for normal taxation as the company has no taxable income.		
6. Related party transactions		
Loan account – Owing by subsidiary		
Raubex (Pty) Limited		**281 979 670**

7. Directors' emoluments

No emoluments were paid to the directors during the year.

8. Comparative figures

No comparative figures have been presented as these are the first financial statements of the company.

9. Income statement

No income statement has been presented as the company did not receive any income.

10. Post balance sheet events

JSE Listing

The JSE granted approval of the company's application for the listing of 102 129 832 shares on the JSE. The listing of the shares became effective from the commencement of business on 20 March 2007.

Acquisitions

The company issued shares amounting to R162 247 100 on 21 March 2007 to fund acquisitions made by the Group. Refer to note 35 of the consolidated financial statements for detail.

Notice to members

Notice is hereby given that the First annual general meeting of members of Raubex Group Limited (Raubex or the company) will be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, off Rosebank on Friday, 21 September 2007 at 11h00 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the Group for the year ended 28 February 2007, together with the reports of the directors and auditors thereon.

2. To re-elect, individually, the following directors who being eligible, offer themselves for re-election:
   - Messrs MC Matjila, JE Raubenheimer, F Diedrechsen, GM Raubenheimer, F Kenney, MB Swana and LA Maxwell.

     An abbreviated curriculum vitae in respect of each director offering himself for re-election is contained on pages 65 to 66 of this annual report.

3. To authorise the directors to determine the remuneration of the auditors for the past audit.

4. To approve the payment of remuneration to the directors.

5. To consider and, if deemed fit, pass with or without modification, the following ordinary resolution:

   Ordinary resolution No. 1

   Resolved that, the authorised but unissued ordinary shares in the share capital of the company be and are hereby placed under the control of the directors of the company in terms of sections 221 and 222 of the Companies Act, 1973 (Act No. 61 of 1973), as amended (Companies Act) until the next annual general meeting, to enable them to allot and issue such ordinary shares at their discretion, subject to the provisions of the Companies Act, the company's Articles of Association and the Listings Requirements of the JSE Limited (JSE Listings Requirements), provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one year shall not exceed 10% of the issued ordinary share capital of the company from time to time.

6. To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution.

   Ordinary resolution No. 2

   Resolved that, the directors of the company be and they are hereby authorised by way of a general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the JSE Listings Requirements, which currently provide, *inter alia*, that:

   - this authority shall be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
   - a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue representing, on a cumulative basis within one year, 5% or more of the number of shares in issue prior to such issue;
   - issues in the aggregate in any one financial year will not exceed 15% of the number of ordinary shares in the company's issued share capital from time to time;
   - in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors; and
   - any such issue will only be made to public shareholders as defined in the JSE Listings Requirements,

   provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one year shall not exceed 10% of the issued ordinary share capital of the company, from time to time.

   The approval of a 75% majority of the votes cast by ordinary shareholders present or represented by proxy at this annual general meeting is required for the authority in 6 above to become effective.

7. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

   Ordinary resolution No. 3

   Resolved that:

   7.1 the company adopts and approves the Raubex Share Incentive Plan 2007, as contained in the scheme rules prepared by Werksmans Inc, a copy of which was tabled at the meeting and initialled by the chairman for purposes of identification; and

   7.2 the board of directors of the company be and is hereby authorised to do all things necessary for and incidental to the implementation of the Raubex Share Incentive Plan 2007, including the signature of the relevant scheme rules and all related or ancillary documents.

The reasons for the adoption of the scheme in terms of the above resolution and the salient features thereof are set out below.

Rationale for the Share Scheme

The Raubex board have been planning and are of the opinion that it is now appropriate to implement a staff incentive scheme (Share Scheme) to reward staff for long service and to take account of the latest trends of incentivising staff.

