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

www.afrimat.co.za

ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018 AND NOTICE OF THE ANNUAL GENERAL MEETING

INTRODUCTION
Afrimat today published its 2018 Integrated Annual Report including its Audited Consolidated Annual Financial Statements for the year ended 28 February 2018, a copy of which is available on the company's website www.afrimat.co.za.

MEASUREMENT PERIOD ADJUSTMENTS TO BUSINESS COMBINATIONS
Since the publication of the Condensed Consolidated Provisional Financial Statements for the year ended 28 February 2018 ('provisional results') released on the Stock Exchange News Service ('SENS') of the JSE Limited ('JSE') on 24 May 2018, measurement period adjustments relating to deferred tax were made in finalising the accounting for certain business combinations within the measurement period and in accordance with the Group's accounting policy.

These updates had no impact on the Statement of Profit or Loss and Other Comprehensive Income, Earnings per Share ('EPS') or Headline Earnings per Share ('HEPS').

In the Statement of Financial Position at 28 February 2018 comparative information was updated to reflect the finalisation in the accounting of the Cape Lime Proprietary Limited ('Cape Lime') business combination. The update resulted in an increase in the fair value of the deferred tax liability, at the acquisition date of Cape Lime, of R57,4 million which was offset by an increase to goodwill of R57,4 million.

Further in the Statement of Financial Position, the current year figures were adjusted to reflect an updated version of the preliminary accounting for the Afrimat Demaneng Proprietary Limited and Diro Iron Ore Proprietary Limited ('Demaneng') business combination. The adjustment resulted in an increase in the fair value of the deferred tax liability, at the acquisition date of Demaneng, of R47,5 million which was offset by an increase in goodwill of R96,4 million and an increase in retained earnings of R48,9 million.

The retained earnings in the Statement of Changes in Equity was increased with R48,9 million. The non-controlling interest in the mining asset, which resulted from the Demaneng business combination, is now recognised and included in the non-controlling interest acquired in the Statement of Changes in Equity. For further details relating business combinations, refer note 14 below.

STATEMENT OF CASH FLOWS
In the Statement of Cash Flows an amount of R35,0 million was reclassified from 'cash flows from investing activities' to 'cash flows from financing activities' as the amount was paid to acquire non-controlling interest in Demaneng after the initial business combination.

NOTICE OF ANNUAL GENERAL MEETING
Shareholders are hereby advised that the Integrated Annual Report will be distributed to shareholders on 28 June 2018. In addition, the full Integrated Annual Report and Notice of Annual General Meeting ('AGM') are available on Afrimat's website www.afrimat.co.za.

BASIS OF PREPARATION
The Abridged Audited Consolidated Financial Statements ('financial statements') for the year ended 28 February 2018 ('year') contain, as a minimum, the information required by IAS 34: Interim Financial Reporting and have been prepared in accordance with the Frameworks Concepts and measurement and recognition requirements of the International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Listings Requirements and in the manner required by the South African Companies Act No. 71 of 2008, as amended. The accounting policies and method of computation applied in preparation of the financial statements are in accordance with IFRS and are consistent with those applied in the Audited Annual Financial Statements for the year ended 28 February 2018.

The financial statements for the year ended 28 February 2018 have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit CA(SA).

AUDITOR'S REPORT
The Abridged Audited Consolidated Financial Statements are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the Abridged Audited Consolidated Financial Statements and the correct extraction of the financial information included herein from the Audited Annual Financial Statements. The Annual Financial Statements were audited by the company's auditor, PricewaterhouseCoopers Inc. Their unmodified opinion is included in the

Annual Financial Statements and also available for inspection at the company's registered office.

