



CONTENTS

Profile of Sanyati	2
Our vision for Sanyati	2
Financial highlights	3
The Sanyati Group structure	4
Segmental analysis	5
Group at a glance	6 – 7
Three-year review	8 – 9
Board of Directors	10 – 11
Chairperson's statement	12 – 13
Chief Executive Officer's report	14 – 16
Operational and financial review	17 – 21
Corporate governance report	22 – 24
Sustainability report	25 – 27
Audit Committee report	28 – 29
Annual financial statements	30 – 87
Shareholders' analysis	88
Notice of annual general meeting	89 – 104
Form of proxy	attached
Administration	107
Shareholders' diary	108
Abbreviations	108

The widening of the William Nicol bridge over the N1 freeway, Bryanston



Disclaimer

The annual report may contain certain forward looking statements concerning Sanyati's operations, business strategy, financial condition, growth, plans and expectations. These statements include without limitation, those concerning the economic outlook, business climate and changes in the market. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the Group. No assurance can be given that these will prove to be correct and no representation or warranty expressed or implied is given as to the accuracy or completeness of such views or as to any of the other information in the annual report.

PROFILE OF SANYATI

Sanyati Holdings Limited (“Sanyati” or “the Group”) is a broad-based civil engineering and construction company listed on the Main Board of the JSE Limited (“JSE”). For the year ended 28 February 2010, the Group’s operations comprised of the Civils divisions, Specialist Contractors and Corporate Services.

- **Civils:** The Civils divisions provide innovative civil engineering solutions to their customers. Our aim within these divisions is to build world-class competencies in civil engineering and to become the “partner of choice” for emerging contractors and larger civil engineering companies in the Southern Africa construction industry.
- **Specialist Contractors:** This includes various niche construction companies which are seen as “value-add” to the main civils business of Sanyati.
- **Corporate Services:** The Group’s Corporate Services unit provides strategic direction, financial management and corporate finance activities to the Group that includes insurance activities, financing and treasury functions, shared services (including payroll and information technology) and Group risk management functions.



N8 interchange at the Bloemfontein Airport



The upgrade of and extensions to the Chatsworth police station



New head office in Bryanston

OUR VISION FOR SANYATI

“Pushing the boundaries in the delivery of life-changing engineering solutions”

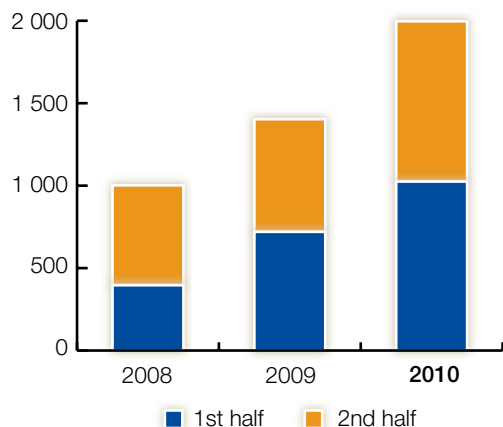
We intend to live this vision by adopting the underlying principles in our day-to-day activities, challenges and partnerships with our multiple stakeholders.

Key elements of our vision include:

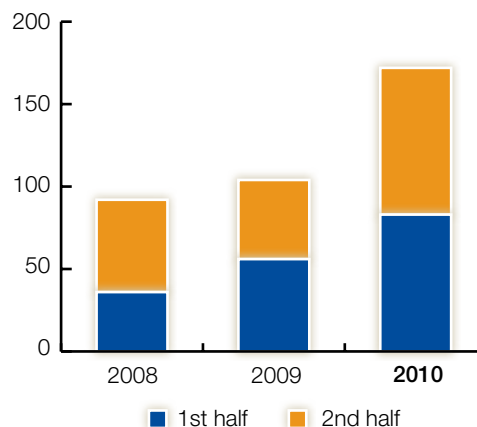
- An unconventional, innovative and yet compliant and professional approach to all projects;
- An emphasis on the execution of the job and the delivery of all pre-agreed outcomes;
- Our recognition of our unique opportunity to make a difference in everything we do; and
- A “can do” attitude as we craft solutions with our clients, the consultants and the communities that we serve.

FINANCIAL HIGHLIGHTS

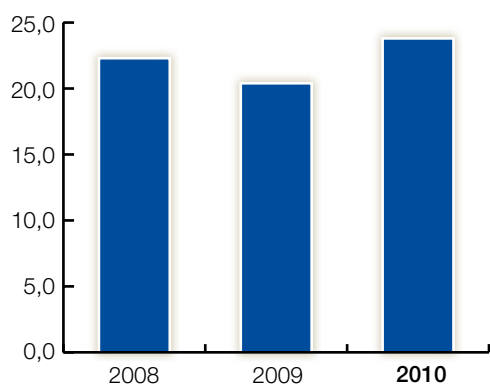
Revenue – continuing operations (R'm)



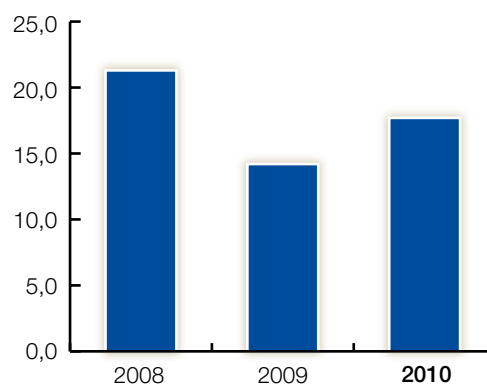
EBITDA – continuing operations (R'm)



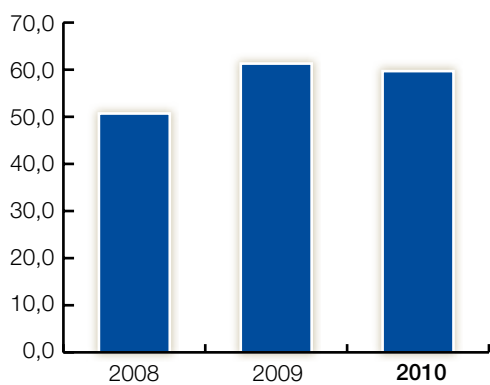
Normalised fully diluted HEPS (cents)



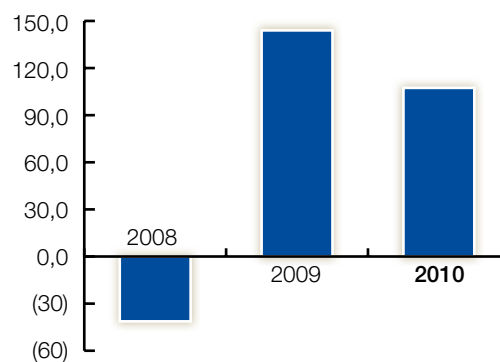
Earnings per share (cents)



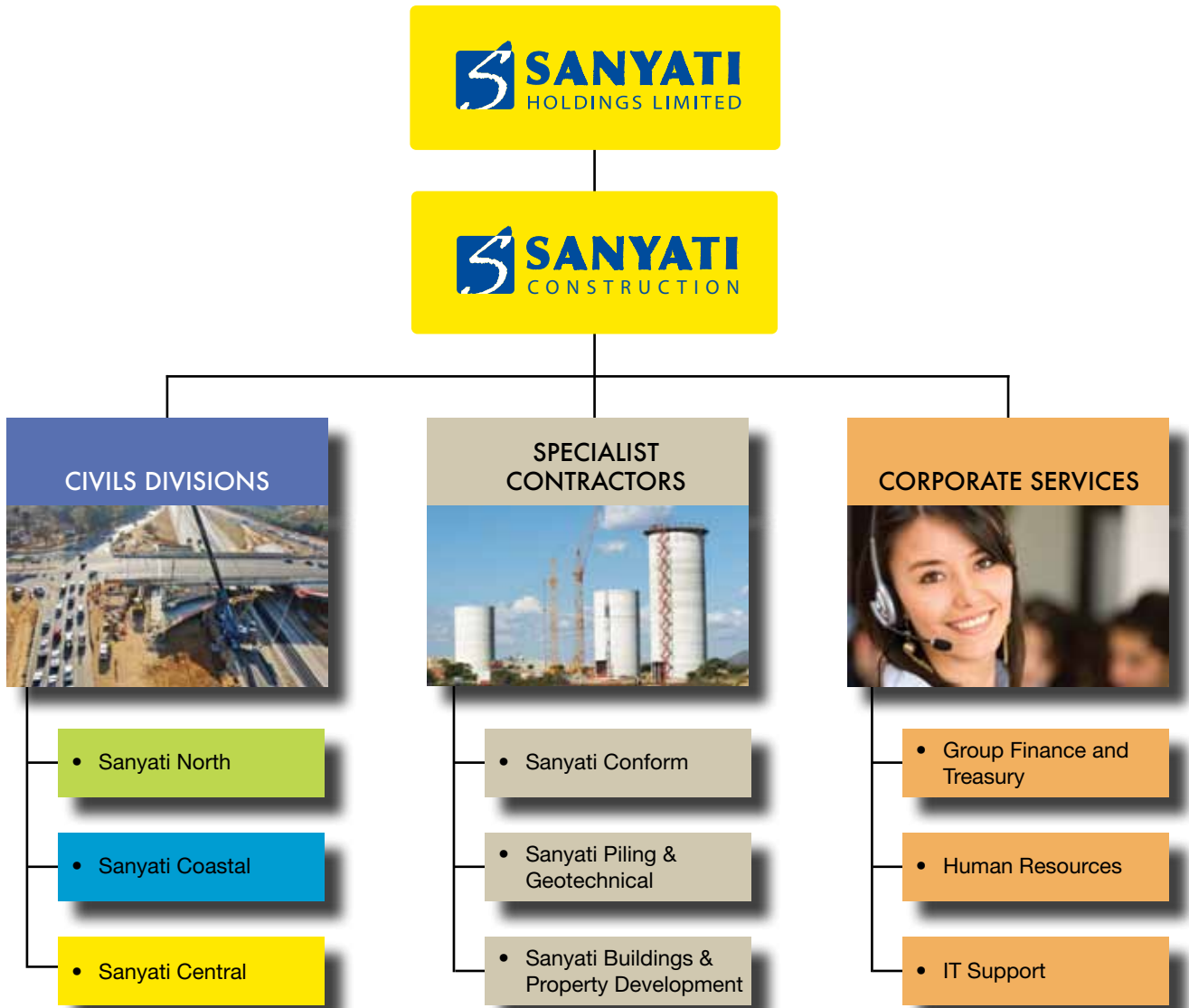
Net tangible asset value per share (cents)



Cash flow from operations (R'm)



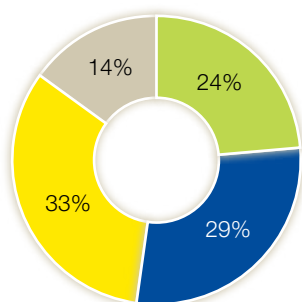
THE SANYATI GROUP STRUCTURE



SEGMENTAL ANALYSIS

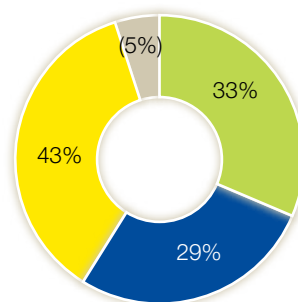
R'000	Revenue		EBITDA		Net assets/(liabilities)	
	28 February 2010	28 February 2009	28 February 2010	28 February 2009	28 February 2010	28 February 2009
CONTINUING OPERATIONS						
Civils	1 769 541	1 090 166	175 532	85 014	355 401	291 015
– Sanyati North (including Inland)	495 203	273 255	54 710	(6 035)	62 498	91 015
– Sanyati Coastal	593 890	506 278	48 720	49 081	76 502	15 051
– Sanyati Central	680 448	310 633	72 102	41 968	216 401	184 949
Specialist Contractors	304 753	314 753	(8 719)	16 906	4 647	69 085
– Sanyati Conform	42 784	80 704	4 005	24 277	32 682	18 095
– Sanyati Piling & Geotechnical	85 303	129 942	6 320	(11 546)	11 780	44 876
– Sanyati Buildings & Property Development	176 666	104 107	(19 044)	4 175	(39 815)	6 114
Corporate Services	38 792	41 205	5 925	2 208	415 516	446 887
Intergroup eliminations	(115 920)	(43 553)	–	–	(17 217)	(81 505)
Total continuing operations	1 997 166	1 402 571	172 738	104 128	758 347	725 482

Revenue – continuing



■ North (including Inland) ■ Coastal
■ Central ■ Specialist Contractors

EBITDA – continuing



■ North (including Inland) ■ Coastal
■ Central ■ Specialist Contractors

GROUP AT A GLANCE

CIVILS DIVISIONS			
Division	Sanyati North	Sanyati Coastal	Sanyati Central
Geographical footprint	Gauteng (including the Tshwane region) as well as Mpumalanga, Limpopo and North-West	KwaZulu-Natal and Eastern Cape	Free State and Northern Cape
Business overview	<p>Sanyati Civils is involved in the following areas of civil engineering:</p> <ul style="list-style-type: none"> • Bulk earthworks • Dams • Residential developments • Various concrete structures and civil works • Laying of fibre-optic cables • Railway electrification • Road construction • Pipelines and associated works • Township infrastructure • Telecommunication infrastructure • Crushing of aggregates 		
Major contracts worked on in 2010	<ul style="list-style-type: none"> • The Gauteng Freeway Improvement Project (GFIP) on a 23 km stretch of the N1 freeway from 14th Avenue in the south to the Buccleuch interchange in the north • FIFA Soccer World Cup infrastructure projects around the Soccer City FNB Stadium • Upgrade of the R40 through the centre of Nelspruit 	<ul style="list-style-type: none"> • The AC pipe replacement across the Greater Durban • Two road contracts between Mount Edgecombe and King Shaka International Airport • Completion of the civils works at the King Shaka International Airport 	<ul style="list-style-type: none"> • Vodacom Stadium – completion of the upgrade • Construction of the new N8 interchange at the Bloemfontein Airport • UMK mine infrastructure • Intermodal Taxi Rank • Electrification of the Sishen-Saldanha line
Permanent	319	574	495
Non-permanent	242	1 664	722
Total employees	561	2 238	1 217
Order book – confirmed	R208 million	R292 million	R530 million
Prospects and tenders	R450 million	R822 million	R520 million

SPECIALIST CONTRACTORS

SPECIALIST CONTRACTORS			
Division	Sanyati Conform	Sanyati Piling & Geotechnical	Sanyati Buildings & Property Development
Geographical footprint	South Africa	Gauteng, Mpumalanga, North-West and Limpopo	KwaZulu-Natal
Business overview	<p>Conform is a concrete sliding and slip form construction specialist and today is the leading contractor in South Africa in this specialised sector</p> <p>This company has more than 30 years' experience in this field</p> <p>Its areas of expertise are mainly employed in the mining and cement manufacturing sectors, including platinum, gold, coal and cement silos</p>	<p>Undertakes piling and geotechnical work throughout South Africa</p>	<p>Undertakes building works within the Sanyati Group, both for private and government clients. Projects include residential developments, hospital and school construction and renovations, industrial factories and office developments</p> <p>The property development projects are being disposed of and no further developments will be pursued as this part of the business is non-core to Sanyati</p>
Major contracts worked on in 2010	<ul style="list-style-type: none"> • UMK Manganese Mine • Goodehoop Colliery 	<ul style="list-style-type: none"> • Galleria Shopping Centre in KwaZulu-Natal • Rivonia Road Bridge on the Gauteng Freeway Improvement Project • Zuikerbosch Slope Stabilisation for Rand Water on the Vaal River • UMK Mine and Bloemfontein Intermodal Transport Hub in the Free State • N8 Bridge at Bloemfontein Airport 	<ul style="list-style-type: none"> • Fisher Park Mini Factory development • Park Rynie Mortuary • Chatsworth Police Station
Permanent	93	129	Employees included in Civils Coastal's numbers
Non-permanent	28	54	
Total employees	121	183	This unit is managed by Civils Coastal's management team

THREE-YEAR REVIEW

For the year ended 28 February		2010	2009	2008
Income statement				
Continuing operations				
Revenue	R'm	1 997	1 403	1 002
Gross profit	R'm	265	259	213
Operating profit/EBITDA before change in estimate	R'm	173	104	83
Operating profit before interest and taxation	R'm	102	89	83
Profit before taxation	R'm	103	83	85
Profit for the year from continuing operations	R'm	69	51	59
Gross profit margin	%	13,3	18,4	21,3
EBITDA margin	%	8,6	7,4	8,3
Earnings per share (EPS)				
Basic EPS	cents	17,44	14,21	21,33
Headline earnings per share (HEPS)				
Basic HEPS	cents	17,62	24,21	22,31
Fully diluted HEPS	cents	15,42	20,43	14,53
Normalised fully diluted HEPS	cents	23,45	20,43	14,53
Cash flow statement				
Cash flow from operations before working capital changes	R'm	109	134	107
Changes in working capital	R'm	7	10	(148)
Cash flow from operations after working capital changes	R'm	116	144	(41)
Interest and tax	R'm	(28)	(39)	(3)
Cash flows from operating activities	R'm	88	105	(44)
Cash flows from investing activities	R'm	(26)	(72)	(207)
Cash flows from financing activities	R'm	(32)	(1)	236
Increase/(decrease) in cash resources	R'm	30	32	(15)

As at 28 February		2010	2009	2008
Balance sheet				
Shareholders' equity and reserves	R'm	767	709	638
Non-current liabilities	R'm	108	65	112
Current liabilities	R'm	614	475	348
Non-current liabilities held for sale	R'm	11	–	–
Total equity and liabilities	R'm	1 500	1 249	1 098
Assets				
Non-current assets	R'm	706	683	651
Current assets	R'm	773	566	447
Non-current assets held for sale	R'm	21	–	–
Total assets	R'm	1 500	1 249	1 098
Net borrowings:equity ratio				
– Including vendor's liabilities	%	9,8	17,0	26,9
– Excluding vendor's liabilities	%	4,8	13,3	14,2
Current ratio	times	1,3	1,2	1,3
Return on equity	%	7,0	6,8	9,2
Net asset value (NAV) per share	cents	174,3	177,4	208,9
Net tangible asset value (NTAV) per share	cents	59,6	61,3	46,1
Number of shares in issue	'000	440 037	399 975	305 844
Weighted average number of shares in issue	'000	393 687	357 063	278 515
Fully diluted number of shares	'000	450 802	423 098	427 586
Market indicators				
Share price – close	cents	41	57	260
Market capitalisation at 28 February	R'000	180 415	227 985	795 195
Number of shares traded for the year	'000	194 425	105 592	108 483

BOARD OF DIRECTORS



ZOHRA BEGUM EBRAHIM

(50) BA, HDE

Independent Non-executive Chairperson

Zohra holds a BA and a Higher Diploma in Education from the University of Cape Town. She has over 20 years' development, housing and executive management experience. Zohra serves on a number of boards, ranging from corporates like EDCON and Fifth Quadrant Holdings to NGOs such as DAG and the Desmond Tutu HIV Foundation (of which she is the Deputy-Chair). She has also served on ministerially appointed boards like the Social Housing Foundation and previously chaired the Central Advisory Forum (in fishing) and has assisted various government departments in respect of governance, social housing, organisational development and strategic planning as well as property-related matters.

Zohra is a member of the Institute of Directors (SA) and is a Fellow of the South African Institute of People Management (IPM) where she was also elected the first black female president.

She is also part of the Aspen Global Leadership Network.



MALCOLM HUGH LOBBAN

(54) BCom (Hons), CA (SA)

Chief Executive Officer

Malcolm has extensive executive experience within a number of listed companies on the JSE. His most relevant experience was his seven-year period at Murray and Roberts (M&R) where, as a member of the M&R Group Exco, his responsibilities included the Group's portfolio of material supply and services businesses, the property development business and construction and related businesses in Zimbabwe. His career has included executive roles at Nedbank, PSG Investment Bank, Alacrity Financial Services and the Imperial Group. He joined Sanyati in May 2009.



JOHN JOSEPH DEEB

(46) BCom (Hons), CA (SA), PGL (Harvard)

Chief Financial Officer

John qualified as a Chartered Accountant in 1986 after completing articles at Deloitte. He gained exposure to the construction industry at Murray and Roberts, where he reached the position of Group Financial Controller in 2001 and was also a director of Murray and Roberts International Limited. He joined ADvTECH Limited in 2004 and held positions as Group Financial Director, CEO of the Tertiary Division and finally Group Commercial Director of ADvTECH before joining Sanyati in August 2009.