Aggregate number of shares for the Share Scheme

A total of 5 000 000 option shares, representing 3,08% of the ordinary share capital in issue at the date of this Notice, will be made available for the Share Scheme but only 2 200 000 option shares (initial options), representing 1,36% of the ordinary share capital in issue at the date of this Notice, will initially be offered to qualifying employees (Participants), subject to the following:

- The strike price of the initial 2 200 000 share options to be issued will be between R15,00 per share and R5,00 per share depending on the annual compounded growth in the company's share price. If the share price on the JSE of a share, increases (annually compounded) during the three year period calculated from the date of allocation of the option share in question to the vesting date:
  - by 20% or less per annum (annually compounded), the option price in respect of the initial options shall be R15 (strike price);
  - by more than 20% but less than 30% per annum (annually compounded), the option price in respect of the initial options shall be 83,3% of the strike price;
  - by more than 30% but less than 40% per annum (annually compounded), the option price in respect of the initial options shall be 66,7% of the strike price;
  - by more than 40% but less than 50% per annum (annually compounded), the option price in respect of the initial options shall be 50% of the strike price; and
  - by more than 50% per annum (annually compounded), the option price in respect of the initial options shall be 33,3% of the strike price.
- The strike price of the balance of the option shares (other than the initial 2 200 000 ordinary shares referred to above) will be an amount calculated with reference to the annual compounded growth of the company's share price. If the share price on the JSE of the company's shares increases (annually compounded) during the three year period calculated from the date of allocation of the option shares in question to the vesting date:
  - by 20% or less per annum, the option price shall be the volume weighted average traded price of a share in the issued share capital of the company on the JSE during the thirty business day period immediately preceding the allocation date of the option shares in question (VWAP);
  - by more than 20% but less than 30% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 83,3% of the VWAP;
  - by more than 30% but less than 40% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 66,7% of the VWAP;
  - by more than 40% but less than 50% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 50% of the VWAP; and
  - by more then 50% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 33,3% of the VWAP.
- The aggregate number of Scheme shares which may be allocated to any one Participant will not exceed 3 000 000, representing 1,36% of the ordinary share capital in issue at the date of this Notice.

Vesting period

The option shares will vest at the end of three years from the date of listing of Raubex shares on the JSE, being 20 March 2010. Employees are able to sell 50% of their share options at the conclusion of the vesting period and the remaining share options are able to be sold 12 months thereafter, subject to the following conditions:

- Employee is to remain in the service of Raubex for the full three year period, failing which all share options will be cancelled.
- If an employee passes away at any time before the share option is exercised the executor of his estate will be entitled to exercise the full option immediately.

Listing of Share Scheme shares

The securities released to the Participants in terms of the Raubex Share Scheme will rank *pari passu* with existing securities of Raubex.

The directors shall use their best endeavours to procure that a listing is granted in respect of the shares on the JSE.

The provisions relating to the above matters cannot be altered without the prior approval of the Raubex shareholders in general meeting.

8. To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

Special resolution No. 1

"Resolved that, the directors of the company be and are hereby authorised, by way of a general approval pursuant, *inter alia*, to articles 13 and 14 of the company's Articles of Association, to facilitate, *inter alia*, the acquisition by Raubex, or a subsidiary of Raubex (collectively the Group), from time to time of the issued ordinary shares of Raubex upon such terms and conditions and in such number as the directors of the company may from time to time decide, but subject to the provisions of the Companies Act and the JSE Listings Requirements from time to time, which general approval shall endure until the next annual general meeting of the company; provided that it shall not extend beyond fifteen months from the date of the annual general meeting at which this special resolution is passed, it being recorded that the JSE Listings Requirements currently require, *inter alia*, in relation to a general approval of shareholders that:

- acquisitions of securities be implemented through the order book operated by the JSE Limited trading system and done without any prior understanding or arrangement between the company and the counterparty;
- acquisitions in any one financial year are limited to a maximum of 20% of the company's issued share capital of the relevant class; provided that acquisitions by subsidiaries of Raubex are limited to a maximum of 10% of the company's issued share capital of the relevant class;
- an acquisition may not be made at a price more than 10% above the weighted average of the market value for the shares in question for the five business days immediately preceding the date on which the acquisition is agreed;
- a paid press announcement containing details of such acquisitions must be published as soon as the company and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the annual general meeting at which this special resolution is passed (initial number) and for each 3% in aggregate of the initial number acquired thereafter;
- at any point in time, the company may only appoint one agent to effect any repurchases;
- such repurchases may only be effected if, thereafter, the company still complies with the spread requirements of the JSE Limited; and
- no repurchase may take place during prohibited periods stipulated by the Listings Requirements.