On behalf of the board

MW von Wielligh
Chairman

AJ van Heerden
Chief Executive Officer

28 June 2018

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000	Change %
Revenue	2 456 782	2 228 157	10,3
Cost of sales	(1 699 417)	(1 464 494)	
Gross profit	757 365	763 663	(0,8)
Operating expenses	(406 205)	(357 897)	
Profit/(loss) on disposal of plant and equipment	638	(165)	
Contribution from operations	351 798	405 601	(13,3)
Impairment of property, plant and equipment (refer to note 2)	(1 399)	(3 049)	
Profit on disposal of subsidiary (refer to note 3)	-	4 043	
Operating profit	350 399	406 595	(13,8)
Finance income	32 930	36 073	
Finance costs	(59 432)	(41 589)	
Share of profits of joint venture	-	1 047	
Share of (loss)/profit of associate	(8)	82	
Profit before tax	323 889	402 208	(19,5)
Income tax expense (refer to note 5)	(78 511)	(122 814)	
Profit for the year	245 378	279 394	(12,2)
Profit attributable to:			
Owners of the parent	245 668	277 824	
Non-controlling interests	(290)	1 570	
	245 378	279 394	
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	183	68	
Income tax effect on available-for-sale financial assets	(41)	(63)	
Currency translation differences (refer to note 6)	961	(7 270)	
Other comprehensive income for the year, net of tax	1 103	(7 265)	
Total comprehensive income for the year	246 481	272 129	(9,4)
Total comprehensive income attributable to:			
Owners of the parent	246 771	270 559	
Non-controlling interests	(290)	1 570	
	246 481	272 129	
Earnings per share:			
Earnings per ordinary share (cents)	180,3	196,0	(8,0)
Diluted earnings per ordinary share (cents)	179,0	194,0	(7,7)
Note to Statement of Profit or Loss and Other Comprehensive Income			
Shares in issue:			
Total shares in issue	143 262 412	143 262 412	
Treasury shares (refer to note 8)	(6 654 039)	(7 187 643)	
Net shares in issue	136 608 373	136 074 769	
Weighted average number of net shares in issue	136 271 264	141 712 540	
Diluted weighted average number of shares	137 248 315	143 209 240	

RECONCILIATION OF HEADLINE EARNINGS

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000	Change %
Profit attributable to owners of the parent	245 668	277 824	
(Profit)/loss on disposal of plant and equipment attributable to owners of the parent	(638)	165	
Impairment of property, plant and equipment (refer to note 2)	1 399	3 049	
Profit on disposal of subsidiary attributable to owners of the parent (refer to note 3)	-	(4 043)	
Total income tax effects of adjustments	(213)	1 301	

	246 216	278 296	(11,5)
Headline earnings per ordinary share ('HEPS') (cents)	180,7	196,4	(8,0)
Diluted HEPS (cents)	179,4	194,3	(7,7)

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017* R'000
Assets		
Non-current assets		
Property, plant and equipment	1 417 845	1 058 240
Investment property	3 040	3 040
Intangible assets	12 848	14 575
Goodwill	287 036	190 650
Investment in associate	183	244
Other financial assets (refer to note 7)	59 446	276 942
Deferred tax	55 115	30 288
Total non-current assets	1 835 513	1 573 979
Current assets		
Inventories	242 124	162 960
Current tax receivable	9 181	9 279
Trade and other receivables	391 603	332 766
Other financial assets (refer to note 7)	-	107
Cash and cash equivalents (refer to note 9)	112 208	244 690
Total current assets	755 116	749 802
Total assets	2 590 629	2 323 781
Equity and liabilities		
Equity		
Stated capital	266 985	285 842
Treasury shares	(59 660)	(70 999)
Net issued stated capital	207 325	214 843
Reversed acquisition reserve	(105 788)	(105 788)
Other reserves	5 888	4 525
Retained earnings	1 111 915	1 085 792
Attributable to equity holders of parent	1 219 340	1 199 372
Non-controlling interests	9 980	7 547
Total equity	1 229 320	1 206 919
Liabilities		
Non-current liabilities		
Borrowings (refer to note 10.1)	271 954	94 999
Deferred tax	207 583	171 301
Provisions	130 288	96 190
Total non-current liabilities	609 825	362 490
Current liabilities		
Borrowings (refer to note 10.1)	165 004	79 090
Other financial liabilities (refer to note 11)	21 856	38 111
Current tax payable	11 485	8 997
Trade and other payables	458 455	352 150
Obligation of share of joint venture's losses	4 481	4 481
Bank overdraft (refer to note 9)	90 203	271 543
Total current liabilities	751 484	754 372
Total liabilities	1 361 309	1 116 862
Total equity and liabilities	2 590 629	2 323 781
Note to Statement of Financial Position:		
Net asset value per share (cents)	893	881
Net tangible asset value per share (cents)	673	731
Total borrowings	458 814	212 200
(Surplus cash)/overdraft less cash and cash equivalents	(22 005)	26 853
Net debt	436 809	239 053
Net debt:equity ratio (%)	35,5	19,8