ROWAN MARK CROWIE

(39) BSc

Non-executive Director

Rowan graduated from the University of Natal with a BSc Building Management degree in 1993. He was a bursary student with Murray and Roberts and worked for a number of the Group construction subsidiaries before moving into the project management field. He joined the South African Reserve Bank in 1998 where he managed their property portfolio. In 2000, Rowan, with his brother Clinton, started a project management company, Crowie Projects, and were responsible for project management appointments for clients such as Airports Company South Africa, the IDT and Anglo Platinum. In 2002, Crowie Projects merged with PM Africa, to form Focus Project Management. He established Enza Construction and restructured Crowie Projects as a development company in 2003 where he currently acts as Managing Director. Rowan is currently also the Group CEO of Crowie Holdings.



HANS MICHAEL DLAMINI

(36) PR CPM, BSc Construction Management, Dip QS

Non-executive Director

Michael completed his National Diploma in Quantity Surveying at Mangosuthu Technikon in 1996 and went on to complete a BSc in Construction Management at the University of Natal in 1999.

In addition to being a member of the Black Management Forum, Michael holds several other professional memberships and affiliates including but not limited to the Association of South African Project Managers and the Chartered Institute of Building (UK). Michael is currently the owner and a Director of Project Management Solutions Africa, a company he founded in 2002. Under the mentorship of Don Mkhwanazi the company has been built into an industry leader and is involved in several prestigious projects including the Durban ICC and Freedom Square in Pretoria.



LESIBANA JAPHTALINA FOSU

(34) BCom (Hons), CA (SA)

Independent Non-executive Director

Lesibana qualified as a Chartered Accountant after serving articles at PricewaterhouseCoopers. In March 2009, she started Shikamoo Consulting Projects, a business offering a range of financial and process re-engineering services. Prior to this she was the Group Financial Director of Phambili Dismed Group and Chief Financial Officer of Sulzer Pumps (South Africa), a subsidiary of Sulzer Pumps AG (Switzerland). Lesibana also worked as a senior finance manager in the Department of Minerals and Energy. She currently serves as a member of both the Audit and Risk Committees of the National Treasury. In addition she is the Chairman of the Administration and Governance Cluster Audit Committee of the Limpopo Provincial Government.



MICHAEL RODERICK GAHAGAN

(57) BCom (Hons), CA (SA)

Independent Non-executive Director

Mike obtained a BCom (Hons) with distinction from Rhodes University and is a Chartered Accountant by training. Since qualifying in 1979, Mike has held various executive and CEO positions on main board listed companies in South Africa. These groups included Barlowrand Limited, Hunt Leuchars & Hepburn Limited, Imperial Holdings Limited and IOTA Financial Services Limited. At various times, Mike has also been a non-executive director of various other listed companies, including Porter Motor Holdings Limited and DNA Supply Chain Logistics Limited, and has served as the chairman of their Audit Committee and/or Remuneration Committee, as he does currently for Imuniti Holdings Limited and IFCA Technologies Limited. Mike is the Chairman of Imuniti Holdings Limited and the CEO of Arcay Private Financial Services (Pty) Limited.

CHAIRPERSON'S STATEMENT



ZOHRA EBRAHIM

AN OVERVIEW OF THE YEAR

I am pleased to provide my first report to the Sanyati shareholders following my recent appointment as Chairperson on 25 January 2010.

It is common knowledge that the environment in which Sanyati, and other listed construction businesses operate has undergone significant change in the last two

years. Many of the larger businesses in the sector relied on the global marketplace and the increased infrastructure spend in South Africa surrounding 2010 for their growth over the last decade. Following the global financial crisis and the shrinkage of offshore activity, these large construction companies redirected their attention predominantly to South African markets. The completion of demanding projects for 2010, together with major infrastructure spend in areas such as major road networks have continued to absorb significant industry capacity and provide a platform for ensuring positive financial results for many players in recent months. Market sentiment, under these conditions, has been less favourable to smaller capitalised companies.

For Sanyati the environment has provided us with a unique opportunity to build our brand and demonstrate our capacity to contribute successfully at the highest level. Our revenue generated from continuing operations increased to nearly R2,0 billion, an impressive 42% increase from the 2009 revenue of R1,4 billion. Operating profit before interest, taxation, depreciation and amortisation (EBITDA) and changes in estimates, increased by a pleasing 66% to R173 million (2009: R104 million), resulting in an EBITDA margin of 8,6% (2009: 7,4%). We acknowledge the poor performance from some of our operations namely: Buildings, Road Surfacing (that has subsequently been sold) and Piling & Geotechnical operations, notwithstanding we are proud to present these excellent results in a tough economic environment.

As a Board, we are satisfied that management has taken the necessary and decisive action to address these problems. All businesses go through phases of growth and challenges before reaching relative maturity. Initially they need the vigour, raw energy and propensity for risk of the entrepreneur. Sustainable growth requires a professional

approach to leadership and governance to match the spirit of entrepreneurship and innovation which has characterised the organisation to date. Sanyati has, in my opinion, successfully undergone much of this transition over the past year, fortunately without losing the skills and passion of its entrepreneurial base which will continue to provide competitive advantage into the future.

BOARD OF DIRECTORS

There have been a number of changes to the Board of directors over the past year. Rick Jackson (former CEO and Chairperson), Archie Rutherford (executive director), Marc Krouse (Chief Financial Officer), Moses Sangweni (Human Resource Executive) and Nhlanhla Khambule (non-executive director) all resigned during the period. Moses' resignation was in line with his new broader assignment to head up business development and Human Resources at the Sanyati Coastal division. We acknowledge the contribution that they all made in the building of Sanyati and wish them well. In particular, we wish to thank Rick Jackson for his leadership in establishing and growing Sanyati, both as CEO and latterly as executive Chairperson.

We are pleased to have the services of Malcolm Lobban as Chief Executive Officer and his leadership and insights into this new phase of Sanyati's growth. John Deeb was appointed as the new Chief Financial Officer and we are sure his rigour and professionalism will stand Sanyati in good stead well into the future. Lesibana Fosu, who chairs the audit committee, and I, are the latest appointments to the board, joining Mike Gahagan, Mike Dlamini and Rowan Crowie as non-executive directors.

These appointments are in line with the decision taken some months ago to make the changes following the planned retirement of Rick and to apply the principles of King III and the Construction Charter in the selection process. We are confident that the Board reflects a balance of skill-sets and experience, appropriate to good governance of the Group.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Sanyati is a level 4 contributor with a strong commitment to the ongoing transformation of our business in line with requirements of the Construction Charter and the measurable outputs of the scorecard. Sanyati was publicly recognised by Empowerdex as the number one BEE company in the construction sector of the JSE in October 2009.

The Group's strategy, action plans and measurement is driven by a steering committee made up of senior managers from each entity within Sanyati and chaired by the Group CEO. Good progress has been made during the year in the areas of employment equity, skill-sets and gender

The upgrade of Vodacom Park for the World Cup



Surfacing of road in Northern Cape

composition of the Board, enterprise development and social economic development have all been improved. The committee has a clear plan to achieve a level 3 contributor status in the near term, and this is supported by the Board.

THE ROAD AHEAD

The short to medium-term outlook in our traditional markets is likely to continue to be increasingly competitive. Many larger contractors will, in the short term, be searching for business in smaller projects and consequently provide additional competition to Sanyati in our chosen markets.

Sanyati is nevertheless well positioned to defend and grow its position in spite of the attention of these larger companies. A great strength of Sanyati is that it is managed operationally by the very entrepreneurs who sold their businesses to us. A good proportion of our shares belong to managers who have weathered tougher conditions than these and who have built great businesses in similar situations.

The focus of government infrastructural spend is poised to shift significantly during the next period. The big 2010 projects centred around stadia, airports and large access roads as well as rail projects surrounding the event are virtually complete. The political imperative for a rapid, efficient and visible improvement in the delivery of basic services to so many of our fellow citizens is well understood. We remain confident that the well publicised and budgeted spend programme will ultimately bring about this delivery. Sanyati is committed to playing its part in this vital programme. We are fully aligned with government goals to achieve the multitude of critical outputs such as job creation, enterprise development and community upliftment. In order to achieve delivery, appropriate partnerships at all levels will be essential. Our aim is to be the partner of choice for all our stakeholders.

Our new strategy incorporates a re-look at our traditional private sector target markets which are showing improvement emerging from the negative economic environment and weak commodity cycle. The CEO's report also describes our ambitions and progress within SADC as we seek to further balance the pipeline of opportunities away from an over dependence on government spend.

ACKNOWLEDGEMENTS

The Sanyati Group has undergone some significant changes during the year under review. The Group's strong management team, under the leadership of Malcolm Lobban, and strong base of exceptional partners have all been major factors in the achievement of the Group's financial performance. On behalf of the Board, I applaud and thank you all for your hard work, dedication and contribution in the face of challenging trading conditions.

To my fellow Board members, your support and commitment is greatly appreciated and I look forward to working with you in the months and years ahead.

A handwritten signature in black ink, appearing to read 'Zohra Ebrahim'.

Zohra Ebrahim
Independent Non-executive Chairperson

17 May 2010



Building of residential estate in Hillcrest

CHIEF EXECUTIVE OFFICER'S REPORT



MALCOLM HUGH LOBBAN

This past year has been a challenging and important one for Sanyati. We are particularly pleased with the outstanding performance of our construction teams at the many sites around the country who continue to build the Sanyati brand and lay the platform for our future. The year under review has also been marked by a number of operational challenges in

non-core businesses which have negatively impacted on our overall financial results. We believe that these issues have been fully dealt with and the business is far better positioned for the future – a future which has caused us to rethink our strategy and build on the unique strengths of the organisation.

The South African construction industry is experiencing major changes with the imminent conclusion of the World Cup projects. The industry has clearly delivered and is now faced with the challenge of diverting the existing capacity to the execution of a multitude of infrastructural projects for our country. I believe that our industry is up to the challenge and Sanyati looks forward to playing its part as partner of choice with the various stakeholders. What remains unclear is the timing of these project rollouts and our strategy has been revised with this uncertainty in mind.

OPERATIONAL AND FINANCIAL OVERVIEW

All three of Sanyati's core civils construction businesses performed extremely well during the year, not only in producing excellent financial results, but also in the completion of a number of high profile and challenging projects in both the public and private sectors. We ended the financial year with an enhanced reputation with our clients and a confidence in our ability to deliver and compete at the highest level. We are pleased to report that revenue rose by 42% to just below the R2,0 billion-mark (2009: R1,4 billion). This resulted in an operating profit before interest, taxation, depreciation and amortisation (EBITDA) and changes in estimates of R173 million, an impressive increase of 66% from R104 million in 2009. This translated into an EBITDA margin of 8,6%, a satisfactory increase of 16,2% from the 2009 EBITDA margin of 7,4%, a sterling performance in the face of increased competition in the civils construction industry.

The good results from our civils businesses were offset by operational challenges in our buildings, road surfacing and piling businesses. These historic problems were recognised at interim stage resulting in a cumulative charge to the income statement of R50,2 million at the half year. Decisive action was taken to address these matters, including the downsizing of the buildings business, urgent attention to onsite capacity within problem contracts, a focus on the collection of long outstanding contractual claims and the replacement of ineffective management. A comprehensive overview of the financial performance of each of our businesses is set out in the operational and financial review on pages 17 to 21 of this annual report.

We signalled our intention at the interim stage to sell the roads surfacing business and to reduce our exposure and ongoing activity in the property development market. We succeeded with the sale of the roads surfacing business, comprising the static asphalt manufacturing and supply plant in Verulam (KwaZulu-Natal), which was concluded in February this year. The sale of this business is reflected as a "loss from discontinued operations" in the amount of R15,8 million (after tax). We have also made good progress in the property arena by selling R30 million of our property assets during the last six months. The aggregate market value of these investments was R65,2 million at 28 February 2010.

The increase in the year-on-year fully diluted normalised headline earnings per share for continuing operations from 20,4 cents in 2009 to 23,5 cents for 2010 of 15% is more than satisfactory. Earnings per share from continuing operations increased by 23% to 17,4 cents per share (2009: 14,2 cents per share). Normalised earnings exclude the impact of the historic change in accounting estimate and the loss from discontinued operations.

The management of the balance sheet is always important and particularly in the current economic climate. In this regard, capital expenditure has been kept to a minimum as certain plant equipment is readily available for hire at competitive rates. The total capital expenditure for the year amounted to R45 million, which compares favourably to the R73 million spent in the prior period. A further R24 million in capital expenditure has been approved for the year ahead primarily for replacement of existing assets.

The balance sheet reflects net gearing, including vendor liabilities, of R75 million (2009: R120 million). The net gearing ratio of 10% compare favourably to the 17% at 28 February 2009. Cash management continues to be an area of focus for Sanyati to ensure a healthy balance sheet

Construction of the N8 road near Bloemfontein Airport



Re-electrification of the Sishen-Saldanha 800 km railway line

for the Group to grow the business into its areas of strategic focus in the years ahead.

STRATEGIC OVERVIEW

We have made good progress in determining a revised strategy for Sanyati. This strategy will see us optimising opportunities in the sectors of the market in which we have competitive advantage while at the same time moving our dependence away from South African government infrastructural spend. There are several components to this strategy.

The first component has been the establishment of a new management team and a philosophy that is capable of shifting the business into its next logical phase. The past years have seen the building of critical mass, geographic footprint and empowerment credentials that were necessary for Sanyati to be seen as a credible partner by our core target markets.

The next phase will see us leveraging our position in these traditional markets whilst simultaneously applying that same approach to select markets in the SADC region. This next phase will also see us establishing greater levels of professionalism in the way that we control and manage the business, and in the way that we engage with the communities and environments within which we operate. We will seek to mature the business model without in any way losing the vitality that distinguishes us from our competitors in our prime target markets.

THE SPIRIT OF PARTNERSHIP

Core to the approach going forward is a unique position that Sanyati occupies in the market place.

Our size, management expertise and superior empowerment rating were all important factors in Sanyati being selected as a partner of choice to several of the major construction businesses. As a result, we have successfully participated on

major projects such as the King Shaka International Airport in KwaZulu-Natal and the Gauteng Freeway Improvement Project in Johannesburg. Large construction businesses have sought these partnerships with us because of our significant project management capacity, our empowerment status and our record for reliable delivery. These partnerships will continue to be a focus area for us as we turn our attention to sizeable opportunities in markets such as water, rail and power which will begin to be rolled out in the years ahead.

For the same reasons that we are an attractive partner for big construction businesses, we are also an attractive partner to smaller aspiring construction businesses, who may not have the balance sheets or the experience to land mid-sized contracts, but who have the marketing capability and empowerment status to win this business in partnership with Sanyati. The fact that our business was built from several smaller local businesses means that we have both the local networks and the local knowledge to be the partner of choice to these businesses. Projects that are awarded by provincial departments and local government are increasingly requiring commitment to the integrated process of skills enhancement, local employment, job creation and sustainable enterprise development. Our private sector clients in the mining and property development sectors are also placing continuing emphasis on our ability to perform in these areas.

Our network of established black-owned construction partners is strong, and at the core of our strategy is the enhancing of both the number and the quality of these partnerships. This strategy creates competitive advantage for us, helps to de-risk the business and enhances our capacity to leave an indelible and positive mark on the landscapes in which we operate. This strategy is also fully aligned to the non-negotiable requirement of project execution on time and within budget. We fully embrace the principle of enterprise development as one element of accelerating transformation and ensuring a healthy and sustainable industry.

Key to our approach is the word "partnership". It is a capability that we have as an organisation and at which we excel. It underpins the relationships we build with our clients, customers, management and staff and the communities and environments in which we operate. Successful partnerships with all these parties are the platform for a sustainable and growing business.

The debate regarding government's well publicised infrastructure spend and the unanswered questions regarding timing, funding and procurement capacity continues. Notwithstanding the many challenges that lie

CHIEF EXECUTIVE OFFICER'S REPORT (continued)



Civils work at the new King Shaka International Airport

ahead, we remain optimistic that this spend programme will ensure significant opportunities for the construction sector in the years ahead. The urgent need for grass roots services delivery to millions of South Africans in vital areas of water, sanitation and shelter cannot be questioned. The importance of maintaining and expanding the country's rail, road and power infrastructure and capacity as the backbone for our economy is also well understood. We will therefore continue to adopt a strategy that optimises our opportunities to meaningfully participate in this spend programme as and when it is rolled out.

At the same time we have embarked on a selective and responsible strategy of expanding our business into the

SADC region and the leveraging of our position in the mining infrastructural markets. Both these strategies provide an important hedge against the timing risks associated with government infrastructural spend programmes and are significant opportunities in their own right.

A BIG THANK YOU TO THE PEOPLE THAT REALLY MATTER

As already mentioned in this annual report, Sanyati is the sum of its people and its relationships. A big thank you goes to our colleagues at all levels, site management, site staff, back office, administration, financial management, executive colleagues and non-executive Board members. A big thank you also to our partners and subcontractors and we look forward to the multiple opportunities for establishing new, equally fruitful relationships in the months and years ahead.



Malcolm Lobban
Chief Executive Officer

17 May 2010

OPERATIONAL AND FINANCIAL REVIEW

The business description of the underlying entities is contained in Group at a glance, set out on pages 6 to 7.

Civils Divisions
• Sanyati North (including Inland)
• Sanyati Coastal
• Sanyati Central

CIVILS DIVISIONS

SANYATI NORTH

FINANCIAL OVERVIEW

The overall results for new Sanyati North for the year ended 28 February 2010 are:

R'000	Change	2010	2009
Revenue (including intergroup)	81,2%	495 203	273 255
Old North	119,3%	154 739	70 546
Inland	68,0%	340 464	202 709
Operating profit (loss)/EBITDA	nm	54 710	(6 035)
Old North	nm	17 489	(16 409)
Inland	251,1%	37 221	10 374
Operating profit (loss)/EBITDA margin		11,0%	(2,2%)

The new Sanyati North division, which includes the Civils Inland and old Civils North divisions, performed exceptionally well during the year. Revenue increased by an impressive 81% to R495 million resulting in an operating margin and operating profit of 11,0% and R55 million, respectively.

OPERATIONAL REVIEW

The division is currently involved in the following major projects:

- The Gauteng Freeway Improvement Project (GFIP) on a 23 km stretch of the N1 freeway from 14th Avenue in the south to the Buccleuch interchange in the north including major upgrades of Malibongwe Drive, William Nicol and Rivonia Road interchanges (Sanyati North is a partner in a joint venture with WBHO, Rainbow Construction, Patula, Glash and Munausi on this project); and
- Upgrade of the R40 through the centre of Nelspruit.

Sanyati North's involvement in the Soccer World Cup infrastructure involves several high-profile contracts around the Soccer City FNB Stadium and these include:

- The realignment and upgrade of Stadium Avenue;
- The construction of a section of Golden Highway – a dual carriageway access to the stadium and the Nasrec Exhibition Centre; and
- The construction of platforms, roads and services for the FIFA hospitality areas around the stadium.

Although still a relatively small player in the industry, Sanyati North measures up extremely well. The division prides itself on its great workforce, excellent teamwork and highly effective systems and controls. The division's management team is dynamic and flexible, and equipped with plant and information technology resources to provide theoretical and practical engineering solutions to a range of civil contracting challenges.

The division is fully aware of its social responsibility to its various communities and has applied its first-hand experience and knowledge to upgrade gravel roads to surfaced standard and improve storm water drainage in several areas, especially Soweto and Ivory Park.

Sanyati North keeps ahead by combining professional discipline and practical engineering knowledge, and maintains a high standard of quality and service excellence.

PROSPECTS

With the consolidation of the old Sanyati Civils Inland and Sanyati Civils North companies into the new Sanyati North from the beginning of March 2010, the division's objective is to keep growing in a sustainable, controlled way, moving into new areas geographically and work wise. The consolidated division also means added depth and capabilities, and combined professional experience to get the project executed to the client's satisfaction.



Construction of new road in the Barberton area

OPERATIONAL AND FINANCIAL REVIEW (continued)

Historically, turnover for the Gauteng-based Sanyati Civils Inland division was drawn largely from private sector developments, whereas Sanyati Civils North did more roadworks projects. By combining the two companies into Sanyati North, the new division is ideally placed to take advantage of the numerous opportunities in the public sector and will build on becoming a strong player in the government contract sector as well as maintaining its strength in private developments.

With the R100 million Medupi Coal Stockyard project, subcontracted to Thyssen Krupp, starting in mid-2010, and several prospective tenders in the pipeline, mainly on mines and government contracts, as well as possible ventures into neighbouring states, the division is in a good position to fulfil its role as a major player in the construction industry.

SANYATI COASTAL

FINANCIAL OVERVIEW

The overall results for Sanyati Coastal for the year ended 28 February 2010 are:

R'000	Change	2010	2009
Revenue (including intergroup)	17,3%	593 890	506 278
Operating profit/ EBITDA	(0,7%)	48 720	49 081
Operating profit/ EBITDA margin		8,2%	9,7%

This division continued to build on the consistent growth record which it has achieved in KwaZulu-Natal over the last number of years. Turnover increased by 17% to R594 million (2009: R506 million) and the business generated an operating margin of 8,2% (2009: 9,7%) and an operating profit of R49 million for the year. This is an impressive result which was achieved in an increasingly competitive market.