Although no repurchase of shares is contemplated at the present time, the directors, having considered the effects of a repurchase of the maximum number of ordinary shares issued in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of annual general meeting:

- the company and the Group will be able, in the ordinary course of business, to pay its debts as they become due;
- the assets of the company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of its consolidated liabilities;
- the issued share capital and reserves of the company and the Group are adequate for their ordinary business purposes; and
- the working capital of the company and the Group will be adequate for a period of twelve months from the date of this notice of annual general meeting.

For the purposes of considering special resolution number 1 and in compliance with Rule 11.26(b) of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of general meeting is included, at the pages as indicated.

- Directors and management – pages 16, 65 and 66;
- Major shareholders – page 66;
- Material changes – page 16;
- Directors' interests in securities – page 17;
- Share capital of the company – page 36 and 66; and
- Litigation statement – page 64.

This special resolution number 1 is to be voted on by the ordinary shareholders in the company.

The reason for this special resolution is to obtain, and the effect thereof is to grant the company, a general approval in terms of the Companies Act for the acquisition by the company, or a subsidiary of the company, of ordinary shares in the capital of the company, which general approval shall be valid until the next annual general meeting of the company; provided that the general authority shall not extend beyond fifteen months from the date of the annual general meeting at which this special resolution is passed.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 16 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or Group's financial position.

Directors' responsibility statement

The directors, whose names appear on page 16 of the 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 information referred to in this special resolution number 1 contains all the information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the 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.

The reason for and effect of the special resolution is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listings Requirements for the implementation and administration of the share incentive scheme.

9. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution.

Ordinary resolution No. 4

"Resolved that, any director of the company be and is hereby authorised to do all such things, sign all such documents and take all such actions as are necessary to give effect to the special and ordinary resolutions proposed at the annual general meeting at which this ordinary resolution is proposed, if it/they is/are passed (in the case of ordinary and special resolutions) and registered by the Registrar of Companies (in the case of special resolutions)."

10. To transact such other business as may be transacted at an annual general meeting of members.

Notes:

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

All proxy forms or other instruments of authority must be deposited with the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the annual general meeting of Raubex shareholders to be held at 11h00 on Friday, 21 September 2007 (the Raubex annual general meeting), but wish to be represented thereat, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received by no later than 13h00 on Wednesday, 19 September 2007.

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex annual general meeting in order for them to vote in accordance with your instructions. If you wish to attend the Raubex annual general meeting in person, please request your CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Raubex shareholder (who is not an own name dematerialised Raubex shareholder) and the CSDP or broker.

By order of the board

MDP Secretarial Services (Pty) Limited
Company secretaries

Executive Directors

Jacobus (Koos) Essaias Raubenheimer – Chief Executive Officer (64) – BSc Eng (Civil) PrEng

Koos founded Raubex in 1974 and has acted as Managing Director/Chief Executive Officer of the Group since its inception. Prior to founding Raubex, Koos served as an engineer with the Free State and Kruger National Park roads departments for a period of nine years. He has gained valuable experience in steering Raubex through a challenging market and believes Raubex shareholders will now benefit from the labours of a cohesive and loyal management team with a common purpose and a rich skills base. Koos has over 42 years of construction experience which he continues to put to use in the strategic decision-making and navigation of Raubex. Leadership for Koos means shouldering responsibility for the bottom line, effective decision making, communication and the well being of those in his charge.