* Comparative figures were amended due to a measurement period adjustment relating to business combinations, refer note 14.

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
Cash flows from operating activities		
Cash generated from operations	344 542	531 114
Interest received	31 623	35 674
Dividends received	54	88

Finance costs paid	(52 752)	(36 487)
Tax paid	(122 507)	(124 343)
Net cash inflow from operating activities	200 960	406 046
Cash flows from investing activities		
Acquisition of property, plant and equipment	(118 918)	(78 693)
Proceeds on disposal of property, plant and equipment	22 975	17 688
Purchase of financial assets	(68 060)	(254 916)
Proceeds on sale of financial assets	-	138 940
Proceeds on disposal of subsidiary (refer to note 3)	-	9 083
Acquisition of businesses (refer to note 14)	4 228	(280 263)
Net cash outflow from investing activities	(159 775)	(448 161)
Cash flows from financing activities		
Repurchase of Afrimat shares	(13 552)	(9 656)
Acquisition of additional non-controlling interest (refer to note 13)	(37 521)	(66)
Net movement in borrowings (refer to note 10.2)	180 129	5 376
Tax paid on disposal of shares to ARC*	-	(8 200)
(Repayment of)/proceeds from other financial liabilities (refer to note 11)	(25 143)	38 111
Dividends paid (refer to note 15)	(96 240)	(87 666)
Net cash inflow/(outflow) from financing activities	7 673	(62 101)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	48 858	(104 216)
Cash, cash equivalents and bank overdrafts at the beginning of the year	(26 853)	77 363
Cash, cash equivalents and bank overdrafts at the end of the year	22 005	(26 853)

* African Rainbow Capital Proprietary Limited ('ARC')

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Reversed acquisition reserve R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2016	263 611	(105 788)	(40 181)	8 619	892 088	6 737	1 025 086
Changes:							
Additional non-controlling interest acquired due to:							
- Infrasors (refer to note 13)	-	-	-	-	(169)	103	(66)
Share-based payments	-	-	-	6 023	-	-	6 023
Purchase of treasury shares	-	-	(69 310)	-	-	-	(69 310)
Treasury shares used for acquisition (refer to note 14)	(312)	-	23 908	-	-	-	23 596
Settlement of employee Share Appreciation Rights exercised and reserve transfer, net of tax	(28 911)	-	14 584	(2 852)	2 852	-	(14 327)
Effect on disposal of treasury shares to ARC	51 454	-	-	-	-	-	51 454
Profit for the year	-	-	-	-	277 824	1 570	279 394
Other comprehensive income for the year	-	-	-	(7 265)	-	-	(7 265)
Net change in fair value of available-for-sale financial assets	-	-	-	68	-	-	68
Income tax effect	-	-	-	(63)	-	-	(63)
Currency translation differences (refer to note 6)	-	-	-	(7 270)	-	-	(7 270)
Dividends paid (refer to note 15)	-	-	-	-	(86 803)	(863)	(87 666)
Balance at 28 February 2017	285 842	(105 788)	(70 999)	4 525	1 085 792	7 547	1 206 919
Changes:							
Initial non-controlling interest acquired	-	-	-	-	-	(64 257)	(64 257)
Additional non-controlling interest acquired due to:							
- Infrasors (refer to note 13)	-	-	-	-	(104)	83	(21)
- Demaneng (refer to note 13)	-	-	-	-	(109 769)	65 769	(44 000)
- Afrimat Bulk Commodities (refer to note 13)	1 500	-	13 500	-	(19 268)	1 768	(2 500)
Share-based payments	-	-	-	5 456	-	-	5 456
Purchase of treasury shares	-	-	(13 552)	-	-	-	(13 552)
Settlement of employee Share							