OPERATIONAL REVIEW

This Durban-based division comprises a team of dynamic, motivated and qualified engineers, whose experience covers most activities in general civil engineering contracting. This, together with its implementation and monitoring of good quality control systems and tight fiscal control, are evident in the division's track record and excellent results achieved over the years.

The division's accomplishments include many highlights, but the following projects are noteworthy achievements:

- The AC pipe replacement across the greater Durban area over the last three years at a value of more than R400 million to date; and

- Two road contracts between Mount Edgecombe and King Shaka International Airport.

The majority of Sanyati Coastal's commitments are either municipal or government projects and include the following:

- Mount Edgecombe to Verulam – road widening and upgrade;
- Verulam to King Shaka International Airport – road widening and upgrade;
- Access to Greenville Hospital – upgrade of access road;
- King Shaka International Airport joint venture with WHBO and Group 5;
- Ridgeside Precinct infrastructure; and
- Enkanyenzini Water.

PROSPECTS

The division prides itself on its comprehensive experience, professional resources and strong client-centric approach, and audits itself constantly to ensure that standards are maintained.

With projects of more than R822 million in the pipeline, including Western Aqueduct, Cornubia housing project and Amathole Water Idutywa water supply, the division is well set for the future.

New road in Greenville, Eastern Cape



Construction of bridge as part of the R102 road upgrade (Mt Edgecombe)



N8 road – 82 meter long double dualway concrete bridge

conditions, load dig and haul in open cast mining, large platforms for the mining industry and conventional roads that form part of the National Roads network. Sanyati Central's clients consist of SANRAL, provincial and local government and private sector clients such as Vodacom, MTN as well as some large mining companies. This division values innovation and regards the use of innovative technology as of critical importance even in the road and earthworks industry. Sanyati Central has equipped their plant with a large range of Information Technology Integrated equipment including C-Track and the Trimble supported grade control systems, ensuring that stringent control measures are met in any complex earthworks environment.

Sanyati Central also provides a complete range of products and services in the road surfacing market, ranging from chip and spray applications to micro surfacing such as slurries and asphalt overlays. Sanyati Central has a state of the art mobile crushing fleet consisting mainly of Metso equipment with the ability to deliver any crushed product within specification anywhere in Africa, from single stage to multistage crushing. The crushing fleet is mobile and can thus be easily deployed and is operational in a very short space of time after being established.

On the civil engineering and structures projects, Sanyati Central focuses on niche projects that have either high time constraints or are technically complex. Projects, on a turn-key or conventional basis, successfully completed, include water retaining structures, bridges, conventional structures, pre-cast concrete projects and the Vodacom Stadium upgrade for the 2010 Soccer World Cup event.

The rail related work started with the De Aar to Kimberley OHTe project in 1999 and has since grown. Sanyati Central's core strength is to combine civil, structural and electricity resources ensuring the successful completion ranging from green fields projects to various maintenance projects anywhere in southern Africa.

PROSPECTS

Harnessing the specialised expertise and niche focus of this division in the civils arena, this business continues to provide a healthy pipeline of order book and excellent prospects in its chosen markets. The division will continue to position itself for challenging projects that leverage their proven track record with mining houses, roads agencies and departments and parastatals.

SANYATI CENTRAL

FINANCIAL OVERVIEW

The overall results for Sanyati Central for the year ended 28 February 2010 are:

R'000	Change	2010	2009
Revenue (including intergroup)	119,1%	680 448	310 633
Operating profit/EBITDA	70,0%	72 102	41 968
Operating profit/EBITDA margin		10,6%	13,5%

The Sanyati Central division performed exceptionally well and contributed significantly to the Group's overall performance. Revenue increased by a phenomenal 119% to R680 million (2009: R311 million) and operating profit was 70% higher at R72 million from R42 million a year earlier. The division's operating profit margin was 10,6% compared to an unprecedented 13,5% in the prior year. The decline in operating margin is a consequence of a change in the mix of the work undertaken and is also more reflective of current market conditions.

OPERATIONAL REVIEW

Road and earthworks form the backbone of the engineering activities of Sanyati Central and as such the division has successfully completed various road and earthworks projects varying from GSM access roads in difficult geographical

OPERATIONAL AND FINANCIAL REVIEW (continued)

Specialist Contractors

- Sanyati Conform
- Sanyati Piling & Geotechnical
- Sanyati Buildings & Property Development

SPECIALIST CONTRACTORS

FINANCIAL OVERVIEW

The overall results for the Specialist Contractors for the year ended 28 February 2010 are:

R'000	2010	2009
Revenue (including intergroup)	304 753	314 753
Sanyati Conform	42 784	80 704
Sanyati Piling & Geotechnical	85 303	129 942
Sanyati Buildings & Property Development	176 666	104 107
Operating (loss)/profit/EBITDA	(8 719)	16 906
Sanyati Conform	4 005	24 277
Sanyati Piling & Geotechnical	6 320	(11 546)
Sanyati Buildings & Property Development	(19 044)	4 175

Sanyati Conform

Sanyati Conform reported revenue of R43 million (2009: R81 million) and operating profit of R4 million (2009: R24 million). This disappointing result was primarily due to the general downturn in Conform's traditional mining



Construction of an 18 meter diameter, 50 meter high silo in Balfour, Mpumalanga

and industrial markets compounded by ongoing delays in the rollout of Eskom projects. Sanyati Conform continues to capitalise on partnering opportunities with the Civils divisions within Sanyati. A notable achievement was the excellent result at the UMK mine where Sanyati Conform was responsible for the construction of the load-out silos.

Sanyati Piling & Geotechnical

Sanyati Piling & Geotechnical also experienced tough trading conditions with a reduced turnover of R85 million (2009: R130 million) and an operating profit of R6 million. The business continues to expand its mix of opportunities away from its historical dependence on the KwaZulu-Natal market and was particularly successful with the award and successful execution of a lateral support project at the Zuikerbosch pump station for Rand Water Board.

Sanyati Buildings & Property Development

The poor performance of this division which generated a loss of R19 million for the year was primarily a result of confronting historic operational problems within the Buildings business. Interventions during the year included the replacement of the management team, deployment of competent contract and site agent staff to resolve project problems and a downsizing of the business. Property Development activity during the twelve months was directed solely at accelerating the conversion of work-in-progress to cash with a moratorium on any future development projects. The increase in revenue to R177 million (2009: R104 million) was aided by the proceeds from the sales of Property Development assets during the last six months.

OPERATIONAL REVIEW

Sanyati Conform

This Chloorkop-based company has come a long way since it started doing business in February 1976. Sanyati Conform has established itself as a strong and reliable brand in the construction industry providing the expertise and technical knowledge to carry out slip form construction, and is today recognised as a leader in this industry. Slip form construction is a highly specialised method of constructing silos, chimneys, reservoirs etc, using a continuous concrete pour by utilising a hydraulic sliding shutter system.

The division is extremely proud of its strong position in the industry and its well-established partnerships with a variety of clients. Its areas of expertise is mainly employed in the mining and cement manufacturing sectors, including platinum, gold, coal and cement silos. With its skills and technical knowledge applied in this sector, its impressive list of clients over past and current years include: Impala Platinum, Anglo Platinum, AngloGold, PPC, NPC, SASKO, Eskom and Public Works.

Mini factory development in Hillcrest



Similarly, Sanyati Conform has developed many crucial ties with prominent industry design consultants leading to many successful projects including design and construct. This “preferred” contractor relationship gives Sanyati Conform a unique base to achieve sustainability through diverse and established markets.

With a geographical footprint covering South Africa, this valuable business in the Sanyati Group is also involved in a variety of joint ventures with other major South African construction companies on a regular basis.

Sanyati Piling & Geotechnical

Sanyati Piling & Geotechnical have expanded activities into different areas geographically and in the variety of piling and lateral support contracts it can manage. Although the business operates mainly in KwaZulu-Natal and Gauteng, with contracts in the Eastern Cape, Free State and Limpopo, it is targeting work in other areas as well.

The division operates in a highly specialised market and intends to be the most profitable piling company in South Africa. The business is developing into an excellent team of motivated and highly-skilled professionals who are able to assist in all parts of the process offering clients the most cost-effective solution for a geotechnical foundation. To meet the exact requirements of the client, the business is further supported by superior quality control systems, sound management, financial principles and integrity.

Sanyati Buildings & Property Development

Sanyati Building undertakes building works within the Sanyati Group for both private and government clients. Projects include social infrastructure projects (e.g. schools, clinics, hospitals, housing) and select commercial and industrial structures that match our expertise, capacity and experience.

Sanyati Properties historically participated in the commercial and industrial development market. Good progress has been made in converting the existing portfolio to cash during the year. The aggregate market value of these investments was R65,2 million at 28 February 2010.

PROSPECTS

Sanyati Conform

Sanyati Conform is an industry leader in a highly specialised niche market, and although the business has been affected by the global economic meltdown, the division remains actively busy on a range of construction projects, with other prospects including mining projects in Zimbabwe, Zambia and Mozambique.



Piling for new office building

With its excellent quality and safety track record, as well as long-standing client base, the division is in an ideal position to take advantage of any improvement in the mining sector and industry spend as a whole.

The challenges now are to grow the business organically, to expand into new markets and to train new and existing employees, equipping them with the necessary skills and knowledge.

Sanyati Piling & Geotechnical

The Piling & Geotechnical business has made good progress in diversifying its geographical footprint and entering the broader infrastructural market outside of KwaZulu-Natal. Whilst activity in the core building markets is unlikely to show any improvement in the short to medium term, it has a reasonable pipeline of opportunities in the civils market, much of which is being pursued in partnership with our own operations around the country.

Sanyati Buildings & Property Developments

With the economic recession not showing signs of recovery in the short to medium term, building projects will be evaluated and tendered for only when they are economically viable.

We are currently in the process of disposing of our development property stock and this business is now being managed by the Sanyati Coastal division.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH KING III

Sanyati is committed to the promotion of good corporate governance and to the compliance with the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa – 2002 (King II) and the Group will be applying the principles of the King III Report on Governance in South Africa with effect from 1 March 2010. Every effort has been made to institute “best practice” and a summary of the current compliance is provided below.

Sanyati’s Board of directors sets the Group’s overall policy and provides guidance and input in areas relating to strategic direction, planning, acquisitions, performance measurement, resource allocation, key appointments, standards of conduct and communication with shareholders.

The directors acknowledged the need for an independent non-executive chairperson and Zohra Ebrahim was appointed as an independent non-executive director and Chairperson on 25 January 2010.

The Group’s corporate philosophy is consistent with the principles of King III in that, inter alia:

- The roles of the Chairperson and Chief Executive Officer (CEO) are separate;
- An independent non-executive director has been elected as Chairperson; and
- Service contracts of executive directors do not exceed four years in duration.

Non-executive directors who act independently chair the Human Resources and Remuneration, Risk Management and Audit Committees.

The Board will, as a minimum, ensure compliance with the following:

1. Code of Conduct

Having acknowledged the importance of sound corporate governance and the guidelines set out in the Principles of Corporate Governance and Code of Best Practice (Combined Code), the directors intend to embrace the Combined Code in so far as is appropriate having regard to the size and nature of the various companies making up the Group. The Board will take such measures as far as is practicable to comply with the Combined Code.

2. The Board of Directors

The company has a unitary Board of directors. The company had between two and four executive directors and four and six non-executive directors during the period under review.

The non-executive directors are fully independent of management and are free to make their own decisions and independent judgements. They enjoy no benefits from the company for their services as directors other than their fees and the potential gains and dividends on their interests in ordinary shares. The non-executive directors do not receive share options. They are high-calibre professionals and are sufficient in number for their independent views to carry significant weight in the Board’s deliberations and decisions.

The Board of Directors is responsible for the proper management and ultimate control of the Group. In order to meet this responsibility to the members and other stakeholders, the Board is responsible for setting the strategic objectives of the Group; determining investment and performance criteria; and taking ultimate responsibility for the proper management and ethical behaviour of the business of the Group. There exists a clear division of responsibilities at Board level that ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Board is also responsible for monitoring the activities of the executive management. A formal Board Charter has been adopted and details the Board’s responsibilities as outlined above.

The Board meets at least quarterly on a formal basis. Additional meetings are arranged where necessary to review strategy, planning, operations, financial performance, risk and capital expenditure, human resources and environmental management. Seven meetings were held in the period under review and the directors’ attendance record is set out on page 24.

Appointments to the board are formal and transparent and a matter for the board as a whole, assisted when appropriate by a nominations committee.

3. Board committees

3.1 Audit Committee

The Audit Committee meets to review the draft audited financial statements and the annual report; the preliminary profit announcement and interim statements; and to receive reports on audits carried out by the external and internal auditors. The Audit Committee assists the Board by performing an objective and independent review of the organisation’s financial, accounting and internal control mechanisms.

Additional information regarding the Audit Committee is contained in the Audit Committee report on page 28 to 29.

3.2 HR and Remuneration Committee

The HR and Remuneration Committee was reconstituted during the year under review to comprise of the following directors:

- HM Dlamini (independent Chairman);
- RM Crowie;
- N Khambule (resigned 29 March 2010);
- MJ Sangweni (resigned 22 January 2010); and
- ZB Ebrahim (appointed 1 February 2010),

with the CEO, the Chief Financial Officer (CFO) and the Company Secretary in attendance.

The HR and Remuneration Committee, which meets at least twice annually, has adopted formal terms of reference, as recommended by King III, which details the following responsibilities:

- The establishment of the Group's remuneration philosophy; and
- To review the terms and conditions of employment of the executive directors and other executives and their incentive schemes.

Remuneration is one of the largest cost components of the Group and optimising the remuneration expense remains a core focus area. The directors' remuneration for the period under review amounted to R11 487 000 (2009: R6 785 000) and comprises the following:

- Executive directors' remuneration of R10 817 000 (2009: R6 592 000); and
- Non-executive directors' remuneration of R670 000 (2009: R193 000).

An analysis of directors' emoluments is given in note 27 on page 70 of this annual report.

3.3 Risk Management Committee

The directors are responsible for risk management and ensuring that appropriate risk management processes are in place. This encompasses identifying, assessing, managing and monitoring all types of possible risk facing the Group.

The Risk Management Committee during the year under review consisted of the following directors:

- MR Gahagan (independent Chairman);
- RM Crowie;
- RD Jackson (resigned 27 July 2009);
- ZB Ebrahim (appointed 1 February 2010);
- MH Lobban (appointed 27 July 2009);
- N Khambule (resigned 29 March 2010);
- MI Krouse (resigned 31 July 2009);
- JJ Deeb (appointed 1 August 2009); and
- LJ Fosu (appointed 1 February 2010),

with the Company Secretary in attendance at meetings.

The Risk Management Committee, in consultation with the Board, ensures that an effective and ongoing risk management process is in place, measuring the potential impact of a risk against a broad set of assumptions and introducing risk mitigation procedures to reduce the exposure to an acceptable level. Formal terms of reference outlining these responsibilities have been adopted by the Risk Management Committee and approved by the Board.

The Group's risk management strategy includes the following key elements:

- An appreciation of the importance of risk management;
- Setting mission and risk management objectives;
- Assessing existing solutions for vulnerabilities;
- Establishing risk management infrastructure and assigning leadership;
- Compiling a list of risks and assigning areas of responsibilities to various persons;
- Selecting assessment techniques and defining risk appetite and tolerances;
- Developing internal communication and reporting structures;
- Monitoring the implementation and execution of risk management; and
- Integrating risk management into existing operational systems.

CORPORATE GOVERNANCE REPORT (continued)

The following key areas of risk have been identified:

- Construction projects:
 - tender phase; and
 - project implementation phase;
- Legal and regulatory compliance;
- Safety, health and environment;
- Human resources;
- Economic projects;
- Finance and administration;
- Communication and information technology;
- Procurement;
- Asset management; and
- Cross border construction projects and investments.

The Risk Management Committee meets at least three times a year and the Board is satisfied that adequate measures and processes are currently in place to mitigate identified risks.

3.4 Attendance at meetings

Details of attendance by directors at Board and committee meetings for the year under review are set out in the table below:

Company Secretary

The Company Secretary is Highway Corporate Services (Pty) Limited. The Board is of the opinion that the Company Secretary is suitably qualified and experienced to carry out his duties as stipulated under section 268G of the Companies Act. The Company Secretary provides guidance to the directors on their duties and ensures awareness of all relevant statutory requirements and legislation. All directors have access to the advice and services of the Company Secretary. Independent professional advice will be arranged for the directors by the Company Secretary, at the company's expense, where it has been requested by the directors.

Code of Ethics

The Group sets the highest level of ethical standards for all its directors and employees, all of whom are bound by the Group's Code of Ethics. This ensures that Sanyati remains committed to conducting business in a manner that is above reproach in all reasonable circumstances. In addition, the Group strives to provide a work environment that is non-discriminatory with sound safety, health and environmental practices.

Going concern

The directors report that, after making enquiries, they have a reasonable expectation that the Group has adequate resources and workload to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the annual financial statements.

Meetings attended	Board	Audit Committee	HR & Remuneration Committee	Risk Management Committee
Number of meetings during the year	7	3	3	3
MH Lobban	6/6	–	–	2/2
JJ Deeb	4/4	–	–	2/2
ZB Ebrahim	1/1	–	1/1	1/1
RM Crowie	7	–	3	3
HM Dlamini	7	3	3	–
LJ Fosu	1/1	1/1	–	1/1
MR Gahagan	7	3	–	3
RD Jackson*	5/5	–	–	2/2
MI Krouse*	2/3	–	–	1/1
N Khambule*	7	3	3	3
AJ Rutherford*	–	–	–	–
MJ Sangweni*	4/6	–	1/2	–
*Resigned				

SUSTAINABILITY REPORT

INTRODUCTION

Sanyati is conscious of its responsibility to contribute to government's initiative to enhance wealth creation in South Africa and Africa at large and commits to use sustainable business practices as a foundation to sustainable growth. The Group is committed to and encourages transformation and diversity within its workforce.

Sanyati's Code of Business Ethics, policies and practices are underpinned by good corporate governance and support the following social imperatives:

- Environmental conservation, preservation and rehabilitation;
- Quality management;
- Broad-based black economic empowerment;
- Corporate social investment;
- Transformation;
- HIV/Aids; and
- Health and safety.

With the full commitment of the Board of directors and the management team, Sanyati has managed to meet the challenge to sustain its programmes over the last twelve months.

1. Environmental conservation, preservation and rehabilitation

Sanyati has committed to not only focusing on environmental issues, but to be actively involved in playing our part in attaining a high level of environmental sustainability.

As part of our commitment, an Environmental Steering Committee was formed consisting of directors from each of the respective operational divisions who actively play a role in strategic decision-making regarding environmental issues and corporate environmental programmes, such as a carbon off-set project.

As part of the emphasis placed on environmental conscience and responsible business practices, a prestige Rhino Award for Environmental Excellence is awarded to contracts that exceed environmental performance criteria.

Sanyati has implemented an environmental management system that promotes sound environmental management to support improvement strategies and address changing customer needs and expectations as we continue to drive sustainable growth.

2. Quality management

Sanyati is committed to meeting and exceeding customer requirements and providing a safe and healthy work environment for all our employees. To this end Sanyati's management has formulated their commitment to its policies through the implementation of a management system that is ISO 9001:2008 compliant and certified.

A Quality Management Steering Committee, comprising directors representing the various operational divisions who are actively involved in the strategic direction of the QMS, has been established. One of their responsibilities is to review the system for improvement on an ongoing basis.

3. Broad-based black economic empowerment (BBBEE)

Sanyati is committed to the Codes of Good Practice on BBBEE by engaging in practices that support the upliftment of previously disadvantaged individuals in South Africa and driving the broad range of transformation requirements as set out in the Construction Charter.

To this end a BBBEE Steering Committee, comprising senior members of the management team and led by the CEO, was constituted during the financial year. The mandate of this team is to determine and drive the implementation of key interventions across the Group with the aim of achieving the measurable targets in each of the scorecard categories.

Sanyati Holdings was publicly identified by Empowerdex as the number one empowered company in the listed construction sector in October 2009. Our commitment is to ensure that we continue with the journey and achieve genuine and sustainable improvements in key areas such as skills transfer and management development.

4. Corporate social investment (CSI)

Our partnerships with communities in the many projects that we execute, provide us with unique opportunities to respond to needs identified by community leaders. We attempt to leverage our "on site" position in delivering a priority requirement to the community.

Examples of these projects include the conversion of site offices to community facilities, a netball/basket ball court for the Waterloo community in Verulam, parking facilities for two religious organisations in KwaZulu-Natal and the construction of a soccer field and posts in Ivory Park, Gauteng.