Francois Diedrechsen – Finance and Commercial Director (34) – BCompt (Hons)

Francois joined Raubex in March 2004 after concluding Raubex's empowerment transaction with Matlapeng. He was appointed as a Director of Raubex early in 2006 and has led the restructuring and strategic planning of Raubex with a view to the eventual Listing. He has also led various mergers and acquisitions for the Group since joining. Prior to Raubex, Francois was the Chief Executive Officer of JIC Mining and Construction, a leading mining contracting firm in South Africa, where he had spent 12 years. After leaving JIC Mining and Construction, Francois established Matlapeng, where he was the Chief Executive Officer until accepting full-time employment at Raubex.

George (Thabo) Muller Raubenheimer – Executive Director (56) – BSc Eng (Civil) PrEng

Thabo joined Raubex in August 1975 as Project Engineer on Concrete projects and thereafter took charge of the administration and financial services of the Company. He was appointed as a Director of Raubex in 1986. Before joining Raubex,Thabo worked at the Department of Water Affairs as an Assistant Engineer for two years. Thabo is also responsible for overseeing the Human Resources function in the organisation.

Non-executive Directors

Marake Collin Matjila – Non-Executive Chairperson of the Board (45) – BA (Law) (University of Lesotho), LLB (University of the Witwatersrand), MAP (Harvard University)

Collin was an active member of the CIVIC Movement and has held various leadership positions in the ANC. He led the ANC negotiations prior to the formation of the Greater Johannesburg Transitional Metropolitan Council during 1994 and was appointed Chairperson of the Executive Committee until April 2000 when he joined Kopano Ke Matla Investment Company. His extensive knowledge of local government earned him the appointment as the first Chairperson of the South African Local Government Association in 1996. He simultaneously served as Chairperson of the Commonwealth Local Government Forum and as an Executive Member of the International Union of Local Authorities. A keen sense for business, practical knowledge and leadership, executive management skills led to his appointment as the Chief Executive Officer of Kopano Ke Matla Investment Company, the investment arm of COSATU, in May 2000. Within the public sector portfolio previous positions held by Collin had been Chief Executive Officer of the Command Centre for Emergency Reconstruction (a special purpose vehicle formed by Cabinet in 2001 to reconstruct flood damaged infrastructure in the country with a project value of over R1,5 billion). Collin was also appointed as the Chairperson of the National Electricity Regulator in 2000 and currently serves as Chairperson of the National Energy Regulator of South Africa. In addition to holding director and chairperson positions in listed and unlisted entities, Collin has also been recognised as one of the Top 12 Business Personalities by The South African Chamber of Commerce. His role as Non-Executive chairperson enables him to pass on the wisdom gained in top management. His role includes providing strategic direction and guidance for the executive team.

Mbali Bekiso Swana – Non-Executive Director (50) – BAS (UCT) BArch (UCT)

Mbali was appointed as a Non-Executive Director of Raubex on 1 September 2005. Mbali founded Plan Architects Incorporated in 1986.The firm is now well-established with offices in Durban, Johannesburg and Cape Town. In 1990 he founded a project and construction management firm, Swana Management Services and in 1996 he founded a property consulting firm. In 2000 he consolidated his project and construction interests with his property consulting firm into one multi-disciplinary platform under the umbrella of Prop 5 Corporation Limited where he is currently the Managing Director. Mbali has executed various major projects as a Project Manager and Construction Manager. From 1995 to 2000 he contributed to the National Government programme of development of procurement specifications and systems aimed at aligning the South African Government's procurement policies to world best practice and the South African Constitution. Between 1996 and 2000 he implemented the systems in the procurement of correctional facilities with a capex in excess of R700 million. From 2000 to date he commenced the development of PPP tailored for competitive advantage of Prop 5. The programme was applied to the first South African PPP project "Traverna Campus" under concession by the DTI. The concession contract was procured at a capital expenditure of R500 million.

Notice to members

(continued)

Freddie Kenney – Non-Executive Director (52)

Freddie Kenney joined Raubex (Proprietary) Limited as a Director and shareholder in 2004, through the empowerment transaction with Kenworth. Freddie is widely regarded as a versatile and talented businessman in Bloemfontein, with interests in low cost housing development, retail development and construction.