Appreciation Rights exercised and reserve transfer, net of tax	(20 357)	-	11 391	(5 196)	5 196	-	(8 966)
Profit for the year	-	-	-	-	245 668	(290)	245 378
Other comprehensive income for the year	-	-	-	1 103	-	-	1 103
Net change in fair value of available-for-sale financial assets	-	-	-	183	-	-	183
Income tax effect	-	-	-	(41)	-	-	(41)
Currency translation differences (refer to note 6)	-	-	-	961	-	-	961
Dividends paid (refer to note 15)	-	-	-	-	(95 600)	(640)	(96 240)
Balance at 28 February 2018	266 985	(105 788)	(59 660)	5 888	1 111 915	9 980	1 229 320

	Change %	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
1. Segment information			
Revenue			
External sales			
Aggregates and Industrial Minerals	1,9	1 582 671	1 553 285
Commodities	-	251 773	-
Concrete Based Products	(7,8)	622 338	674 872
	10,3	2 456 782	2 228 157
Intersegment sales			
Aggregates and Industrial Minerals		185 367	118 818
Commodities		-	-
Concrete Based Products		8 838	2 357
		194 205	121 175
Total revenue			
Aggregates and Industrial Minerals		1 768 038	1 672 103
Commodities		251 773	-
Concrete Based Products		631 176	677 229
		2 650 987	2 349 332
Contribution from operations			
Aggregates and Industrial Minerals		343 651	374 986
Commodities		(33 443)	-
Concrete Based Products		20 721	39 238
Other		20 869	(8 623)
		351 798	405 601
Contribution from operations margins on external revenue (%)			
Aggregates and Industrial Minerals		21,7	24,1
Commodities		(13,3)	-
Concrete Based Products		3,3	5,8
Overall contribution		14,3	18,2
Other information			
Assets			
Aggregates and Industrial Minerals		1 406 136	1 319 965
Commodities		382 777	-
Concrete Based Products		248 578	219 722
Other		553 138	784 094
		2 590 629	2 323 781
Liabilities			
Aggregates and Industrial Minerals		353 605	351 907
Commodities		137 903	-
Concrete Based Products		59 326	46 438
Other*		810 475	718 517
		1 361 309	1 116 862
Capital expenditure (excluding acquisitions through business combinations)			
Aggregates and Industrial Minerals		140 177	106 234
Commodities		41 633	-
Concrete Based Products		14 610	17 037
Other		5 800	11 250
		202 220	134 521

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

	Audited year ended	Audited year ended

	28 February 2018 R'000	28 February 2017 R'000
2. Impairment of property, plant and equipment		
Impairment of property, plant and equipment	(1 399)	(3 049)

An impairment loss was recognised, relating to property, plant and equipment items written off at Afrimat Aggregates (KZN) Proprietary Limited and Afrimat Contracting International Proprietary Limited (F2017: Delf Silica Coastal Proprietary Limited), which had no further economic value and have been removed from the register.

3. Disposal of subsidiary

During F2017, the group disposed of 100% of its shareholding in AFT Aggregates Proprietary Limited ('AFT Aggregates') to Nityn Proprietary Limited on 1 April 2016. The company was previously included in the 'Aggregates and Industrial Minerals' segment.