SUSTAINABILITY REPORT (continued)

Sanyati continues with its long-term commitment of providing regular support to orphanages and old age homes in the Free State. We have also sponsored a host of ad hoc initiatives that include donation of computers and equipment to schools and the provision of soccer jerseys and soccer balls.

5. Transformation

Sanyati encourages diversity in its human capital to maximise the benefits of innovation, broader insights and greater chances of success in meeting the current and future needs of our clients. Under the new leadership, efforts to drive transformation from within have been accelerated.

The human resource policies that impact transformation have been reviewed and rewritten to ensure that the Group is able to attract and retain historically disadvantaged individuals (HDI). This does not exclude or hinder the progress of individuals who fall outside the HDI group.

The composition of the main Board is reflective of the direction that the Group is taking with regards to transformation. The main Board has four black directors, two of whom are female. 79% of our permanent workforce is black and 11,49% is female. 29% of our management team is black.

Under the new leadership a structured, target driven employment equity plan, has been implemented to ensure that the long-term goals are achieved in a sustainable and responsible manner.

6. People development

The sustainability of the civil engineering and construction industry is dependent on the development of skills and transfer of knowledge. Sanyati provides in-service training to civil engineers, technicians and quantity surveyors amongst other specialised skills. Many of the trainees are taken on as permanent employees once their training is complete.

Consolidated summary of the Sanyati employment equity profile

Description	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	1	-	-	7	-	-	-	-	8
Senior management	2	-	5	15	1	-	1	2	26
Professionally qualified, experienced specialists and mid-management	6	-	8	54	1	-	1	3	73
Skilled technically and academically qualified, junior management, supervisors, foremen and superintendents	69	6	34	116	2	-	7	21	255
Semi-skilled and discretionary decision-making	260	5	7	68	21	1	14	31	407
Unskilled and defined decision-making	700	49	1	12	74	5	-	-	841
Total permanent	1 038	60	55	272	99	6	23	57	1 610
Non-permanent	2 252	73	18	21	335	5	5	1	2 710
Grand total	3 290	133	73	293	434	11	28	58	4 320

A = African C = Coloured I = Indian W = White M = Male F = Female



Sanyati's owner-driver programme

In collaboration with our JV partners and the communities we work in, we have provided training programmes that are aimed at sustainability of small businesses after our construction projects have been completed.

The Group is currently refining the implementation of a customised mentorship and development programme that is aimed at accelerating the development of key management talent in the Group.

7. HIV/Aids programmes

Sanyati is ever conscious of the HIV/Aids pandemic affecting its people and the country at large and is committed to provide a sustainable HIV/Aids management programme for all permanent employees. We acknowledge that the successful implementation of this programme offers tangible benefit to both the individual and the organisation in which he or she is employed.

CareWorks, a HIV/Aids healthcare management company, has been contracted to facilitate the HIV/Aids programme for the Group. This programme is running successfully in many of the divisions and is being rolled out throughout the Group.

8. Health and safety

Sanyati's health and safety systems have been modified and re-introduced within the Group. These included a new Health, Safety and Environmental Manual and user-friendly systems, which have been implemented.

The skills, awareness and reporting structure in this vital area has received much attention during the last financial year. We now have consistent policies and procedures across the Group and a greater level of ownership from line management.

In keeping with Sanyati's emphasis on health and safety, an award has been introduced for responsible health and safety practices for contracts exceeding safety performance targets. The drive to measure and improve our health and safety record remains a key focus area for the future.



AUDIT COMMITTEE REPORT

The Audit Committee is a committee of the Board of directors and in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, it assists the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Group.

Terms of reference

The Audit Committee has adopted formal terms of reference that have been approved by the Board and these terms of reference are regularly reviewed and updated where necessary. The Audit Committee has executed its duties during the past financial year in accordance with these terms of reference.

Composition

The Audit Committee consists of four independent non-executive directors. During the period under review, Lesibana Fosu was appointed to the Board and was requested to Chair the Audit Committee with effect from 1 February 2010. Nhlanhla Khambule served as Chairman of the Audit Committee until his resignation as Chairman on the same date. As at 28 February 2010, the Audit Committee members comprised of:

Name	Qualifications	Period Served
LJ Fosu (Chairperson)	BCom (Hons), CA (SA)	1 February 2010 – 28 February 2010
HM Dlamini	PR CPM, BSc Construction Management, Dip QS	1 March 2009 – 28 February 2010
MR Gahagan	BCom (Hons), CA (SA)	1 March 2009 – 28 February 2010
N Khambule	MDev Fin, BTech, ABP	1 March 2009 – 28 February 2010

The Chief Executive Officer, the Chief Financial Officer, Rowan Crowie and representatives from the external auditors attend the Audit Committee meetings by invitation. The external auditors have unrestricted access to the Audit Committee and its Chairperson.

Meetings

The Audit Committee held three meetings during the period. Attendance at these meetings is shown in the table following:

Director	11 May 2009	19 October 2009	1 February 2010
LJ Fosu (Chairperson)	N/A	N/A	✓
HM Dlamini	✓	✓	✓
MR Gahagan	✓	✓	✓
N Khambule	✓	✓	✓

Statutory duties

In execution of its statutory duties during the past financial year, the Audit Committee:

- The audit firm PKF and the audit partner Andrew Hannington are, in the committee's opinion, independent of the company and have been proposed to the shareholders for approval to be the Group auditors for the 2010 financial year;
- Determined the fees to be paid to PKF;
- Determined PKF terms of engagement;
- Believes that the appointment of PKF complies with the relevant provisions of the Companies Act, the JSE Listings Requirements and King III;
- Pre-approved all non-audit service contracts with PKF. The nature and extent of these services has been reviewed to ensure that the fees for these services do not become so significant as to call into question their independence;
- Received no complaints relating to the accounting practices of the Group, the content or auditing of its financial statements, the internal financial controls of the Group, and other any related matters;
- Reviewed the draft audited financial statements and annual report, the preliminary profit announcement and interim statements;
- Met with the external auditors to discuss the annual financial statements prior to their approval by the Board.
- Reviewed the valuation of goodwill before recommending any impairment to the Board for approval;
- Made submissions to the Board on matters concerning the Group's accounting policies, financial control, records and reporting; and
- Concurred that the adoption of the going concern premise in the preparation of the financial statements is appropriate.

Oversight of risk management

The Audit Committee has:

- Received assurance that the process and procedures followed by the Risk Management Committee are adequate to ensure that financial risks are identified and monitored;
- Has satisfied itself that the following areas have been appropriately addressed:
 - Financial reporting risks;
 - Internal financial controls;
 - Fraud risks as they relate to financial reporting;
 - IT risks as they relate to financial reporting; and
- Reviewed tax and technology risks, in particular how they are managed.

Internal financial controls

- Reviewed the effectiveness of the Group's system of internal financial controls including receiving assurance from management and external audit;
- Reviewed significant issues raised by the external auditors in their reports; and
- Reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, we believe that the significant internal financial controls are effective.

Regulatory compliance

The Audit Committee has complied with all applicable legal and regulatory responsibilities.

External audit

Based on processes followed and assurances received, we have no concerns regarding the external auditor's independence.

Description of fees	R'000	% of Total
Audit services	2 506	97
Non-audit services	74	3
Total audit fees	2 580	100

Based on our satisfaction with the results of the activities outlined above, we have recommended the reappointment of PKF to the Board and the shareholders.

Internal audit

During the period under review, the outsourced internal audit services were terminated. Management is in the process of engaging the services of a new outsourced internal audit function. The intention is to combine this with a team of retired construction industry experts who will be utilised to audit the contract accounting in the operating divisions of the Group

Finance function

We believe that John Deeb, the Chief Financial Officer, possesses the appropriate expertise and experience to meet the responsibilities of that position as required by the JSE.

We are satisfied with the:

- Expertise and experience of the Group Financial Manager; and
- As part of the turnaround strategy, the resources within the finance function are being strengthened to provide the necessary support to the CFO.

In making these assessments, we have obtained feedback from the external auditors.

Based on the processes and assurances obtained, we believe that the accounting practices are effective.

Annual report

Based on processes and assurances obtained, we recommended the annual report to the Board for approval.

On behalf of the Audit Committee



LJ Fosu
Audit Committee Chairperson

17 May 2010

ANNUAL FINANCIAL STATEMENTS

CONTENTS

Statement of compliance by the Company Secretary	31
Independent auditors' report	32
Directors' responsibilities and approval	33
Report of the directors	34
Consolidated statements of financial position	42
Consolidated statements of comprehensive income	43
Statement of changes in equity	44
Consolidated statements of cash flow	45
Notes to the annual financial statements	46



Surfacing of N8 near Bloemfontein Airport.

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY for the year ended 28 February 2010

I, the undersigned, representing Highway Corporate Services (Pty) Limited, the Company Secretary of Sanyati Holdings Limited, certify that all returns required of a public company in terms of the Companies Act, No 61 of 1973, as amended, have, in respect of the financial year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.



JH Acutt

on behalf of

Highway Corporate Services (Pty) Limited

Company Secretary

17 May 2010

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SANYATI HOLDINGS LIMITED

Report on the financial statements

We have audited the financial statements and Group financial statements of Sanyati Holdings Limited and its subsidiaries, which comprise the directors' report, statement of financial position as at 28 February 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 87.

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.

Auditors' 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 auditors' 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 auditors consider 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 directors, 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 Sanyati Holdings Limited and its subsidiaries as of 28 February 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

PKF DURBAN

Practice number: 906352E

Registered Auditors

Chartered Accountants (South Africa)

Per: K Gertenbach RA CA (SA)

17 May 2010

DIRECTORS' RESPONSIBILITIES AND APPROVAL for the year ended 28 February 2010

The directors are required by the South African Companies Act, No 61 of 1973, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Sanyati Holdings Limited and its subsidiaries ("Sanyati" or "the Group") and related financial information included in this annual report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The financial statements have been audited by the independent accounting firm, PKF Durban, who was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board of directors and committees of the Board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements 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 annual 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 ending 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the company and Group have or have access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements of the Group and company, set out on pages 34 to 87, which have been prepared on the going concern basis, were approved by the Board of directors on 17 May 2010 and were signed on its behalf by:



MH Lobban
Chief Executive Officer

17 May 2010



JJ Deeb
Chief Financial Officer

REPORT OF THE DIRECTORS

for the year ended 28 February 2010

1. NATURE OF BUSINESS

Sanyati Holdings Limited ("Sanyati") is one of the larger black empowered civil engineering and construction companies in South Africa. The Group executes projects for a number of private clients, parastatals and government departments. Large infrastructure projects are tendered for and undertaken by Sanyati as main contractor and/or in partnership with larger private or listed construction companies.

Details of the operating divisions are provided in the Group at a glance section on page 6 of this annual report.

2. REVIEW OF BUSINESS

The Group achieved turnover from continuing operations of R2,0 billion (2009: R1,4 billion) for the year under review, a 42% increase. Full year profitability from continuing operations was R69 million (2009: R51 million), a 38% improvement.

Normalised fully diluted headline earnings from continuing operations of 23,5 cents per share, reflecting an increase of 16,6% on the 20,4 cents achieved to February 2009, were achieved.

A full review of the financial and overall company performances can be found in the Chief Executive Officer's and Operational and financial review on pages 14 to 21 of the annual report.

3. STATEMENT OF RESPONSIBILITY

The Directors' statement of responsibility and approval is addressed on page 33 of this annual report.

4. FINANCIAL RESULTS

The results of the Group are set out in the attached annual financial statements and do not, in our opinion, require further comment other than as set out below.

5. DIVIDENDS

The company's policy is to pay dividends at the discretion of the directors. It is the intention of the company to pay an annual dividend once the company has achieved mature growth, and periodically thereafter in light of prevailing circumstances and future cash flow requirements. Initially all earnings generated by the company will be utilised to fund future growth and development.

No dividends were declared during the current financial year (2009: nil).

6. SHARE CAPITAL

6.1 Authorised

During the year under review, no changes were made to the authorised share capital of R10 000 divided into 1 000 000 000 ordinary shares of 0,001 cent each.

6.2 Issued

The issued share capital was increased during the period under review from R3 999,75 divided into 399 974 216 ordinary shares of 0,001 cent each by the issue of the following shares:

- 14 063 171 ordinary shares to the vendors of Meyker Construction (Pty) Limited and Sanyati Engineering Central (Pty) Limited at an issue price of 323 cents per share, in respect of the purchase consideration in terms of the profit warranties as set out in the purchase and sale agreement; and
- 26 000 000 ordinary shares to the Sanyati Executive Share Incentive Scheme at an issue price of 47 cents per share.

The issued share capital, after the above share issues, is R4 400,37 divided into 440 037 387 ordinary shares of 0,001 cent each.

6. SHARE CAPITAL (continued)

6.3 Future issues

The following commitments for share issues are anticipated by the directors and these shares will be issued on the approximate dates set out below:

Nature of issue	Approximate date of issue	Number of shares
Megapile Vendors Number 3 Placement	June 2010	254 926
GEM Vendors Number 2 Placement	June 2010	1 705 027
Meyker Vendors Number 3 Placement	June 2010	8 805 390
Total new shares to be issued		10 765 343
Current shares in issue		440 037 387
Total projected number of shares in issue		450 802 730

7. SPECIAL RESOLUTIONS

A special resolution authorising the acquisition of its own securities was passed by Sanyati at the annual general meeting on 27 July 2009.

There were no special resolutions passed by the subsidiary companies during the year under review.

8. CONTROLLING AND MAJOR SHAREHOLDERS

The controlling and major shareholders of the company are set out on page 88 of this annual report.

9. BORROWINGS

On behalf of the Group, the directors have established credit facilities with various financial institutions for use by the various subsidiary companies. The directors did not exceed any authorised levels of borrowings during the year under review. Refer to note 17 on page 65 for further detail. In terms of article 34 of the Articles of Association, the company has unlimited borrowing powers.

10. DIRECTORS' INTERESTS IN SHARE CAPITAL

On the last practicable date, 17 May 2010, the directors of Sanyati had the following direct and indirect beneficial and non-beneficial interests in the issued capital of Sanyati:

Director	Direct		Indirect		Total	% Held
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
RM Crowie ¹	–	–	45 619 959	–	45 619 959	10,37
JJ Deeb	825 979	–	–	–	825 979	0,19
N Khambule ^{2*}	–	–	–	30 600	30 600	0,01
MH Lobban	345 100	–	–	–	345 100	0,08
Total	1 171 079	–	45 619 959	30 600	46 821 638	10,65

(1) Held by Crowie Holdings (Pty) Limited

(2) Held by Ummongo Consulting CC

* Director resigned subsequent to the financial year-end on 29 March 2010.

REPORT OF THE DIRECTORS (continued) for the year ended 28 February 2010

10. DIRECTORS' INTERESTS IN SHARE CAPITAL (continued)

10.1 Share options

Sanyati Executive Share Incentive Scheme

The following options were granted during the period under review:

Vesting	Options granted	Options accepted	Date granted	Strike price (cents)	Vesting date
MH Lobban	5 000 000	5 000 000	26/02/2010	47	25/02/2013
JJ Deeb	3 000 000	3 000 000	26/02/2010	47	25/02/2013

11. AUDITORS

As a result of Sanyati relocating its head office to Johannesburg, the auditors will be changing from PKF Durban to PKF Johannesburg who will be the auditors in accordance with section 270(2) of the Companies Act.

12. MANAGEMENT BY THIRD PARTIES

Neither the business of the company nor its subsidiaries, nor any part thereof, has been managed by a third person or a company in which a director had an interest during the year under review.

13. CORPORATE GOVERNANCE

The directors acknowledge and subscribe to the values of good corporate governance as set out in the King II Report on Corporate Governance and the Board has confirmed that the Group will be applying the principles of the King III Report on Governance for South Africa with effect from 1 March 2010. By supporting this Code of Corporate Practices and Conduct, the directors have recognised the need to conduct the business of the Group with integrity and in accordance with generally accepted best corporate governance practices. Refer to the corporate governance report in the annual report for specific disclosure requirements.

14. HOLDING COMPANY AND SUBSIDIARY DETAILS

The holding company is an investment holding and management company and all profits reflected in the income statement are those of the subsidiary companies, details of which are set out below:

Name of company	Registration number	% Interest held	
		Direct	Indirect
Brisk Asphalt Surfacing (Pty) Limited	2000/018043/07		100
Deroma Structures (Pty) Limited	2001/023079/07		100
Dig 4 Gold Trading (Pty) Limited	2006/032036/07		100
Emberton Investments (Pty) Limited	2004/026812/07		100
GEM Earthworks (Pty) Limited	1997/019330/07		100
Mbusi GEM JV (Pty) Limited	2004/030933/07		100
Meyker Construction (Pty) Limited	2003/016339/07		100
Purple Plum Properties 125 (Pty) Limited	2005/004104/07		100
Sakhisizwe Joint Venture (Pty) Limited	2005/038642/07		100
Sancroft Trading (Pty) Limited	2006/008508/07		100
Sandstone Trading (Pty) Limited	2007/030614/07		100
Sanprop (Pty) Limited	2003/029018/07		100
Sanyati Building (Pty) Limited	1995/006764/07		100
Sanyati Civil Engineering and Construction (Pty) Limited	1984/006483/07	100	–
Sanyati Civils Coastal (Pty) Limited	1991/060155/07		100
Sanyati Civils Inland (Pty) Limited	1997/015348/07		100
Sanyati Engineering Central (Pty) Limited	2004/030758/07		100
Sanyati Piling & Geotechnical (Pty) Limited	2006/008566/07		100
Sanyati Properties Five (Pty) Limited	2004/029295/07		100
Sanyati Properties Four (Pty) Limited	2004/027338/07		100
Sanyati Properties Nine (Pty) Limited	2004/031953/07		100
Sanyati Properties One (Pty) Limited	2004/027134/07		100
Sanyati Properties Seven (Pty) Limited	2004/027476/07		100
Sanyati Properties Ten (Pty) Limited	2004/032404/07		100
Sanyati Roads (Pty) Limited	2005/044452/07		100
Trimbury Trading (Pty) Limited	2006/000139/07		100

All companies are incorporated in South Africa unless indicated otherwise.

During the period under review, Sanyati Properties Three (Pty) Limited and Sanyati Properties Two (Pty) Limited were disposed off as part of the rationalisation of the operating activities of the Group.

REPORT OF THE DIRECTORS (continued) for the year ended 28 February 2010

15. SHARE INCENTIVE SCHEMES

The company has three share incentive schemes in place for the benefit of employees:

- Sanyati 2007 Acquisitions Share Incentive Scheme;
- Sanyati Executive Share Incentive Scheme; and
- Sanyati Broad-based Employee Share Incentive Plan.

The above were introduced for the purpose of providing an opportunity to the employees of Sanyati and its subsidiary companies to acquire shares in the capital of the company. This can be done directly or through the granting of options, so as to give employees the incentive to advance the interests of the company for the ultimate benefit of all stakeholders in the company.

15.1 Sanyati 2007 Acquisitions Share Incentive Scheme

The salient features of the scheme are:

Option based

An option is the right, but not the obligation, to purchase shares. Options do not have to be taken up when they become available.

Beneficiaries

The beneficiaries are senior management employees of the Group and the options may not be transferred to any third party.

Price

The scheme offers options to purchase shares on the date of approval by the company directors. The price of the shares for which options have been granted are as follows:

- Offer 1 (October 2007): R2,10 per share.

Timing

The options may be exercised at the following times:

- 33,3% of options – 36 months after acceptance of the offer;
- Up to 50% of the remaining options – 48 months after acceptance of the offer; and
- The balance – 60 months after acceptance of the offer.

Options do not have to be taken up immediately at the times they become available.

The options will expire to the extent that they are not exercised on the tenth anniversary of the acceptance date.

Payment

The shares have to be paid for at the time the options are exercised unless the Trustees have agreed to extend financial assistance to the beneficiary.

Lapse

The options will lapse if employment by the Group ceases – other than for reasons of death or physical disability. In the case of death, the estate will be entitled to exercise the options.

15. SHARE INCENTIVE SCHEMES (continued)

15.1 Sanyati 2007 Acquisitions Share Incentive Scheme (continued) Movements

The following movements in options took place during the year:

	2010	2009
Total share options available	10 000 000	10 000 000
Balance of options outstanding at start of the year	8 466 434	8 942 069
Options offered	–	–
Options offered – not accepted	–	–
Attrition during the year	(3 425 335)	(475 635)
Options exercised during the year	–	–
Balance of options outstanding at end of the year	5 041 099	8 466 434

15.2 Sanyati Executive Share Incentive Scheme

The salient features of the scheme are:

Option based

An option is the right, but not the obligation, to purchase shares. Options do not have to be taken up when they become available.

Beneficiaries

The beneficiaries are management and employees of the Group and the options may not be transferred to any third party.