Leslie (Les) Arthur Maxwell – Independent Non-Executive Director (60) – CA(SA)

Les joined Raubex as an Independent Non-Executive Director in 2007. He currently holds the position of Financial Director of JCI Limited, a position he was nominated for as a result of his extensive financial experience and strong grounding and knowledge of corporate governance. Les joined the Board of JCI as an independent financial director to manage/effect the finalisation of the forensic and other financial investigations in progress, the implementation of decisions and settlements arising therefrom and the preparation and publication of consequent financial results and reports. Les, over a 19-year period, has held directorships with Fralex Limited, Fraser Alexander Limited and Joy Manufacturing Co (Proprietary) Limited, where he held the position of Financial Director.

Shareholders' profile

	2007 %
Major shareholders	
Raubenbel (Pty) Limited	15,4
Business Venture Investment No 918 (Pty) Limited	13,6
Kenworth (Pty) Limited	12,7

Form of proxy

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS OF RAUBEX GROUP LIMITED (Raubex) ONLY

I/We (Name in block letters)

of (Address in block letters)

being the registered holder of shares in Raubex, hereby appoint

of or failing him

of or failing him

the chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the annual general meeting to be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, off Rosebank on Friday, 21 September 2007 at 11h00 or any adjournment as follows:

RESOLUTIONS	**In favour of**	**Against**	**Abstain**
1. Adoption of annual financial statements			
2. Re-election of the following directors who are to retire at the meeting:			
2.1 MC Matjila			
2.2 JE Raubenheimer			
2.3 F Diedrechsen			
2.4 GM Raubenheimer			
2.5 F Kenney			
2.6 MB Swana			
2.7 LA Maxwell			
3. Auditors' remuneration			
4. To approve payment of remuneration to the directors			
5. **Ordinary resolution No. 1:** To place the unissued shares in the authorised capital under the control of the directors			
6. **Ordinary resolution No. 2:** General authority to issue shares for cash			
7. **Ordinary resolution No. 3:** To implement a share incentive scheme			
8. **Special resolution No. 1:** Authority to repurchase shares			
9. **Ordinary resolution No. 4:** Signing of documents			

My/our proxy has been instructed to vote in accordance with my/our wishes as indicated by the placing of a cross in the appropriate space above. Unless so instructed, my/our proxy may vote as he/she thinks fit

Signed at this day of 2007

Signature/(s) of member/(s)

Telephone no. Cell no. Fax no.

Notes to form of proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

All proxy forms or other instruments of authority must be deposited with the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the Annual General Meeting of Raubex shareholders to be held at 11H00 on Friday, 21 September, 2007 (the Raubex Annual General Meeting) but wish to be represented at the meeting, you must complete the form of proxy attached hereto in accordance with the instructions therein and return it to the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received by them no later than 13h00 on Wednesday, 19 September 2007.

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex Annual General Meeting in order for them to vote in accordance with your instructions. If you wish to attend the Raubex Annual General Meeting in person, please request your CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Raubex shareholder (who is not an own name dematerialised Raubex shareholder) and the CSDP or broker.

General Information

Nature of business and principal activities	Construction work, civil engineering and holding company
Directors	MC Matjila *(Chairman Non-executive)* JE Raubenheimer F Diedrechsen GM Raubenheimer F Kenney *(Non-executive)* MB Swana *(Non-executive)* LA Maxwell *(Independent Non-executive)*
Registered office	1st Floor, Leopard Creek Building The Greens Office Park Centurion 0169
Business address	Cleveley Eeufees Extension Bloemfontein South Africa 9300
Postal address	PO Box 3722 Bloemfontein 9300
Auditors	PricewaterhouseCoopers Inc Registered Auditors
Secretary	MDP Secretarial Services (Pty) Limited
Investor relations	College Hill Fountain Grove 52nd Avenue Hyde Park 2196 Tel: +27 (0)11 447 3030 Fax: +27 (0)11 447 6910
Company registration number	2006/023666/06

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