Details of the disposal are as follows:

	AFT Aggregates Total R'000
Carrying amount of net assets over which control was lost:	
Property, plant and equipment	12 655
Inventories	1 892
Trade and other receivables	1 972
Tax liability	(2 824)
Trade and other payables	(3 553)
Deferred tax liability	(2 553)
Provisions	(2 549)
Cash and cash equivalents	917
Net assets derecognised	5 957
Consideration received:	
Cash	10 000
Total consideration	10 000
Profit on disposal of subsidiary:	
Consideration received	10 000
Net asset derecognised	(5 957)
Profit on disposal of subsidiary	4 043
Net cash inflow from disposal of subsidiary:	
Cash consideration received	10 000
Cash and cash equivalents disposed of	(917)
	9 083

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
4. Depreciation and amortisation		
Depreciation	122 567	98 628
Amortisation	1 728	2 003
	124 295	100 631

5. Income tax expense

The effective tax rate of the group decreased from 30,5% to 24,2% in the current year mainly due to the income tax deductibility of expenditure actually incurred in settlement of the shares exercised in terms of the Share Appreciation Rights Scheme, by means of the formalisation of appropriate cost recharge agreements in the Afrimat Group.

6. Currency translation differences

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

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
7. Other financial assets		
Rehabilitation fund trusts and other	59 446	37 520
Afrimat Demaneng Proprietary Limited*	-	239 529

	59 446	277 049
Non-current other financial assets	59 446	276 942
Current other financial assets	-	107
	59 446	277 049

* Previously Diro Manganese Proprietary Limited

The group reinvested previously released unit trusts, resulting in an increase in the investment in environmental insurance policies. Further investments in environmental insurance policies were acquired as part of the business combination of Demaneng (refer to note 14). The fair value of unquoted unit trusts is derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment in the unit trust by reference to the fair value of the individual assets and liabilities recognised in a unit trust's Statement of Financial Position. The significant inputs to the adjusted net asset method are the fair values of the individual assets and liabilities whose fair value is derived from quoted market prices in active markets. The fair values are indirectly derived from prices quoted in Level 1, and therefore included in Level 2 of the fair value hierarchy.

	Number of shares	
	28 February 2018	28 February 2017
8. Movement in number of treasury shares		
Opening balance	7 187 643	1 918 751
Utilised for Share Appreciation Rights Scheme	(473 106)	(685 615)
Utilised to purchase minority shares in Afrimat Bulk Commodities	(535 714)	-
Utilised for Cape Lime acquisition	-	(1 139 347)
Shares held by AEI	-	6 653 854
Purchased during the year	475 216	440 000
Closing balance	6 654 039	7 187 643

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

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
9. Cash and cash equivalents		
Current assets	112 208	244 690
Current liabilities	(90 203)	(271 543)
	22 005	(26 853)

In the prior year funding for the Demaneng acquisition (refer to note 14) was obtained by means of utilising the company's current general banking facilities with The Standard Bank of South Africa Limited ('SBSA') as well as FirstRand Bank Limited ('FNB'). During the current year, the group refinanced the debt included in the general bank facilities into a R300,0 million amortising five-year term facility with SBSA and FNB, bearing interest linked to the three-month Jibar rate and payable in quarterly instalments commencing on 30 November 2017.

Included in the prior year's short-term bank deposits is an amount of R110,1 million relating to available cash in AEI after the disposal of shares to ARC. During the current year, R79,5 million of the available R110,1 million was paid to the South African Revenue Service ('SARS') in relation to PAYE, SDL and arrear taxes from participants of Afrimat BEE Trust.

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
10. Borrowings		
10.1 Capital net movement		
Opening balance	174 089	112 885
Acquired through business combination	2 740	-
New borrowings	398 506	306 811
Repayments	(138 377)	(245 607)
Closing balance	436 958	174 089
Analysis as per Statement of Financial Position		
Borrowings non-current	271 954	94 999
Borrowings current	165 004	79 090
	436 958	174 089
10.2 Analysis as per Statement of Cash Flows		
New borrowings	318 506	250 983
Repayments	(138 377)	(245 607)
	180 129	5 376

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

During F2017, the group financed plant and machinery with SBSA to fund capital expenditure and working capital requirements to support the growth and expansion of the group. A vehicle asset finance facility of R109,6 million over 36 months at prime rate minus 1,5%, repayable in monthly instalments of capital and interest was agreed upon for this purpose.