Price

The scheme offers options to purchase shares at the 30-day volume weighted average price on the date of approval by the company directors. The price of the shares for which options have been granted are as follows:

- Offer 1 (June 2006): R1,00 per share; and
- Offer 2 (February 2010): R0,47 per share.

Timing

The options may be exercised at the following times:

- 33% of options – 12 months after the acceptance of the offer;
- Up to 50% of the balance – 24 months after the acceptance of the offer; and
- The balance – 36 months after the acceptance of the offer.

Options do not have to be taken up immediately at the times they become available.

The options will expire, to the extent that they are not exercised, on the seventh anniversary of the acceptance date.

Payment

The shares have to be paid for at the time the options are exercised.

Lapse

The options will lapse if employment by the Group ceases – other than for reasons of death or physical disability. In the case of death, the estate will be entitled to exercise the options.

REPORT OF THE DIRECTORS (continued) for the year ended 28 February 2010

15. SHARE INCENTIVE SCHEMES (continued)

15.2 Sanyati Executive Share Incentive Scheme (continued) Movements

The following movements in options took place during the year:

	2010	2009
Total share options available	34 000 000	3 000 000
Balance of options outstanding at start of the year	2 066 380	2 408 064
Options offered – Offer 2	32 000 000	–
Options offered – not accepted	–	–
Attrition during the year	(895 228)	(341 684)
Options exercised during the year	–	–
Balance of options outstanding at end of the year	33 171 152	2 066 380

15.3 Sanyati Broad-based Employee Share Incentive Plan

The salient features of the plan are:

Share plan

To offer permanent employees the opportunity to acquire qualifying equity shares in the capital of the company.

Beneficiaries

The beneficiaries are employees of the Sanyati Group who are not participants of any other Group share incentive schemes. Benefits may not be transferred to any third party.

Price

The plan enabled qualifying employees to purchase shares at par value.

Timing

The last date for acceptance of the offer was 15 December 2007.

The directors of Sanyati shall determine when the shares will become available for the beneficiary to sell, which must be within five years from the acceptance date. The shares will be held in the name of the beneficiary until they may be sold.

Payment

The shares had to be paid for at the time the offer was accepted.

Lapse

In the case of death or disability, the trustees are entitled to dispose of the shares on the JSE, the proceeds of which will be paid to the employee or his estate. Should the employee terminate his employment with the Group, the shares shall be sold back to the trust.

15. SHARE INCENTIVE SCHEMES (continued)

15.3 Sanyati Broad-based Employee Share Incentive Plan
Movements

The following movements in shares took place during the year:

	2010	2009
Total shares available	2 000 000	2 000 000
Balance of shares outstanding at start of the year	1 152 220	1 152 220
Shares offered	–	–
Shares offered – not accepted	–	–
Attrition during the year	–	–
Shares exercised during the year	–	–
Balance of shares outstanding at end of the year	1 152 220	1 152 220

16. PROSPECTS

Full details of the projected order book and prospects of the Group have been set out in the CEO's report on page 14 of the annual report.

17. PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment to the value of R45,1 million (2009: R72,6 million) during the year under review. Refer to note 4 on page 55 for further details.

18. POST BALANCE SHEET EVENTS

Subsequent to the financial year-end, there have been no events other than the change to the Board of directors, more fully set out on page 10 of the annual report, that may impact on the operations of the Group.

19. DIRECTORSHIP

The following served as directors during the period under review:

Name	Designation	Date appointed	Date resigned
Executive directors			
Malcolm Hugh Lobban	Chief Executive Officer	1 May 2009	
John Joseph Deeb	Chief Financial Officer	1 August 2009	
Richard David Jackson	Executive Chairman	23 May 1988	15 January 2010
Marc Ivor Krouse	Chief Financial Officer	1 January 1999	31 July 2009
Moses Jabulani Sangweni	Human Resources Director	1 April 2006	22 January 2010
Archibald James Rutherford	Executive director	31 May 2007	11 May 2009
Non-executive directors			
Hans Michael Dlamini	Independent non-executive director	1 April 2006	
Rowan Mark Crowie	Non-executive director	31 May 2007	
Michael Roderick Gahagan	Independent non-executive director	1 August 2008	
Zohra Begum Ebrahim	Independent non-executive Chairperson	25 January 2010	
Lesibana Japhtalina Fosu	Independent non-executive director	25 January 2010	
Nhlanhla Khambule	Independent non-executive director	1 April 2006	29 March 2010

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as at 28 February 2010

		GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
ASSETS					
NON-CURRENT ASSETS		705 793	683 153	1 094 128	693 405
Property, plant and equipment	4	179 192	204 302	5 952	7 194
Loans receivable	9	–	–	888 419	486 454
Investment property	5	2 135	885	–	–
Goodwill	6	504 458	464 407	–	–
Investment in subsidiaries	7	–	–	199 757	199 757
Investments	8	–	412	–	–
Deferred taxation	10	20 008	13 147	–	–
CURRENT ASSETS		773 284	566 009	4 321	10 262
Inventory	11	85 649	70 389	–	–
Trade and other receivables	12	553 807	345 955	318	9 806
Gross amount due from customers	13	62 278	89 443	–	–
Current tax receivable		3 159	–	–	275
Cash and bank balances		68 391	60 222	4 003	181
Non-current assets classified as held for sale	14	21 080	–	–	–
TOTAL ASSETS		1 500 157	1 249 162	1 098 449	703 667
EQUITY AND LIABILITIES					
EQUITY AND RESERVES		766 808	709 530	620 518	601 694
Share capital	15	4	4	4	4
Shares to be issued		34 864	76 891	34 864	76 891
Share premium	16	517 944	470 974	554 164	494 974
Share-based payment reserve		6 829	7 478	335	3 301
Accumulated profits		207 167	154 183	31 151	26 524
NON-CURRENT LIABILITIES		107 952	64 902	430 592	63 138
Loans from subsidiaries	9	–	–	430 198	54 184
Vendor liabilities	19	–	8 586	–	8 586
Interest-bearing borrowings	17	62 261	32 978	318	–
Deferred taxation	10	45 691	23 338	76	368
CURRENT LIABILITIES		614 082	474 730	47 339	38 835
Trade and other payables	18	401 868	213 732	6 759	2 797
Gross amount due to customers	13	110 467	89 276	–	–
Current portion of interest-bearing borrowings	17	38 843	95 825	198	–
Current portion of vendor liabilities	19	38 318	17 530	38 318	15 146
Provisions	20	1 755	1 460	–	1 260
Taxation		18 898	31 121	2 064	–
Bank overdraft		3 933	25 786	–	19 632
Liabilities directly associated with non-current assets classified as held for sale	14	11 315	–	–	–
TOTAL EQUITY AND LIABILITIES		1 500 157	1 249 162	1 098 449	703 667

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME for the year ended 28 February 2010

	Note	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
CONTINUING OPERATIONS					
Revenue	2.1/21	1 997 166	1 402 571	38 792	41 205
Contracting costs		(1 732 253)	(1 143 908)	–	–
Gross profit		264 913	258 663	38 792	41 205
Other income	25	3 459	928	137	164
Administrative and operating expenses		(95 634)	(155 463)	(27 967)	(44 875)
Profit/(loss) before depreciation (EBITDA)		172 738	104 128	10 962	(3 506)
Depreciation		(20 143)	(14 857)	(3 081)	(1 872)
Profit/(loss) before change in estimate		152 595	89 271	7 881	(5 378)
Changes in accounting estimates	22	(50 245)	–	–	–
Profit/(loss) before interest and taxation		102 350	89 271	7 881	(5 378)
Investment income	23	15 575	12 068	3 954	1 745
Interest paid	24	(14 792)	(18 753)	(5 161)	(8 795)
Profit/(loss) before taxation	25	103 133	82 586	6 674	(12 428)
Taxation	29	(34 317)	(31 855)	(2 047)	(1 548)
Profit/(loss) from continuing operations		68 816	50 731	4 627	(13 976)
DISCONTINUED OPERATION					
Loss from discontinued operation (net of income tax)	30	(15 832)	(3 146)	–	–
Profit/(loss) for the year		52 984	47 585	4 627	(13 976)
OTHER COMPREHENSIVE INCOME					
Total comprehensive income for the year		52 984	47 585	4 627	(13 976)
Earnings per share from continuing operations					
Basic earnings per share (cents)	31	17,44	14,21	1,17	(3,91)
Diluted earnings per share (cents)	31	15,42	12,83	1,04	(3,54)
Headline earnings per share (cents)	31	17,62	24,21	1,17	(3,91)
Diluted headline earnings per share (cents)	31	15,57	21,87	1,04	(3,54)
Normalised fully diluted headline earnings per share (cents)	31	23,45	20,43	1,03	(3,30)
Earnings per share from total operations					
Basic earnings per share (cents)	31	13,43	13,33	1,17	(3,91)
Diluted earnings per share (cents)	31	11,87	12,04	1,04	(3,54)
Headline earnings per share (cents)	31	14,53	23,33	1,17	(3,91)
Diluted headline earnings per share (cents)	31	12,85	21,08	1,04	(3,54)
Normalised fully diluted headline earnings per share (cents)	31	20,75	19,69	1,03	(3,30)

STATEMENT OF CHANGES IN EQUITY for the year ended 28 February 2010

	Share capital R'000	Share premium R'000	Treasury shares R'000	Shares to be issued R'000	Fair value reserve R'000	Accu- mulated profits R'000	Share- based payment reserve R'000	Total R'000
GROUP								
Balance at 1 March 2008	3	235 116	(21 000)	315 760	3 111	103 487	2 353	638 830
Share adjustments	-	-	-	(238 869)	-	-	5 125	(233 744)
Transfer of fair value reserve to profit	-	-	-	-	(3 111)	3 111	-	-
Share issue	1	256 858	-	-	-	-	-	256 859
Treasury share consolidation	-	3 000	(3 000)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	47 585	-	47 585
Balance at 1 March 2009	4	494 974	(24 000)	76 891	-	154 183	7 478	709 530
Total comprehensive income for the year	-	-	-	-	-	52 984	-	52 984
Share adjustments	-	-	-	(42 027)	-	-	(649)	(42 676)
Share issue	*	46 970	-	-	-	-	-	46 970
Treasury share consolidation	-	12 220	(12 220)	-	-	-	-	-
Balance at 28 February 2010	4	554 164	(36 220)	34 864	-	207 167	6 829	766 808
COMPANY								
Balance at 1 March 2008	3	235 116	-	315 760	-	40 500	2 353	593 732
Share adjustments	-	-	-	(238 869)	-	-	948	(237 921)
Share issue	1	259 858	-	-	-	-	-	259 859
Total comprehensive income for the year	-	-	-	-	-	(13 976)	-	(13 976)
Balance at 1 March 2009	4	494 974	-	76 891	-	26 524	3 301	601 694
Total comprehensive income for the year	-	-	-	-	-	4 627	-	4 627
Share adjustments	-	-	-	(42 027)	-	-	-	(42 027)
Share issue	*	59 190	-	-	-	-	(2 966)	56 224
Balance at 28 February 2010	4	554 164	-	34 864	-	31 151	335	620 518

*Amounts less than R1 000.

CONSOLIDATED STATEMENTS OF CASH FLOWS for the year ended 28 February 2010

	Note	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		88 535	105 290	22 495	7 250
Cash generated by operating activities	32.1	116 456	144 027	23 702	14 571
Interest received		15 575	12 068	3 954	1 745
Interest paid		(14 792)	(19 425)	(5 161)	(8 795)
Taxation paid	32.2	(28 704)	(31 380)	–	(271)
CASH FLOWS FROM INVESTING ACTIVITIES		(26 463)	(72 119)	(14 974)	(26 817)
Purchase of investment property		(2 666)	–	–	–
Purchase of property, plant and equipment					
– To expand operations		–	(72 648)	–	(4 894)
– To maintain operations		(45 073)	–	(1 866)	–
Proceeds from sale of property, plant and equipment		4 115	2 359	21	–
Net cash flows from sale of business	32.5	16 749	–	–	–
Sale/(purchase) of investments		412	(1 830)	–	–
Decrease in loans to subsidiaries		–	–	16 819	31 711
CASH FLOWS FROM FINANCING ACTIVITIES		(32 050)	(967)	(14 015)	(39 478)
(Decrease)/increase in interest-bearing borrowings		(15 133)	35 719	516	–
Decrease in vendor liabilities		(16 917)	(36 686)	(14 531)	(39 478)
INCREASE/(DECREASE) IN CASH RESOURCES		30 022	32 204	23 454	(5 411)
CASH AND CASH EQUIVALENTS/ (BORROWINGS) at beginning of year	32.3	34 436	2 232	(19 451)	(14 040)
CASH AND CASH EQUIVALENTS/ (BORROWINGS) at end of year	32.3	64 458	34 436	4 003	(19 451)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa and JSE requirements. These policies have been applied consistently to all years presented, unless otherwise stated.

1. BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis and incorporate the principal accounting policies listed below, except financial instruments carried at amortised cost using the effective interest rate method. Non-current and disposal groups held for sale are stated at the lower of carrying amount and fair value less cost to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

1.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported, are set out in note 1.2.

IAS 1 (as revised in 2007) Presentation of Financial Statements

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 Operating Segments

IFRS 8 is a disclosure Standard that has resulted in additional disclosure (see note 40).

IFRS 5 Assets Held for Sale and Discontinued Operations

In accordance with this standard, non-current assets which the Group intends to sell in the next 12 months have been reclassified as current. The results of the discontinued Road Surfacing division are shown separately on the face of the income statement for the current year and comparative period.

1.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Improving Disclosures about Financial Instruments (amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

Amendments to IFRS 2 Share-based Payments: Vesting Conditions and Cancellations

The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of "non-vesting" conditions, and clarify the accounting treatment for cancellations.

IAS 23 (as revised in 2007) Borrowing Costs

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

IFRIC 15 Agreements for the Construction of Real Estate

The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue, and when revenue from the construction of real estate should be recognised. The requirements have not affected the accounting for the Group's construction activities.

1. BASIS OF PREPARATION (continued)

1.3 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1 First-time Adoption of International Financial Reporting Standards	Measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time.	1 July 2009
	Amendments relating to oil and gas assets and determining whether an arrangement contains a lease.	1 January 2010
	Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009.	1 July 2010
IFRS 2 Share-based Payments	Clarification of scope of IFRS 2 and IFRS 3 revised.	1 July 2009
	Amendments relating to Group cash-settled share-based payment transactions – clarity of the definition of the term “Group” and where in a Group share-based payments must be accounted for.	1 January 2010
IFRS 3 Business Combinations	Amendments to accounting for business combinations.	1 July 2009
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Plan to sell the controlling interest in a subsidiary.	1 July 2009
	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations.	1 January 2010
IFRS 8 Operating Segments	Disclosure of information about segment assets.	1 January 2010
IFRS 9 Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2013
IAS 1 Presentation of Financial Statements	Current/non-current classification of convertible instruments.	1 January 2010
IAS 7 Statement of Cash Flows	Classification of expenditures on unrecognised assets.	1 January 2010
IAS 10 Events After the Reporting Period	Amendment resulting from the issue of IFRIC 17.	1 July 2009
IAS 17 Leases	Classification of leases of land and buildings.	1 January 2010
IAS 21 The Effects of Changes in Foreign Exchange Rates	Consequential amendments from changes to Business Combinations.	1 July 2009
IAS 24 Related Party Disclosures	Simplification of the disclosure requirements for government-related entities.	1 January 2011
	Clarification of the definition of a related party.	
IAS 27 Consolidated and Separate Financial Statements	Consequential amendments from changes to Business Combinations.	1 July 2009
IAS 28 Investments in Associates	Consequential amendments from changes to Business Combinations.	1 July 2009
IAS 31 Interests in Joint Ventures	Consequential amendments from changes to Business Combinations.	1 July 2009

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

1. BASIS OF PREPARATION (continued)

1.3 Standards and Interpretations in issue but not effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IAS 32 Financial Instruments: Presentation	Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.	1 February 2010
IAS 36 Impairment of Assets	Unit of accounting for goodwill impairment test.	1 January 2010
IAS 38 Intangible Assets	Measuring the fair value of an intangible asset acquired in a business combination.	1 July 2009
IAS 39 Financial Instruments: Recognition and Measurement	<p>Clarifies two hedge accounting issues:</p> <ul style="list-style-type: none"> • Inflation in a financial hedged item. • A one-sided risk in a hedged item. <p>Amendments for embedded derivatives when reclassifying financial instruments.</p> <p>Treating loan prepayment penalties as closely related embedded derivatives.</p> <p>Scope exemption for business combination contracts</p> <p>Cash flow hedge accounting.</p>	<p>1 July 2009</p> <p>Annual periods ending on or after 30 June 2009</p> <p>1 January 2010</p>
Interpretations		
IFRIC 9 (amended) Reassessment of Embedded Derivatives.		1 July 2009
IFRIC 14: IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction		1 January 2011
IFRIC 16 Hedges of a Net Investment in a Foreign Operation		1 October 2008
IFRIC 16 (amended) Hedges of a Net Investment in a Foreign Operation. (amendment to the restriction on the entity the entity that can hold hedging instruments)		1 July 2009
IFRIC 17 Distribution of Non-cash Assets to Owners		1 July 2009
IFRIC 18 Transfers of Assets from Customers		1 July 2009
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments		1 April 2010

2. ACCOUNTING POLICIES

2.1 Revenue

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably.

Contract revenue comprises the initial amount of revenue agreed in the contract as well as variations in contract work, claims and incentive payments, to the extent that it is probable they will result in revenue and can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents the state of completion at balance sheet date. State of completion is measured with reference to the percentage work performed to date of total work to be performed.

Revenue from the sale of goods and services rendered are recognised on the dates the goods are delivered or services rendered, depending on the stage of completion.

Property sales are recognised when the risks and rewards of ownership have been transferred.

Interest income is recognised in the income statement using the effective interest rate method.

2. ACCOUNTING POLICIES (continued)

2.2 Cost of sales

Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs as are specifically chargeable to the customers under the terms of the contract.

2.3 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs which are incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials are valued on the first-in, first-out basis.

2.4 Taxation

Current tax

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided on the balance sheet liability method computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. The carrying amount of the deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in Group companies.

Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, other than business combinations.

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

2.5 Operating leases

Leases where the lessor retains significant risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

2.6 Goodwill

The purchase method is used when an entity is acquired. On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities acquired.

Fair values of the identifiable assets and liabilities are determined by reference to the market value of those or similar items, where available, or by discounting expected future cash flows to achieve present values.

The cost of acquisition is the fair value of the Group's contribution in the form of assets transferred, shares or other equity instruments issued and liabilities assumed at the acquisition date plus costs attributable to the acquisition.

At acquisition date, goodwill is recognised when the costs of the acquisition exceeds the fair value of the Group's interest in the net identifiable assets of the entity acquired. Goodwill is subject to an annual impairment test, and any impairment is recognised in the income statement immediately and will not be subsequently reversed.

The profit or loss realised on disposal of an entity is calculated after taking into account the carrying value of any related goodwill.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in the income statement on acquisition date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

2. ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component. Residual values and useful lives are assessed at the end of every financial year and the year's depreciation determined.

Significant components of property, plant and equipment are depreciated according to their residual values and expected useful lives.

2.8 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated as the higher of the fair value less costs to sell and value in use.

In assessing value in use, the expected future cash flows are discounted to future value using pre-tax discount rates that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses and reversals of impairment losses are separately disclosed in the income statement, above the income before tax subtotal.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previous recognised impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and when a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted at a rate that reflects current market assessments of the time value of money, adjusted for risks specific to the Group. The discount rate used is a pre-tax rate.

2.10 Basis of consolidation

Subsidiaries

Subsidiaries, which are those entities (including the share incentive trusts) in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. 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 consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

In the stand-alone company accounts, investments in subsidiaries are held at amortised cost less accumulated impairment losses.

Joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an entity, and exists only when strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The joint ventures are accounted for using the proportionate accounting method. This method is applied from the date on which the Group gains joint control until such date as it ceases to hold joint control.

The Group combines its share of the assets and liabilities, revenue and expense and cash flows on a line-by-line basis under the appropriate headings. The Group's share of inter-company transactions, balances and unrealised gains on transactions between the Group and its joint venture are eliminated on consolidation. Where a joint venture has a different year-end, management financial statements are used.

In the stand-alone company accounts, investments in joint ventures are held at amortised cost less accumulated impairment losses.

2. ACCOUNTING POLICIES (continued)

2.11 Employee benefits

Short-term employee benefits

The cost of all short-term benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement benefits

The company and its subsidiaries contribute to defined contribution funds. Contributions to defined contribution funds are charged against income as incurred.

2.12 Financial assets

Financial assets are recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument. Transaction costs are included in the initial carrying value of the financial instrument.

The Group classifies financial assets on initial recognition as either "held-to-maturity" investments or "loans and receivables" in accordance with the substance of the contractual arrangement.

The Group has divided its financial assets into the classes based on the manner in which the financial instruments are managed and reported on for internal management purposes.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Held to maturity investments

Investments in subsidiaries and joint ventures in the company's stand-alone financial statements are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables

These include trade and other receivables and gross amounts due from customers which arise in the normal course of the Group's business as well as cash and bank balances.

They are classified as loans and receivables and are measured at amortised cost using the effective interest rate method. Where the effects of discounting are not considered to be material, discounting is not applied.

The Group also presents as contracts in progress the gross amounts due from customers for contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included in trade and other receivables.

Impairment of financial assets

The Group makes an assessment at each reporting date as to whether there is any objective evidence that financial assets are impaired. Where objective evidence exists as a result of the occurrence of one or more events that occurred subsequent to the initial recognition of the financial asset, the amount of the impairment is determined by estimating the impact of these loss events on the future cash flows expected to be generated from the receivable.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

2. ACCOUNTING POLICIES (continued)

2.12 Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.13 Financial liabilities and equity instruments issued by the Group

The Group classifies financial instruments on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

These include interest-bearing liabilities, bank overdrafts, vendor liabilities, shareholders' loans and inter-group loans payable and are initially measured at fair value, net of transaction costs.

They are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.14 Share-based payments

Options are measured at fair value at grant date using the Black-Scholes Pricing Market Model. The fair value is expensed on a straight-line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

Equity-settled share-based payments are not adjusted for subsequent changes in the fair value of the instruments granted but rather the number of equity instruments that are granted are adjusted based on the fulfilment of the attached non-market related vesting conditions. Options exercised are equity-settled through a fresh issue of shares or through repurchase and re-issue of shares by the Group.

Cash-settled share-based payment transactions result in the recognition of a liability at its current fair value. The liability is re-measured to fair value at each reporting date with the resulting fair value gain or loss being recognised in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.15 Investment property

Investment property comprises non-owner occupied property held for capital appreciation. Investment property is carried at fair value. Any adjustments to fair value are recognised in profit or loss.

2.16 Capitalisation of borrowing costs

Borrowing costs, incurred in respect of inventory that require a substantial period to prepare assets for its intended use, are capitalised up to the date that the development of the asset is substantially complete in order for the asset to be ready for its intended use. Other borrowing costs are recognised directly to the income statement when incurred. Borrowing costs are capitalised at the rates applicable to the related liability.

2.17 Share capital

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs. Cost of share options issued have been charged to share capital and share premium as described in note 2.14 above.

2.18 Earnings per share

Earnings per share is based on attributable profit for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

2.19 Headline earnings per share

Headline earnings per share is based on the same calculation as in 2.18 above except that attributable profit specifically excludes items as set out in Circular 03/2009: "Headline Earnings" issued by the South African Institute of Chartered Accountants. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

2.20 Related party transactions

All subsidiaries and joint ventures of the Group as well as key management personnel and entities which have common directorship with the Group, or for which directors of the Group are members or trustees, are related parties. A list of the major subsidiaries, joint ventures and associated companies are included in notes 7 and 39 of this annual report. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated Group accounts. Directors' and senior management emoluments as well as transactions with other related parties are set out in notes 27 and 41 respectively. There were no other material contracts with related parties.

2.21 Contingencies and commitments

Transactions are classified as contingent liabilities where the Group's obligations depend on uncertain events and principally consist of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the Group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

2.22 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Provision for impairment of contract debtors

A provision for impairment of contract debtors 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 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 contract debtor is impaired. The amount of the provision is the difference between the contract debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

3.2 Accounting for construction contracts

The Group makes estimates and assumptions concerning the future, particularly as regards construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.3 Deferred taxation

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

The Group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

- whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses can be utilised;
- whether it is probable that the entity will have taxable profits before the unused tax losses expire; and
- whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the company has reviewed its forecasts of secured work for the foreseeable future and compared that to its total tax losses.

3.4 Goodwill

Goodwill is tested for impairment at each balance sheet date. The recoverable amount of cash-generating units have been estimated based on value-in-use calculations, as described in note 6.

3.5 Trade receivables and trade payables

Normal trade credit terms in South Africa have been judged to be equal to 60 days. Where trade receivables and payables are settled beyond the normal trade credit terms, the transaction is deemed to include a financing arrangement. The resulting trade receivables or trade payables are discounted from the date of settlement to day 60 using an appropriate discount rate. The Group discounts its trade receivables using a discount rate equivalent to that which it could earn on funds placed on call for a similar term. Trade payables are discounted using the Group's incremental borrowing rate which it could obtain from its commercial bank for borrowing funds on similar terms.

3.6 Residual values and useful lives of items of property, plant and equipment

Property, plant and equipment

The residual value is the amount the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal if the asset was already of the price and condition expected at the end of its useful life. The Group estimates that the useful life of the plant and machinery, being the period of time for which the assets can be utilised without significant modifications, replacements or improvements, is between 5 and 12 years based on current levels of production and repairs and maintenance costs incurred.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Plant and equipment R'000	Vehicles R'000	Furniture, fittings and computers R'000	Leasehold improve- ments R'000	Production costs R'000	Total R'000
2010						
Net carrying amount at beginning of year	171 250	18 663	11 131	2 448	810	204 302
– Gross carrying amount	203 838	25 029	16 573	2 475	810	248 725
– Accumulated depreciation and impairments	(32 588)	(6 366)	(5 442)	(27)	–	(44 423)
Assets reclassified as non-current assets held for sale	(23 464)	(1 366)	(18)	–	–	(24 848)
– Gross carrying amount	(24 904)	(2 173)	(18)	–	–	(27 095)
– Accumulated depreciation and impairments	1 440	807	–	–	–	2 247
Additions at cost	34 881	7 050	2 999	143	–	45 073
Disposals at carrying amount	(17 861)	(3 279)	(855)	(1 089)	(810)	(23 894)
– Cost of disposal	(20 312)	(4 131)	(1 130)	(1 122)	(810)	(27 505)
– Accumulated depreciation of disposal	2 451	852	275	33	–	3 611
Depreciation*	(15 153)	(2 194)	(3 928)	(166)	–	(21 441)
Net carrying amount at end of year	149 653	18 874	9 329	1 336	–	179 192
– Gross carrying amount	193 503	25 775	18 424	1 496	–	239 198
– Accumulated depreciation and impairments	(43 850)	(6 901)	(9 095)	(160)	–	(60 006)
2009						
Net carrying amount at beginning of year	120 390	22 654	5 834	1 007	–	149 885
– Gross carrying amount	130 027	25 250	7 778	1 007	–	164 062
– Accumulated depreciation and impairments	(9 637)	(2 596)	(1 944)	–	–	(14 177)
Reclassification into different categories	5 031	(5 615)	584	–	–	–
– Gross carrying amount	18 004	(3 557)	1 387	–	–	15 834
– Accumulated depreciation and impairments	(12 973)	(2 058)	(803)	–	–	(15 834)
Additions at cost	57 833	4 876	7 661	1 468	810	72 648
Disposals at carrying amount	(1 526)	(821)	(58)	–	–	(2 405)
– Cost of disposal	(2 026)	(1 540)	(253)	–	–	(3 819)
– Accumulated depreciation of disposal	500	719	195	–	–	1 414
Depreciation*	(10 478)	(2 431)	(2 890)	(27)	–	(15 826)
Net carrying amount at end of year	171 250	18 663	11 131	2 448	810	204 302
– Gross carrying amount	203 838	25 029	16 573	2 475	810	248 725
– Accumulated depreciation and impairments	(32 588)	(6 366)	(5 442)	(27)	–	(44 423)

Production costs relate to assets under construction, not yet brought into use.

* Depreciation includes an amount of R1 298 018 (2009: R969 322) related to discontinued operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

4. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Furniture, fittings and computers R'000
2010	
Net carrying amount at beginning of year	7 194
– Gross carrying amount	10 087
– Accumulated depreciation and impairments	(2 893)
Additions at cost	
– From acquisitions	1 866
Depreciation	(3 081)
Disposals at carrying amount	(27)
– Cost of disposal	(44)
– Accumulated depreciation of disposal	17
Net carrying amount at end of year	5 952
– Gross carrying amount	11 909
– Accumulated depreciation and impairments	(5 957)
2009	
Net carrying amount at beginning of year	4 172
– Gross carrying amount	5 192
– Accumulated depreciation and impairments	(1 020)
Additions at cost	
– From acquisitions	4 895
Depreciation	(1 873)
Net carrying amount at end of year	7 194
– Gross carrying amount	10 087
– Accumulated depreciation and impairments	(2 893)

Certain assets are encumbered as security for liabilities of the Group (refer to note 17).

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets subject to instalment sale agreements (net carrying amount):				
– Plant and equipment	84 364	94 844	–	–
– Vehicles	7 564	8 915	–	–
– Furniture, fittings and computers	871	–	595	–
	92 799	103 759	595	–
5. INVESTMENT PROPERTY				
Held at fair value				
Opening balance	885	885	–	–
Additions	2 666	–	–	–
Less: Fair value adjustment	(1 416)	–	–	–
	2 135	885	–	–

The fair values of the investment properties have been determined by the directors at 28 February 2010. In determining these values, reference has been made to current market conditions in recent sales transactions of similar properties in similar geographic locations.

During the year, the Group acquired an additional investment property situated in the Marabou Estate at a cost of R2 665 641.

The properties are described as site 201000000 – 5 Cilliers Street, Bloemfontein and Erf 14, 16 and 18 Marabou Estate.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
6. GOODWILL				
Gross carrying amount at beginning of year	464 407	497 721	–	–
Impairment loss	–	(35 706)	–	–
Recognised on acquisition of subsidiaries at net amount	40 051	2 392	–	–
– Recognised on acquisition of subsidiaries	–	(30)	–	–
– Additional goodwill	40 051	2 422	–	–
Gross carrying amount at end of year	504 458	464 407	–	–

Included in the above is an increase of R30 million raised in the current financial year for the additional payment for the purchase of the Meyker group (now Sanyati Central). Management are of the belief that the requirements in terms of the purchase agreement have been met. In the prior year, this figure was shown as a contingent liability as it could not have been reliably and accurately measured.

Impairment of goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may be impaired. The Group's goodwill was tested for impairment at year-end based on management's assessment.

Goodwill acquired through business combinations has been allocated to the following significant individual cash-generating operations (after impairment testing) as follows:

- Sanyati North (arose from the acquisition of Ruthcon Civil Contractors (Pty) Limited, effective 28 February 2010, and from the acquisition of GEM Earthworks (Pty) Limited, effective 28 February 2010): R262 246 million.
- Sanyati Piling & Geotechnical (arose from the acquisition of Megapile (Pty) Limited, effective 28 February 2010): R29 735 million.
- Sanyati Central (arose from the acquisition of Meyker Re-teng (Pty) Limited, effective 28 February 2010): R209 271 million.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use discounted cash flow projections based on financial forecasts, approved by management, over a five-year period. Key assumptions applied in value-in-use calculation of the cash-generating unit's revenue, gross margin and cost forecasts are based on historical performance or, where not appropriate, management's views and estimates.

The discount rate used in the cash flow models is 18%. This rate is a pre-tax discount rate that reflects the current market assessments of the time-value of money and specific risks of the cash-generating unit. The discount rate is arrived at after taking into account the following factors:

- The level of risk of the cash-generating unit; and
- The opportunity cost of capital.

The growth rates used, by management, in forecasting future cash flows is based on the economic environment in which the cash-generating unit operates and is as follows:

- Sanyati North: an average of 3% per annum;
- Sanyati Piling & Geotechnical: an average of 12% per annum; and
- Sanyati Central: 3% per annum.

The average growth rate used to extrapolate the cash-generating units beyond the five-year forecast period is 6%.

If the discount rate was 2% higher than estimated, the Group would have recognised an impairment loss against goodwill as follows:

- R9,5 million in respect of Sanyati North; and
- R13,8 million in respect of Sanyati Central.

For the remainder of the goodwill, impairment testing was performed by management on a fair value basis using projected profitability of these cash-generating units and no amounts were impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

7. INVESTMENTS IN SUBSIDIARIES

The following is a list of subsidiaries and their subsidiaries shown at amortised cost less accumulated impairment allowances:

Name	% Interest held	2010		2009	
		Investment R'000	Subsidiaries' investments R'000	Investment R'000	Subsidiaries' investments R'000
^ Sanyati Civils Coastal (Pty) Limited	100%	–	3 621	–	3 621
# Brisk Asphalt Surfacing (Pty) Limited	100%	–	*	–	*
^ Deroma Structures (Pty) Limited	100%	–	*	–	*
# GEM Earthworks (Pty) Limited	100%	–	54 684	–	49 740
v Sancroft Trading (Pty) Limited	100%	–	4	–	4
w Sanyati Piling & Geotechnical (Pty) Limited	100%	–	*	–	*
^ Emberton Investments (Pty) Limited	100%	–	*	–	*
^ Sanyati Engineering Central (Pty) Limited	100%	*	251 128	*	222 011
^ Sanyati Civil Engineering and Construction (Pty) Limited	100%	199 757	–	199 757	–
^ Meyker Construction (Pty) Limited	100%	–	*	–	*
# Sanyati Roads (Pty) Limited	100%	–	*	–	*
+ Purple Plum Properties 125 (Pty) Limited	100%	–	*	–	*
^ Sanyati Building (Pty) Limited	100%	–	*	–	*
^ Sanyati Civils Inland (Pty) Limited	100%	–	*	–	14 112
+ Sanprop (Pty) Limited	100%	–	*	–	*
+ Sanyati Properties One (Pty) Limited	100%	–	*	–	*
+ Sanyati Properties Two (Pty) Limited	100%	–	–	–	*
+ Sanyati Properties Three (Pty) Limited	100%	–	–	–	*
+ Sanyati Properties Four (Pty) Limited	100%	–	*	–	*
+ Sanyati Properties Five (Pty) Limited	100%	–	*	–	*
+ Sanyati Properties Seven (Pty) Limited	100%	–	*	–	*
+ Sanyati Properties Nine (Pty) Limited	100%	–	*	–	*
+ Sanyati Properties Ten (Pty) Limited	100%	–	*	–	*
v Trimbury Trading (Pty) Limited	100%	–	*	–	*
v Dig 4 Gold Trading (Pty) Limited	100%	–	*	–	*
v Sandstone Trading (Pty) Limited	100%	–	*	–	*
^ Mbusi GEM Joint Venture (Pty) Limited	100%	–	*	–	*
^ Sakhisizwe Joint Venture (Pty) Limited	100%	–	*	–	*
		199 757	309 437	199 757	289 488

* All investments at cost are less than R1 000.

The Group's share of profits after tax from subsidiaries was R105 724 745 and its share of losses after tax was R57 194 534.

The Group maintains a register of all subsidiaries available for inspection at the registered office of Sanyati Holdings Limited.

No part of the business of any subsidiary has been managed during the financial period by any third party.

During the year, the Group disposed of its investment in Sanyati Properties Two (Pty) Limited and Sanyati Properties Three (Pty) Limited.

Nature of business

- ^ Construction activities
- + Property development
- w Piling
- # Road building
- v Dormant entities

All subsidiaries are incorporated in South Africa.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
8. INVESTMENTS				
The following financial assets are carried at amortised cost:				
Non-current assets				
32-day notice deposit: Standard Bank of South Africa Limited	–	412	–	–
9. LOANS RECEIVABLE				
Loans to related parties				
Loan to Sanyati 2007 Acquisitions Trust	–	–	19 156	21 001
Loan to Broad-based Incentive Scheme	–	–	2	–
Loan to Executive Share Incentive Scheme	–	–	17 066	3 000
	–	–	36 224	24 001
Less: Provision for diminution of loan account	–	–	(20 230)	(16 720)
	–	–	15 994	7 281
Loans to subsidiary companies				
Sanyati Civil Engineering & Construction (Pty) Limited	–	–	857 247	347 441
Deroma Structures (Pty) Limited	–	–	11 958	6 782
GEM Earthworks (Pty) Limited	–	–	889	729
Sanyati Properties Ten (Pty) Limited	–	–	1 597	14 124
Emberton Investments (Pty) Limited	–	–	373	526
Sanyati Properties Seven (Pty) Limited	–	–	227	2 000
Sanyati Properties Four (Pty) Limited	–	–	65	1 679
Sakhisiswe Joint Venture (Pty) Limited	–	–	40	–
Mbusi GEM Joint Venture (Pty) Limited	–	–	29	–
Brisk Asphalt Surfacing (Pty) Limited	–	–	–	50 460
Sanyati Civils Coastal (Pty) Limited	–	–	–	28 482
Sanyati Roads (Pty) Limited	–	–	–	11 810
Sanyati Properties Three (Pty) Limited	–	–	–	6 589
Sanprop (Pty) Limited	–	–	–	4 314
Purple Plum Properties 125 (Pty) Limited	–	–	–	2 794
Sanyati Building (Pty) Limited	–	–	–	1 211
Sanyati Properties Two (Pty) Limited	–	–	–	219
Sanyati Properties Five (Pty) Limited	–	–	–	7
Sanyati Properties Nine (Pty) Limited	–	–	–	6
	–	–	872 425	479 173
TOTAL LOANS RECEIVABLE	–	–	888 419	486 454
Loans from subsidiary companies				
Sanyati Civils Coastal (Pty) Limited	–	–	276 498	–
Brisk Asphalt Surfacing (Pty) Limited	–	–	57 388	–
Sanyati Building (Pty) Limited	–	–	43 058	–
Sanprop (Pty) Limited	–	–	36 456	–
Sanyati Roads (Pty) Limited	–	–	16 798	–
Sanyati Civils Inland (Pty) Limited	–	–	–	35 716
Sanyati Piling & Geotechnical (Pty) Limited	–	–	–	17 639
Sanyati Properties One (Pty) Limited	–	–	–	829
	–	–	430 198	54 184

The above loans are interest-free and have no fixed terms of repayment. They will not be repaid within the next twelve months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
10. DEFERRED TAXATION				
Deferred tax liability				
Temporary differences arose from:				
Fair value adjustments	786	443	-	-
Property, plant and equipment capital allowances	(31 008)	(22 721)	(851)	(596)
Net contract allowances	(26 639)	(3 651)	-	73
Doubtful debt provision	2 665	1 459	-	-
Prepaid expenses	-	(215)	-	-
Leave pay and bonus provisions	4 255	1 347	775	(58)
Computed tax loss	4 250	-	-	213
	(45 691)	(23 338)	(76)	(368)
Deferred tax liability at beginning of year	(23 338)	(12 293)	(368)	1 056
Current year timing differences	(22 353)	(11 045)	292	(1 424)
Deferred tax liability at end of year	(45 691)	(23 338)	(76)	(368)
Deferred tax asset				
Temporary differences arose from:				
Fair value adjustments	129	317	-	-
Property, plant and equipment capital allowances	2	837	-	-
Net contract allowances	(27)	(7 296)	-	-
Doubtful debt provision	709	1 542	-	-
Prepaid expenses	-	(17)	-	-
Leave pay and bonus provisions	-	-	-	-
Computed tax loss	19 195	17 764	-	-
Deferred tax asset at end of year	20 008	13 147	-	-
Deferred tax asset at beginning of year	13 147	(8 787)	-	-
Current year timing differences	6 861	21 934	-	-
Deferred tax asset at end of year	20 008	13 147	-	-
11. INVENTORY				
Inventory comprises the following:				
Raw materials	20 423	11 150	-	-
Development property	65 226	59 239	-	-
	85 649	70 389	-	-

Raw materials and development property have been valued as stated in note 2.3.

11. INVENTORY (continued)

Development property can be described as follows:

	Company	2010			2009		
		Cost R'000	Develop- ment R'000	Total R'000	Cost R'000	Develop- ment R'000	Total R'000
Both Portion 10 and Rem of Erf 619 Howick in extent 7 370 m ² , the Paddocks	Purple Plum Properties 125 (Pty) Limited	422	758	1 180	844	2 126	2 970
Erf 97 Glenholm in extent 4 269 m ² , 7 Abrey Road [#]	Sanyati Properties Three (Pty) Limited	–	–	–	3 150	520	3 670
Erf 96 Glenholm, more fully described as 5 Abrey Road, Kloof, in extent 4 277 m ^{2#}	Sanyati Properties Three (Pty) Limited	–	–	–	7 100	695	7 795
Erf 98 of Glenholm (extension number 1) in extent 4 166 m ² , 9 Abrey Road, Kloof [#]	Sanyati Properties Three (Pty) Limited	–	–	–	4 706	2 625	7 331
Erf 1194 Kloof, in extent 4 051 m ² , 10 Abrey Road, Kloof [#]	Sanyati Properties Four (Pty) Limited.	4 016	1 493	5 509	4 845	2 043	6 888
Erf 1061 Kloof, in extent 3 057 m ² , 20A Village Road, Kloof [#]	Sanyati Properties Seven (Pty) Limited	–	5 775	5 775	–	4 293	4 293
Rem of Sub 1 of the Farm Upper End of Langefontein number 980, in extent 4, 1 632 hectares, 9 Fischer Road, Hillcrest *	Sanyati Properties Ten (Pty) Limited	3 060	49 702	52 762	4 500	21 597	26 097
Other development costs capitalised	Various	–	–	–	–	195	195
Total		7 498	57 728	65 226	25 145	34 094	59 239

[#] Properties secured by way of a mortgage bond with Nedbank Limited (note 17).