During F2017, SBSA provided funding to AEI in the amount of R141,3 million for the redemption by AEI of all of its existing preference shares in issue and to pay the existing preference share aggregate redemption quantum to Afrimat Limited. The company's shares held by AEI/Afrimat BEE Trust served as security for the preference share funding provided by SBSA. On 8 December 2016, AEI repaid the debt from SBSA and was subsequently released from the company pledge and cession agreement as set out in the subscription agreement with SBSA.

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
11. Other financial liabilities		
Net capital proceeds owing to Afrimat BEE Trust participants	12 968	38 111
Deferred liability: Demaneng minorities	8 888	-
	21 856	38 111

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

On 22 August 2017, the group announced on SENS that Afrimat had concluded a sale of shares and claims agreement with the minorities of Demaneng to acquire the remaining 40% stake in Demaneng as from 15 August 2017. The purchase consideration of R44,0 million is payable in nine tranches as follows: eight monthly instalments of R5,0 million per month for eight consecutive months commencing 15 August 2017 and R4,0 million in one final instalment.

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
12. Authorised capital expenditure		
Not yet contracted for		
- Property, plant and equipment	183 915	140 013

13. Acquisition of additional non-controlling interest

Infrasors Holdings Proprietary Limited

	Infrasors Holdings Proprietary Limited R'000	Total R'000
February 2018		
Additional non-controlling interest acquired	(83)	(83)
Premium paid on additional shares acquired in subsidiary after initial acquisition	104	104
	21	21
February 2017		
Additional to non-controlling interest acquired	(103)	(103)
Premium paid on additional shares acquired in subsidiary after initial acquisition	169	169
	66	66

Afrimat Bulk Commodities Proprietary Limited

	Afrimat Bulk Commodities Proprietary Limited R'000	Total R'000
February 2018		
Additional non-controlling interest acquired	(1 768)	(1 768)

Premium paid on additional shares acquired in subsidiary after initial acquisition	19 268	19 268
Treasury shares issued (issued at R28,00 per share)	(15 000)	(15 000)
	2 500	2 500

Afrimat Demaneng Proprietary Limited

	Afrimat Demaneng Proprietary Limited R'000	Total R'000
February 2018		
Additional non-controlling interest acquired	65 769	65 769
Premium paid on additional shares acquired in subsidiary after initial acquisition	(109 769)	(109 769)
	(44 000)	(44 000)

14. Acquisition of businesses

Demaneng

The group acquired 60% of the issued shares of Demaneng, as well as a cession and delegation agreement with Investec Limited to purchase all of its security. On 13 July 2017, all conditions precedent, including section 11 approval from the Department of Mineral Resources ('DMR'), were fulfilled and the agreement became unconditional. The acquisition will complement and augment Afrimat's product offering and further expand its footprint across South Africa. Given the nature of Demaneng's reserves and the access to infrastructure, together with Afrimat's existing competencies, the transaction allows the ability to leverage the combined strengths which will result in developing new revenue opportunities for Afrimat in the iron ore space.

The accounting for this business combination is still within the measurement period and information pertaining to the fair value of current and deferred tax assets and liabilities have not yet been received.

Provisional details of the acquisition are as follows:

	Total R'000
Carrying amount/fair value of net assets acquired:	
Property, plant and equipment*	304 374
Other financial assets	17 557
Inventories	12 446
Trade and other receivables	8 804
Borrowings	(307 852)
Trade and other payables	(122 910)
Provisions	(20 294)
Deferred tax liability	(53 454)
Current tax payable	(4 542)
Cash and cash equivalents	5 228
Non-controlling interest acquired	64 257
Goodwill	96 386
Net assets	-
Net cash inflow from acquisition of subsidiary:	
Cash consideration paid	-
Cash and cash equivalents acquired	5 228
	5 228

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

On 22 August 2017, the group announced on SENS that Afrimat had concluded a sale of shares and claims agreement with the minorities of Demaneng to acquire the remaining 40% stake in Demaneng from 15 August 2017 for an aggregate purchase consideration of R44,0 million.

	Total R'000
Pro forma revenue assuming the business combination for the full period ended 28 February 2018	274 647
Pro forma loss after tax assuming the business combination for the full period ended 28 February 2018	(103 836)
Revenue included in results	251 773
Loss after taxation included in results	(38 790)
Acquisition costs (including business rescue costs) included in operating expenses for the period ended 28 February 2018	5 782

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

Cape Lime

The group acquired 100% of the issued ordinary shares of lime and associated products producer, Cape Lime, on 31 March 2016. The aggregate purchase consideration paid for the acquisition of Cape Lime was R282,6 million and was settled in cash amounting to R259,0 million and reissuing of treasury shares of R23,6 million. Included in the purchase consideration was an interest amount of R6,6 million. The original cash consideration of R252,4 million bore interest at SBSA's prime overdraft rate less 2,0% from 10 December 2015, or from such earlier date in the event that all approvals were received from the authorities. The acquisition will complement and augment Afrimat's industrial mineral product offering and further expand its footprint across South Africa.

The parties to the acquisition recognise the scale of potential business opportunities that such a relationship presents, as Afrimat and Cape Lime have different and complementary strengths. Leverage from the combined strengths will result in developing new revenue opportunities for Afrimat and Cape Lime.

Measurement period adjustment
During the 2018 financial year, the 2017 comparative information is adjusted retrospectively to increase the fair value of the deferred tax liability at the acquisition date by R57,4 million offset by an increase to goodwill of R57,4 million in finalising of the accounting for this business combination.

Details of the acquisition are as follows:

	Total R'000
Carrying amount/fair value of net assets acquired:	
Property, plant and equipment*	264 248
Intangible assets	28
Other financial assets	3 695
Inventories	16 467
Trade and other receivables	29 054
Current tax payable	(1 093)
Trade and other payables	(17 004)
Deferred tax liability	(64 209)
Provisions	(13 783)
Cash and cash equivalents	7 792
Goodwill	57 456
Net assets	282 651
Consideration paid:	
Cash	259 055
Treasury shares issued (issued at R20,71 per share)	23 596
Total consideration	282 651
Net cash outflow from acquisition of subsidiary:	
Cash consideration paid	259 055
Cash and cash equivalents acquired	(7 792)
	251 263

* Property, plant and equipment includes the fair value of mining assets of R205,2 million acquired.

At acquisition, the fair value of trade and other receivables is R29,1 million and includes trade receivables of R26,9 million. An amount of R25,1 million is reflected as neither impaired nor past due.

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

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
Carrying amount/fair value of net assets acquired:		
Property, plant and equipment*	1 000	28 500
Inventories	-	2 536
Provisions	-	(2 036)
Net assets	1 000	29 000
Consideration paid:		
Cash	1 000	29 000
Total consideration	1 000	29 000
Net cash outflow from acquisition of subsidiary:		
Cash consideration paid**	1 000	29 000
Cash and cash equivalents acquired	-	-
	1 000	29 000

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

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

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
15. Dividends		
15.1 Afrimat Limited dividends paid/declared in respect of the current year profits		
Interim dividend paid	28 652	28 652
Final dividend declared/paid	60 170	71 631
	88 822	100 283
15.2 Dividends cash flow		
Current year interim dividend paid	28 652	28 652
Previous year final dividend paid	71 631	58 738
Dividends received on treasury shares	(4 683)	(587)
	95 600	86 803
Dividends paid by subsidiaries to non-controlling shareholders	640	863
	96 240	87 666

16. Comparative figures
Certain comparative figures have been reclassified to enhance disclosure. These changes have no impact on the overall profitability.