* Properties secured by way of a mortgage bond with Investec Limited (note 17).

The above properties have been considered for impairment by management based on current market conditions and the recoverability of the investment through sale. The table above is after the following impairments:

Property	Company	Current year impairment R'000
Both Portion 10 and Rem of Erf 619 Howick in extent 7 370 m ² , the Paddocks	Purple Plum Properties 125 (Pty) Limited	1 445

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
12. TRADE AND OTHER RECEIVABLES				
Gross trade receivables	478 350	280 900	73	4 061
Retentions	70 426	66 485	–	–
Allowance for impairment	(16 613)	(13 877)	–	–
	532 163	333 508	73	4 061
Prepayments	1 654	5 933	39	5 551
Deposits	1 683	1 147	194	193
VAT receivable	13 269	–	–	–
Other receivables	5 038	5 367	12	1
	553 807	345 955	318	9 806
The carrying value of the trade and other receivables approximated their fair value due to the short-term nature of these instruments.				
Ageing of past due but not impaired				
Past due 0 to 30 days	33 951	121 322	–	–
Past due 30 to 60 days	14 808	30 582	–	–
Past due 60 days +	34 971	28 284	37	–
Closing balance	83 730	180 188	37	–
Ageing of impaired trade receivables				
The following table shows the gross carrying amounts of trade receivables before deducting accumulated impairments:				
Past due 0 to 30 days	–	–	–	–
Past due 30 to 60 days	–	–	–	–
Past due 60 days +	17 239	13 877	–	–
Closing balance	17 239	13 877	–	–
Impairment losses				
Allowance for impairment in respect of trade receivables can be reconciled as follows:				
Opening balance	13 877	5 395	–	80
New provisions raised	8 810	9 103	–	–
Reversal of provision	(6 074)	(621)	–	(80)
Closing balance	16 613	13 877	–	–
The following factors were considered in determining the amount of the impairment of trade receivables:				
– Financial difficulties				
– Abscondences				
– Disputes				
Exposure to credit risk				
Trade receivables represent the maximum credit exposure	532 163	333 508	73	4 061

12. **TRADE AND OTHER RECEIVABLES (continued)**

The gross trade receivables at the reporting date by type of customer was spread across the following categories:

- Government/parastatals/municipalities
- Large industry
- Large contractors
- Small contractors

The company's trade receivable balances with government, parastatals, municipalities, large industry and large contractors, reduce the company's exposure to credit risk.

Credit risk in respect of small contractors is controlled through the use of credit vetting agencies and the setting of credit limits by senior financial management.

The credit risk in respect of other receivables is considered by the directors to be minimal as it relates to transactions with major corporations within the Republic of South Africa.

Credit evaluations are performed using the reports and tools of the credit vetting agencies amongst other things, on new customers and existing customers requiring credit above their previously authorised levels. Listings of overdue customer balances are reviewed daily and any customer exceeding their credit terms must settle their overdue balance before any further credit is extended. Overdue trade receivables are handed over to attorneys for collection as soon as it becomes apparent that recovery may be uncertain.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
13. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS				
Gross amounts due from customers	62 278	89 443	-	-
Gross amounts due to customers	110 467	89 276	-	-
Gross amount due to customers represents the excess of costs incurred, plus recognised profit, less recognised losses.				
Gross amount due from customers represents the underclaims on certificates.				
14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Assets related to the roads surfacing and paving business	21 080	-	-	-
- Net book value of assets transferred from property, plant and equipment	24 848	-	-	-
- Loss on remeasurement	(3 768)	-	-	-
Liabilities associated with assets held for sale	11 315	-	-	-

As described in note 30, the Group is seeking to dispose of the remaining assets of its roads surfacing and paving business and anticipates that the disposal will be completed in the next 12 months.

All of the assets related to the roads surfacing and paving business are items of property, plant and equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
15. SHARE CAPITAL				
Authorised				
1 000 000 000 Ordinary shares of 0,001c each	10	10	10	10
Issued				
440 037 387 Ordinary shares of 0,001c each	4	4	4	4

Reconciliation of outstanding shares at beginning and end of year
(The number of shares rounded to the nearest thousand.)

	No of shares	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Ordinary shares					
Balance at beginning of year	399 975	3,85	2,95	4,00	3,05
Shares issued during the year	–	–	0,90	–	0,95
Vendor issue 22 June 2009	14 063	0,14	–	0,14	–
Share trusts 26 February 2010*	26 000	–	–	0,26	–
Balance at end of year	440 038	3,99	3,85	4,40	4,00

* Issue made to Sanyati share incentive trusts. Shares eliminated on consolidation (refer note 38 for further details).

Directors' interest in share capital are disclosed in the directors' report.

The directors are authorised by resolution of the shareholders until the forthcoming annual general meeting, to issue and allot any of the unissued shares for any purpose and upon such terms and conditions as they deem fit.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
16. SHARE PREMIUM				
Balance at beginning of year	470 974	214 116	494 974	235 116
Arising from allotment of shares	57 643	196 448	57 643	196 448
Add: Adjustments from Vendor issues	1 547	63 410	1 547	63 410
Less: Share issue expenses	–	–	–	–
Less: Share incentive trusts	(12 220)	(3 000)	–	–
Balance at end of year	517 944	470 974	554 164	494 974

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
17. INTEREST-BEARING BORROWINGS				
LIABILITIES NOT DIRECTLY RELATED TO NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Instalment sales	67 855	57 420	516	-
ABSA Bank Limited	8 165	31 622	-	-
Nedbank Limited	1 802	1 714	-	-
Standard Bank of South Africa Limited	27 448	7 759	516	-
MAN Financial Services (SA) (Pty) Limited	2 664	-	-	-
First National Bank, a division of FirstRand Bank Limited	498	564	-	-
Wesbank, a division of FirstRand Bank Limited	27 278	15 761	-	-
Mortgage bonds	33 249	71 383	-	-
Nedbank Limited	30 514	43 969	-	-
Investec Bank Limited	2 735	27 414	-	-
	101 104	128 803	516	-
Current portion transferred to current liabilities	(38 843)	(95 825)	(198)	-
	62 261	32 978	318	-
LIABILITIES DIRECTLY RELATED TO NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Instalment sales	11 315	-	-	-
ABSA Bank Limited	397	-	-	-
Wesbank, a division of FirstRand Bank Limited	5 299	-	-	-
Standard Bank of South Africa Limited	5 619	-	-	-

Instalment sales

Property, plant and equipment held as security under instalment sale agreements is disclosed in note 4. Interest charged on these agreements are charged at rates linked to prime. Rates vary from prime -2% to prime. See below for details of repayment terms.

Reconciliation of total minimum instalment sale agreements payable at year-end and their present values

	Up to 1 year R'000	2 to 5 years R'000	More than 5 years R'000	Total amount R'000
2010				
GROUP				
Present value of minimum instalments payable	36 107	31 748	-	67 855
- Minimum instalment payments	40 706	34 223	-	74 929
- Deferred finance charges	(4 599)	(2 475)	-	(7 074)
Analysed as follows:				
Non-current instalment sale agreements payable (due after 12 months)				31 748
Current instalment sale agreements payable (due within 12 months)				36 107
				67 855

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

17. INTEREST-BEARING BORROWINGS (continued)

	Up to 1 year R'000	2 to 5 years R'000	More than 5 years R'000	Total amount R'000
2010				
COMPANY				
Present value of minimum instalments payable	198	318	–	516
– Minimum instalment payments	243	344	–	587
– Deferred finance charges	(45)	(26)	–	(71)
Analysed as follows:				
Non-current instalment sale agreements payable (due after 12 months)				318
Current instalment sale agreements payable (due within 12 months)				198
				516*

*Assets financed under the Sanyati Civil Engineering & Construction (Pty) Limited facility.

2009				
GROUP				
Present value of minimum instalments payable	24 442	32 978	–	57 420
– Minimum instalment payments	26 266	33 733	–	59 999
– Deferred finance charges	(1 824)	(755)	–	(2 579)
Analysed as follows:				
Non-current instalment sale agreements payable (due after 12 months)				32 978
Current instalment sale agreements payable (due within 12 months)				24 442
				57 420

Mortgage bonds

Mortgage bond repayments amount to R303 718 (2009: R679 757) per month. The abovementioned bonds will be fully settled when the related development properties are sold. The expected settlement is between 1 to 12 months for the Investec bonds and 12 to 24 months for the Nedbank bond. Interest charged on the above balances are charged at a rate linked to prime. Rates vary from prime -1,25% to prime +0,5%. Refer note 11 for details of the security for the bonds, provided by properties with the following costs:

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Investec Bank Limited	11 431	29 977	–	–
Nedbank Limited	48 943	26 097	–	–

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
18. TRADE AND OTHER PAYABLES				
Trade payables	275 346	163 839	193	1 421
Retentions	35 808	25 018	–	–
Accruals	49 453	10 512	2 557	70
Payroll accruals	24 849	5 805	3 197	1 122
VAT payable	14 152	7 186	432	184
Other payables	2 260	1 372	380	–
	401 868	213 732	6 759	2 797
The carrying value of the trade and other payables approximated their fair value due to the short-term nature of these instruments.				
Accrual for leave pay				
An accrual was made for the unpaid portion of accumulated leave pay accruing to employees as a result of services rendered during the period. The amount is to be settled as and when the employee takes leave or leaves the Group's employ.				
Accrual for bonuses				
An accrual is made for bonuses payable to wage employees in December as per the agreement with trade unions.				
19. VENDOR LIABILITIES				
Balance due to vendors	38 318	26 116	38 318	23 732
Less: Current portion	(38 318)	(17 530)	(38 318)	(15 146)
	–	8 586	–	8 586

The loans are unsecured, interest-free and arose due to the purchase of Sanyati Engineering Central (Pty) Limited, Sanyati Piling & Geotechnical (Pty) Limited. and the operations of Conform, a division of Sanyati Civils Inland (Pty) Limited. These loans relate to the balance of the purchase price outstanding in cash which are carried at amortised cost.

Included in the above is a liability of R30 million raised in the current financial year for the additional payment for the purchase of the Meyker group (now Sanyati Central). Management are of the belief that the requirements in terms of the purchase agreement have been met. In the prior year, this figure was shown as a contingent liability as it could not have been reliably and accurately measured. These amounts will be paid within the next 12 months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
20. PROVISIONS				
Opening carrying amount	1 460	12 472	1 260	1 454
Additional provisions	1 608	2 238	–	2 146
Amounts utilised	(1 313)	(13 250)	(1 260)	(2 340)
Closing carrying amount	1 755	1 460	–	1 260
The carrying value of provisions approximates their fair value due to the short-term nature of these instruments. The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions. All provisions relate to contract provisions.				
21. REVENUE				
The Group's revenue comprises:				
Construction work	1 963 952	1 358 242	–	–
Sale of property	33 214	44 329	–	–
Services rendered	–	–	38 792	41 205
	1 997 166	1 402 571	38 792	41 205

22. CHANGE IN ACCOUNTING ESTIMATE

The amount shown on the statement of comprehensive income relates to changes in accounting estimates made to trade receivables, existing contracts and development properties as at 28 February 2009. These changes in accounting estimates have been made in accordance with IAS 8 and are based on changes in circumstances upon which estimates were based, together with the estimation of new information regarding these original estimates.

The change is made up as follows:

- Impairment of properties – based on the information now available, and due to a change in circumstances, certain development properties held by the Group were held at values that were in excess of their net realisable value. Accordingly, these properties were impaired by an amount of R5,7 million.
- Trade receivables – again based on information now available, and due to a change in circumstances, a more robust view of the debtors has revealed that the impairment allowance within the Buildings and Piling businesses as at 28 February 2009 needed to be revised. The value of write-off's amount to R19,9 million.
- Contracts – based on information now available, a review of the contracts has revealed that on certain contracts estimates made at 28 February 2009 in respect of future contract revenues and costs to completion needed to be revised. This was primarily within the Buildings, Piling, Civils North and Civils Coastal businesses and amounts to R24,6 million.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
23. INVESTMENT INCOME				
Interest received on short-term deposits	8 379	2 604	93	–
Interest received on trade receivables	6 741	7 157	–	–
Interest received from subsidiaries	–	–	3 861	–
Other	455	2 307	–	1 745
	15 575	12 068	3 954	1 745
24. INTEREST PAID				
Interest on bank overdraft	6 431	5 710	4 090	4 812
Interest on trade payables	4 059	–	–	–
Interest on interest-bearing borrowing	3 857	8 076	53	–
Interest on vendor liabilities	–	3 983	1 018	3 983
Other	445	984	–	–
	14 792	18 753	5 161	8 795
Borrowing costs capitalised to qualifying assets	4 787	5 879	–	–
25. PROFIT BEFORE TAX				
Profit before tax from continuing operations is shown after the following:				
Income				
Profit on sale of property, plant and equipment	674	–	–	–
Training recoveries from CETA	1 540	94	–	–
Bad debt recoveries	404	40	–	–
Expenses				
Auditors' remuneration	2 580	2 221	2 506	1 830
– Audit fee: current year	2 000	1 400	2 000	1 365
– Audit fee: underprovision prior year	506	601	506	245
– Other services	74	220	–	220
Bad debts	17 968	515	–	–
Depreciation	20 143	14 857	3 081	1 873
Operating lease expenses	5 953	17 152	937	1 269
– Vehicles	360	543	–	–
– Property	5 593	16 414	937	1 247
– Equipment	–	195	–	22
Loss on sale of property, plant and equipment	233	49	6	–
Secretarial fees	315	284	315	284
Impairment – goodwill	–	35 706	–	–
Impairment – trade receivables	2 736	8 482	–	–
Provision for diminution of loan account	–	–	3 510	16 720
Fair value movement on investment property	1 416	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
26. EMPLOYEE BENEFITS				
Staff costs				
Short-term employee benefits	291 139	196 269	8 597	5 703
Provident cost-defined contribution plans	7 095	8 271	74	636
Other employee benefits	38 807	39 534	1 610	2 496
Share-based payments – equity settled	(649)	5 128	(2 966)	948
	336 392	249 202	7 315	9 783

Short-term employee benefits comprise salaries, wages, commissions and bonuses paid.

Other employee benefits comprise travel allowances, contributions to medical aid funds and other company allowances.

Average number of persons employed by the Group during the year:

	Number	Number	Number	Number
– Full time	3 282	2 292	16	28
– Part time	1 888	1 406	–	–

27. DIRECTORS' EMOLUMENTS

The remuneration in respect of Group directors paid by the company:

2010

Group entity

Sanyati Holdings Limited

Executive directors

Director's name	Salaries R'000	Bonuses R'000	Employment benefits R'000	Provident fund R'000	Termination costs R'000	Total annual remuneration R'000
JJ Deeb**	1 087	852	–	24	–	1 963
MH Lobban*	2 083	1 150	–	38	–	3 271
RD Jackson	603	142	85	137	–	967
MI Krouse	393	118	80	89	1 074	1 754
M Sangweni	320	107	114	72	–	613
A Rutherford	191	–	24	34	2 000	2 249
	4 677	2 369	303	394	3 074	10 817

The following directors resigned from Sanyati Holdings Limited during the current financial year:

A Rutherford (Resigned from Sanyati Civil Engineering and Construction (Pty) Limited in May 2009)

M Sangweni (Sanyati Civils Coastal (Pty) Limited director)

MI Krouse (Resigned from Sanyati Holdings Limited in July 2009)

RD Jackson (Resigned from Sanyati Holdings Limited as an executive director in April 2009)

* Joined Sanyati Holdings Limited in May 2009

** Joined Sanyati Holdings Limited in August 2009

27. DIRECTORS' EMOLUMENTS (continued)

2010

Non-executive directors

Director's name	Salaries R'000	Bonuses R'000	Employment benefits R'000	Meeting attendance R'000	Other R'000	Total annual remuneration R'000
HM Dlamini	–	–	–	157	–	157
N Khambule	–	–	–	157	–	157
R Crowie	–	–	–	157	–	157
RD Jackson	–	–	–	42	–	42
M Gahagan	–	–	–	157	–	157
	–	–	–	670	–	670

The following directors resigned from Sanyati Holdings Limited during and after the current financial year:

HM Dlamini (Resigned as a non-executive director in March 2010)

RD Jackson (Resigned as a non-executive director in January 2010)

2009

Group entity

Sanyati Holdings Limited

Executive directors

Director's name	Salaries R'000	Bonuses R'000	Employment benefits R'000	Provident fund R'000	Other R'000	Total annual remuneration R'000
R Jackson	1 325	425	57	268	–	2 075
M Krouse	922	362	–	235	–	1 519
M Sangweni	658	221	67	118	–	1 064
A Rutherford	553	360	4	81	–	998
RW Deacon	72	–	12	7	–	91
M O'Reilly	72	–	13	7	–	92
K Ramkissoon	599	58	96	–	–	753
	4 201	1 426	249	716	–	6 592

The following directors resigned from Sanyati Holdings Limited in the prior year:

K Ramkissoon (Resigned from Sanyati Holdings Limited)

M O'Reilly (Sanyati Civils Coastal (Pty) Limited director)

RW Deacon (Sanyati Roads (Pty) Limited director)

Non-executive directors

Director's name	Salaries R'000	Bonuses R'000	Employment benefits R'000	Meeting attendance R'000	Other R'000	Total annual remuneration R'000
HM Dlamini	–	–	–	21	–	21
N Khambule	–	–	–	41	1	42
R Crowie	–	–	–	37	–	37
M Gahagan	–	–	–	–	93	93
	–	–	–	99	94	193

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

27. DIRECTORS' EMOLUMENTS (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly and indirectly, and include directors of the subsidiaries, divisional directors, branch managers and department managers.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Short-term employee benefits	44 784	28 486	5 352	4 070
Contributions to retirement funds	2 868	1 929	61	755
Other employment benefits	8 333	3 873	–	830
	55 985	34 288	5 413	5 655

Short-term employment benefits comprise salaries, commission and bonuses paid.

Other employment benefits comprise travel allowances, fringe benefits on the use of company vehicles and contributions to medical aid funds.

28. EMPLOYMENT BENEFITS

Defined contribution funds

The company participates on behalf of its employees in the following funds:

- Liberty Life Provident Fund
- Meyker Reteng Construction Provident Fund
- Sanyati Provident Fund
- AsterMarinus Provident Fund
- Gauteng Building Industry Provident Fund

All funds are defined contribution plans operating under umbrella funds governed by the Pension Funds Act of 1956. The total Group contributions to these schemes in 2010 was R11 170 836 (2009: R6 291 250), which was charged to the income statement.

It is compulsory for all employees who are eligible through qualifying service to become members of a provident fund.

29. TAXATION

SA normal taxation consists of:

Current tax	13 764	44 037	2 339	124
Deferred tax	20 553	(12 182)	(292)	1 424
Taxation expense	34 317	31 855	2 047	1 548
Tax rate reconciliation	%	%	%	%
SA normal tax rate	28,00	28,00	28,00	28,00
Adjusted for:				
– Disallowed expenditure	2,52	12,69	3,14	7,07
Underprovision of tax for prior year	2,70	0,67	0,00	1,00
Effective rate	33,22	41,36	31,14	36,07

Assessed losses available to be utilised in the future amount to R83 737 196 (2009: R61 171 419). A deferred tax asset in respect of these assessed losses has been recognised.

30. DISCONTINUED OPERATIONS

Disposal of roads surfacing division

On 26 February 2010, management entered into an agreement to dispose of the roads surfacing division to Aquatrans (Pty) Limited. The disposal was effected through a sale of significant assets of the business. The assets were sold at a profit of R2 372 915. The remaining assets have been classified as held for sale on the statement of financial position and they are expected to be disposed of during the next 12 months. They have been impaired to their fair value less costs to sell. The disposal of the roads surfacing division is consistent with management's strategic plans to exit non-core businesses. Management performed an in-depth review of all the Group's businesses and the road surfacing business comprising the static asphalt manufacturing and supply plant in Verulam (KZN) was one of the non-core businesses identified.