Abridged Audited Consolidated Statement of Cash Flows
Non-cash transactions relating to instalment sale agreements have been excluded from 'Acquisition of property, plant and equipment' and 'Proceeds from borrowings' in terms of paragraph 43 to 44 of IAS 7: Statement of Cash Flows.

As at year-end, 28 February 2017, R69,3 million was reflected as 'Repurchase of Afrimat shares' in the Cash Flow Statement and included a non-cash flow item of R59,7 million. The only cash flow item that should have been reflected was for 440 000 of the company's own shares purchased on the JSE Limited via Afrimat Aggregates (Operations) Proprietary Limited. The total amount paid to acquire the shares was R9,7 million. The company identified that R59,7 million was a non-cash transaction and should have been offset against the R51,5 million 'Effect on disposal of treasury shares to ARC' to reflect the only cash flow in the amount of R8,2 million which directly related to the CGT payable by AEI on the disposal of shares to ARC.

The effects of reclassification is as follows:

	Restated Audited year ended 28 February 2017 R'000	Previous Audited year ended 28 February 2017 R'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(78 693)	(134 521)
Net cash outflow from investing activities	(448 161)	(503 989)
Cash flows from financing activities		
Repurchase of Afrimat shares	(9 656)	(69 310)
Net movement in borrowings (note 10.2)	5 376	61 204
Tax paid on disposal of shares to ARC	(8 200)	51 454
Net cash outflow from financing activities	(62 101)	(6 273)

17. Events after reporting date
No material events occurred between the reporting date and the date of this announcement.

18. Contingencies
Guarantees to the value of R87,5 million (2017: R87,2 million) were supplied by SBSA to various parties, including the DMR and Eskom, respectively during the year under review.

Guarantees to the value of R73,9 million (2017: R9,3 million) were supplied by FNB to various parties, including the DMR and Eskom, respectively during the year under review. The increase in amount with FNB relates to guarantees of R50,0 million provided to the business rescue practitioner and compromised creditors in terms of the Demaneng acquisition.

Guarantees to the value of R1,6 million (2017: R23,5 million) by Lombard's Insurance Group, R0,5 million (2017: R1,4 million) by ABSA Bank Limited, R94,2 million (2017: R10,9 million) by Centriq Insurance Innovation and R2,7 million (2017: R2,7 million) by SIG Guarantee Acceptances Proprietary Limited were supplied to various parties, including the DMR, Eskom and Chevron South Africa Proprietary Limited. The increase in amount with Centriq Insurance Innovation mainly relates to the acquisition of Demaneng and restructuring of the environmental rehabilitation guarantees of Infrasors.

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

A contingent liability exists due to the uncertain timing of cash flows with regards to future local economic development ('LED') commitments made to the DMR in respect of companies with mining rights. These commitments are dependent on the realisation of the future agreed upon LED projects. Future commitments amount to R10,3 million (2017: R4,8 million). An accrual has been raised in respect of commitments made up to the end of the year.

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

	Audited year ended 28 February 2018 R'000	Audited year ended 28 February 2017 R'000
19. Related parties		
Loan balance owing by associate	10 151	11 591
Loan balance owing by joint venture	31 011	14 099
Obligation of share of joint venture's losses	(4 481)	(4 481)
Interest received from associate	484	806
Interest received from joint venture	887	420

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

Registered office
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley
7530
(PO Box 5278, Tyger Valley, 7536)

Sponsor
Bridge Capital Advisors Proprietary Limited
50 Smits Road
Dunkeld
2196
(PO Box 651010, Benmore, 2010)

Auditor
PricewaterhouseCoopers Inc.
PWC Building - Capital Place
15 - 21 Neutron Avenue
Technopark
Stellenbosch
7600
(PO Box 57, Stellenbosch, 7599)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank

2196
(PO Box 61051, Marshalltown, 2107)

Company secretary
M Swart
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley
7530
(PO Box 5278, Tyger Valley, 7536)