Analysis of loss for the year on discontinued operations

	2010 R'000	2009 R'000
Revenue	227 252	140 470
Expenses	(244 819)	(141 905)
Loss before tax	(17 567)	(1 435)
Attributable tax expense	4 448	(1 711)
	(13 119)	(3 146)
Loss on remeasurement to fair value less costs to sell	(3 768)	-
Attributable tax expense	1 055	-
Loss for the year on discontinued operations (attributable to owners of the company)	(15 832)	(3 146)
Cash flows from discontinued operations		
Net cash flows from operating activities	(17 113)	9 739
Net cash flows from investing activities	3 767	40 723
Net cash flows from financing activities	29 421	(50 612)
Net cash inflows/(outflows)	16 075	(150)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
31. EARNINGS PER SHARE				
TOTAL OPERATIONS				
Basic earnings per share				
Basic earnings from total operations (R'000)	52 984	47 585	4 627	(13 976)
Weighted average number of shares ('000)	394 645	357 063	394 645	357 063
Earnings per share from total operations (cents)	13,43	13,33	1,17	(3,91)
Diluted earnings per share				
Diluted earnings from total operations	52 984	47 585	4 627	(13 976)
Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:				
	Number	Number	Number	Number
Basic weighted average number of ordinary shares	394 645	357 063	394 645	357 063
Dilutive effect of share options	41 000	15 000	41 000	15 000
Dilutive effect of contingently issuable shares	10 765	23 123	10 765	23 123
Diluted weighted average number of ordinary shares	446 410	395 186	446 410	395 186
Diluted earnings per share (cents)	11,87	12,04	1,04	(3,54)
Fully diluted earnings per share (cents)	11,75	11,25	1,03	(3,30)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
31. EARNINGS PER SHARE (continued)				
Headline earnings per share				
Reconciliation of basic earnings to headline earnings:				
Basic earnings as disclosed above from total operations	52 984	47 585	4 627	(13 976)
Plus: Impairment of goodwill	–	35 706	–	–
Plus: Fair value adjustment	1 416	–	–	–
Tax on fair value adjustments	(396)	–	–	–
Plus: Remeasurement loss	3 768	–	–	–
Tax on remeasurement loss	(1 055)	–	–	–
Plus: Nett loss on sale of assets	1 779	–	6	–
Tax on nett loss on sale of assets	(1 151)	–	(2)	–
Headline earnings	57 345	83 291	4 631	(13 976)
Reconciliation of number of ordinary shares to fully diluted number of ordinary shares:				
Number of ordinary shares in issue	399 037	384 975	399 037	384 975
Shares held by incentive trusts	41 000	15 000	41 000	15 000
Dilutive effect of contingently issuable shares	10 765	23 123	10 765	23 123
Fully diluted number of shares	450 802	423 098	450 802	423 098
Headline earnings per share (cents)	14,53	23,33	1,17	(3,91)
Diluted headline earnings per share (cents)	12,85	21,08	1,04	(3,54)
Fully diluted headline earnings per share (cents)	12,72	19,68	1,03	(3,30)
Normalised fully diluted headline earnings per share				
Attributable earnings	52 984	47 585	4 627	(13 976)
Changes in accounting estimates	50 245	–	–	–
Tax adjustment on changes in accounting estimates	(14 069)	–	–	–
Normalised earnings	89 160	47 585	4 627	(13 976)
Goodwill impairment	–	35 706	–	–
Fair value adjustments	1 020	–	–	–
Loss on remeasurement	2 713	–	–	–
Loss on disposal of property, plant and equipment after tax	628	–	4	–
Normalised headline earnings	93 521	83 291	4 631	(13 976)
Normalised fully diluted headline earnings per share	20,75	19,69	1,03	(3,30)
CONTINUING OPERATIONS				
Basic earnings per share				
Basic earnings from continued operations (R'000)	68 816	50 731	4 627	(13 976)
Weighted average number of shares ('000)	394 645	357 063	394 645	357 063
Earnings per share from continuing operations (cents)	17,44	14,21	1,17	(3,91)
Diluted earnings per share				
Diluted earnings from continuing operations	68 816	50 731	4 627	(13 976)

31. EARNINGS PER SHARE (continued)

Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:

	GROUP		COMPANY	
	2010 R'000 Number	2009 R'000 Number	2010 R'000 Number	2009 R'000 Number
Basic weighted average number of ordinary shares	394 645	357 063	394 645	357 063
Dilutive effect of share options	41 000	15 000	41 000	15 000
Dilutive effect of contingently issuable shares	10 765	23 123	10 765	23 123
Diluted weighted average number of ordinary shares	446 410	395 186	446 410	395 186
Diluted earnings per share (cents)	15,42	12,83	1,04	(3,54)
Fully diluted earnings per share (cents)	15,27	11,99	1,03	(3,30)
Headline earnings per share				
Reconciliation of basic earnings to headline earnings:				
Basic earnings as disclosed above from continuing operations	68 816	50 731	4 627	(13 976)
Plus: Impairment of goodwill	–	35 706	–	–
Plus: Fair value adjustment	1 416	–	–	–
Tax on fair value adjustment	(396)	–	–	–
Plus: Net profit on sale of assets	(441)	–	4	–
Tax on profit of sale of assets	123	–	–	–
Headline earnings	69 518	86 437	4 631	(13 976)
Number of ordinary shares in issue	399 037	384 975	399 037	384 975
Shares held by share incentive trusts	41 000	15 000	41 000	15 000
Dilutive effect of contingently issuable shares	10 765	23 123	10 765	23 123
Fully diluted number of shares	450 802	423 098	450 802	423 098
Headline earnings per share (cents)	17,62	24,21	1,17	(3,91)
Diluted headline earnings per share (cents)	15,57	21,87	1,04	(3,54)
Fully diluted headline earnings per share (cents)	15,42	20,43	1,03	(3,30)
Normalised fully diluted headline earnings per share				
Attributable earnings	68 816	50 731	4 627	(13 976)
Changes in accounting estimates	50 245	–	–	–
Tax adjustment on changes in accounting estimates	(14 069)	–	–	–
Normalised earnings	104 992	50 731	4 627	(13 976)
Goodwill impairment	–	35 706	–	–
Fair value adjustment	1 020	–	–	–
Loss on disposal of property, plant and equipment	(318)	–	4	–
Normalised headline earnings	105 694	86 437	4 631	(13 976)
Normalised fully diluted headline earnings per share	23,45	20,43	1,03	(3,30)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
32. NOTES TO THE CASH FLOW STATEMENT				
32.1 Net cash generated by operating activities				
Profit/(loss) before taxation	103 133	105 837	6 674	(12 428)
Loss before tax of discontinued operations				
less pre-tax effect of remeasurement losses	(21 335)	(24 686)	–	–
Adjustments for:	28 050	45 694	2 371	19 346
– Depreciation and amortisation	21 441	15 826	3 081	1 872
– Impairment losses on remeasurement of assets classified as held for sale	3 768	–	–	–
– Fair value movement on investment property	1 416	–	–	–
– Profit on sale of non-current asset	(6 293)	–	–	–
– Loss on sale of non-current asset	8 072	49	6	–
– Share-based payments	(649)	5 125	(2 966)	948
– Movement in provision	295	(11 012)	(1 260)	(194)
– Goodwill impairment	–	35 706	–	–
– Provision for diminution of loan account	–	–	3 510	16 720
Adjustment for items disclosed separately on cash flow statement	(783)	7 357	1 207	7 050
– Interest paid	14 792	19 425	5 161	8 795
– Interest income	(15 575)	(12 068)	(3 954)	(1 745)
Operating profit before working capital changes	109 065	134 202	10 252	13 968
Changes in working capital:	7 391	9 825	13 450	603
– Increase in inventory	(15 260)	(26 126)	–	–
– Decrease in trade and other receivables	(207 692)	26 573	9 488	191
– Increase in gross amount due from customers	27 165	(76 641)	–	–
– Increase in trade and other payables	181 987	38 248	3 962	412
– Increase in gross amount due to customers	21 191	47 771	–	–
Cash generated by operations	116 456	144 027	23 702	14 571
32.2 Taxation paid				
Tax (payable)/receivable at the beginning of the year	31 121	18 047	(275)	(128)
Expense for the year	13 322	44 454	2 339	124
Tax payable/(receivable) at the end of year	(15 739)	(31 121)	(2 064)	275
Taxation paid	28 704	31 380	–	271
32.3 Cash and cash equivalents				
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:				
Cash and bank balances	68 391	60 222	4 003	181
Bank borrowings	(3 933)	(25 786)	–	(19 632)
	64 458	34 436	4 003	(19 451)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
32. NOTES TO THE CASH FLOW STATEMENT (continued)				
32.4 Significant non-cash transactions				
During the period, the Group and company acquired assets by means of instalment sale agreements.				
Value of assets acquired under instalment sale agreements	36 745	14 735	766	–
32.5 Disposal of a business				
On 26 February 2010, the Group disposed of the roads surfacing division (refer to note 30). The following details the cash flows related to this transaction:				
Cash consideration received	18 000	–	–	–
Cash outflows to extinguish liabilities directly related to assets sold	(1 251)	–	–	–
Net cash flows from disposal of business	16 749	–	–	–
Reconciliation of gain on disposal				
Cash consideration received	18 000	–	–	–
Assets over which control was lost:				
– Property, plant and equipment	(15 627)	–	–	–
Gain on disposal	2 373	–	–	–
33. FINANCIAL RISK MANAGEMENT				
Classification of financial instruments				
	Non-financial instruments	Loans and receivables	At amortised cost	Carrying amount
	R'000	R'000	R'000	R'000
GROUP – 2010				
ASSETS				
Trade and other receivables	21 644	532 163	–	553 807
Cash and bank balances	–	68 391	–	68 391
LIABILITIES				
Vendor liabilities	–	–	38 318	38 318
Interest-bearing borrowings	–	–	101 104	101 104
Trade and other payables	90 714	–	311 154	401 868
Gross amounts due to customers	–	–	110 467	110 467
Bank overdraft	–	–	3 933	3 933
GROUP – 2009				
ASSETS				
Trade and other receivables	14 363	331 592	–	345 955
Cash and bank balances	–	60 222	–	60 222
Investments	–	412	–	412
LIABILITIES				
Vendor liabilities	–	–	26 116	26 116
Interest-bearing borrowings	–	–	128 803	128 803
Trade and other payables	14 363	–	199 369	213 732
Gross amounts due to customers	–	–	89 276	89 276
Bank overdraft	–	–	25 786	25 786

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

33. FINANCIAL RISK MANAGEMENT (continued) Classification of financial instruments (continued)

	Non- financial instruments R'000	Loans and receivables R'000	At amortised cost R'000	Carrying amount R'000
COMPANY – 2010				
ASSETS				
Investments in subsidiaries	–	–	199 757	199 757
Loans receivable	–	888 419	–	888 419
Trade and other receivables	245	73	–	318
Cash and bank balances	–	4 003	–	4 003
LIABILITIES				
Loans from subsidiaries	–	–	430 198	430 198
Vendor liabilities	–	–	38 318	38 318
Interest-bearing borrowings	–	–	516	516
Trade and other payables	6 041	–	718	6 759
COMPANY – 2009				
ASSETS				
Investments in subsidiaries	–	–	199 757	199 757
Loans receivable	–	486 454	–	486 454
Trade and other receivables	6 020	4 061	–	10 081
Cash and bank balances	–	181	–	181
LIABILITIES				
Loans from subsidiaries	–	–	54 184	54 184
Vendor liabilities	–	–	23 732	23 732
Trade and other payables	1 376	–	1 421	2 797
Bank overdraft	–	–	19 632	19 632

The Group's operations expose it to a number of financial risks, namely credit, liquidity risk and interest rate risk. The Group has financial risk management processes in place to protect against and minimise the potential adverse effects of these financial risks. This note presents information regarding the exposure to each of these risks and processes for managing them.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's gross trade receivables and cash and bank balances held at banking institutions.

The Group trades only with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group also believes that it has no significant exposure to credit risk due to the large number of customers comprising the company's customer base and their dispersion across different industries and geographical areas. The maximum exposure is the carrying amount as disclosed in note 12.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

To limit this exposure, the Group's cash is placed only with reputable financial institutions of high credit standing and limits its exposure to only one counterparty.

33. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group ensures, as far as possible, that it has sufficient liquidity available to meet its liabilities as and when they fall due. Daily and monthly cash flow requirements are monitored to ensure sufficient cash is available on demand or that access to facilities is available to meet expected operational expenses. Any surplus cash is appropriately invested. The Group maintains a balance between continuity of funding and flexibility through the use of bank overdraft facilities and inter-company funding.

The Group has access to overdraft facilities at First National Bank of R80 million available to finance any working capital requirements.

In terms of the company's articles of association, there is no limit on the Group's authority to raise interest-bearing debt.

Interest rate risk

Interest rate risk is the risk that changes in the interest rate will affect the Group's income or value of its financial instruments, namely its cash and bank balances and interest-bearing borrowings.

The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's borrowing obligations, with a variable interest rate, on its purchase of capital assets financed through instalment sale agreements. As part of the process of managing the Group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movement in the interest rate. Full details of interest rates relating to borrowings are detailed in note 17.

Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return, serving as a natural hedge. The company also manages this risk by ensuring the trade payable days exceed the trade receivable days, thereby maintaining a positive balance in the bank.

The Group's income and operating cash flows are substantially independent of changes in the market rates.

Sensitivity analysis

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Increase of 100 basis points would result in a increase/(decrease) of profit before tax of	3 168	(3 079)	476	(406)
Decrease of 200 basis points would result in an increase/(decrease) of profit before tax of	(6 336)	6 159	(953)	812

Long-term liabilities

The directors consider the carrying amounts of the long-term liabilities to approximate their fair values.

Fair value of financial instruments

The Group's financial instruments consist mainly of cash and bank balances, trade and other receivables, and trade and other payables. Due to the relatively short-term nature of these instruments, their carrying value approximates their fair value and there is therefore no difference between their fair value and carrying value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
33. FINANCIAL RISK MANAGEMENT (continued)				
Financial liabilities				
<i>Maturity analysis</i>				
The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:				
Payable in 1 to 6 months				
Bank overdraft	3 933	25 786	–	–
Interest-bearing borrowings	20 353	13 133	121	–
Trade and other payables	311 154	188 714	6 759	2 797
Gross amounts due to customers	110 467	–	–	–
Interest-bearing borrowings				
Bonds				
Payable in 7 to 12 months	2 838	71 383	–	–
Payable in 2 to 5 years	36 141	–	–	–
Vendor liabilities				
Payable in 7 to 12 months	38 318	17 530	38 318	15 146
Payable in 2 to 5 years	–	8 586	–	8 586
Instalment sales				
Payable in 7 to 12 months	20 353	13 133	122	–
Payable in 2 to 5 years	34 223	33 733	344	–
	577 780	371 998	45 664	26 529

The maturity profile of interest-bearing borrowings consists of actual payments due in respect of instalment sale agreements, mortgage bonds and the term loan.

34. CAPITAL MANAGEMENT

The Group considers share capital and interest-bearing borrowings as capital.

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group changes the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

35. **GUARANTEES**

Guarantee facilities are held with the following institutions:

	GROUP		COMPANY	
	2010 Facility available R'000	2009 Facility available R'000	2010 Facility available R'000	2009 Facility available R'000
First National Bank, a division of FirstRand Bank Limited	5 315	5 500	5 315	5 500
Lombard Insurance Company Limited	143 776	142 385	143 776	142 385
Renasa Insurance Company Limited	–	5 153	–	5 153
Performance & Customer Bond Services	49 388	20 000	49 388	20 000
Refine Underwriting Managers	4 554	–	4 554	–
Standard Bank of South Africa Limited	–	180	–	180
	203 033	173 218	203 033	173 218

It is the opinion of the directors that the possibility of any loss is improbable and it is not anticipated that any material liabilities will arise.

Contract performance guarantees are often provided as security in the form of a performance guarantee from a bank or insurance consultant. The issuer of guarantees, in turn, normally receives an indemnity from the contracting company or other Group company. In compliance with industry custom, such indemnities related to the Group and contracting companies are not reported as contingent liabilities, since they do not involve any increase of liability compared to the contracting commitment.

	ABSA		FIRST NATIONAL BANK	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
36. BANKING FACILITIES				
The following facility was available at year-end from the Group's bankers:				
Overdraft facility	4 500	4 500	80 000	65 000
Overdraft facility utilised	(3 933)	(3 697)	–	(22 089)
Overdraft facility available	567	803	80 000	42 911

37. CAPITAL COMMITMENTS AND CONTINGENCIES

GROUP
Commitments for capital expenditure

There were no commitments for capital expenditure.

Future tax consequences on distribution of reserves

If the Group were to distribute its equity reserves to its shareholders, the tax consequences would be as follows:

Retained earnings			19 454	14 696
-------------------	--	--	--------	--------

Operating lease agreements

Future minimum lease payments payable under these non-cancellable operations leases are as follows:

	Within 1 year R'000	1 to 5 years R'000	After 5 years R'000	Total R'000
2010	4 179	9 914	1 244	15 337
2009	6 061	9 960	–	16 021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

	2010 R'000	2009 R'000	
37. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)			
COMPANY			
Commitments for capital expenditure			
There were no commitments for capital expenditure.			
Future tax consequences on distribution of reserves			
If the company were to distribute its equity reserves to its shareholders, the tax consequences would be as follows:			
Retained earnings	3 315	2 711	
<i>Operating lease agreements</i>			
Future minimum lease payments payable under these non-cancellable operations leases are as follows:			
	Within 1 year R'000	1 to 5 years R'000	Total R'000
2010	–	–	–
2009	1 296	2 408	3 704

38. SHARE OPTIONS AND OTHER SHARE-BASED PAYMENTS

38.1 2007 Acquisitions Share Incentive Scheme

With effect from 11 May 2007, the Sanyati Group initiated a share-based option plan. The objective of the scheme was primarily to incentivise management and staff through ownership in the contracting business (Scheme 1).

In accordance with IFRS 2 Share-based Payments, an amount of R94 889 (2009: R1 621 479) was expensed to the income statement.

The share issues, referred to above, fall within the scope of IFRS 2 and in terms of IFRS 2 this transaction is considered to be an equity-settled share-based payment.

As such, the shares are fair valued using the Black-Scholes Pricing Market Model and the difference between the fair value and the consideration is to be expensed with a corresponding credit to equity.

The above transactions are considered to have an element of an option for the following reason:

The risks and rewards are considered to only effectively pass to the new shareholders once the shareholders' loans are repaid, or on injection by the new shareholders of their pro rata share of the shareholders' loans.

Fair value

The Group accounts for share option expenses in accordance with IFRS 2 Share-based Payments, which requires the fair value of share options granted to employees to be valued at the grant date and expensed through the income statement over the vesting period of the share options. The fair value of each option granted has been estimated on the grant date using the Black-Scholes Pricing Market Model. The assumptions used in determining the fair value of the options granted in 2007 are summarised below:

Risk-free rate	5,75%
Vesting date	31 October, 2010, 2011, 2012 in equal amounts – First exercise 3 years from issue of the "options"
Dividend yield	Nil
Volatility	30%
Share price	R2,38
Strike price	R2,10
Option type	Call
Number of options granted	10 000 000

The risk-free rate of 5,75% has been assumed, based on the prevailing return on the R153 long-term government bond as at 14 May 2007.

The volatility of companies in the same industry was used as a proxy.

The expected dividend yield was assumed to be nil as no dividends are to be paid on the shares until the date the debt is repaid.

38. SHARE OPTIONS AND OTHER SHARE-BASED PAYMENTS (continued)

38.1 2007 Acquisitions Share Incentive Scheme (continued)
Share-based payments recognised in retained earnings

The movement in share-based payments is as follows:

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Share options expensed/(reversed) during the year	95	1 621	(1 802)*	342

* Amount credited to the income statement as a result of substantial attrition in the current financial year.

Share options granted

	Options granted at 28 February 2010	Expiry date
Management	5 041 099	31 October 2017
Total	5 041 099	

No additional options were issued during the current financial year.

38.2 Executive Share Incentive Scheme

With effect from 31 October 2007, the Sanyati Group initiated a share-based option plan. The objective of the scheme was primarily to incentivise management and staff through ownership in the contracting business. To date the following offers have been made under this scheme:

- Offer 1 – 31 October 2007 at R1,00 per share
- Offer 2 – 26 February 2010 at R0,47 per share

In accordance with IFRS 2 Share-based Payments, an amount of (R743 679) (2009: R1 948 505) was expensed/ (reversed) to the income statement.

The share issues, referred to above, fall within the scope of IFRS 2 and in terms of IFRS 2 this transaction is considered to be an equity-settled share-based payment.

As such, the shares are fair valued using the Black-Scholes Pricing Market Model and the difference between the fair value and the consideration is to be expensed with a corresponding credit to equity.

The above transactions are considered to have an element of an option for the following reason:

- The risks and rewards are considered to only effectively pass to the new shareholders once the shareholders' loans are repaid, or on injection by the new shareholders of their pro rata share of the shareholders' loans.

Fair value

The Group accounts for share option expenses in accordance with IFRS 2 Share-based Payments, which requires the fair value of share options granted to employees to be valued at the grant date and expensed through the income statement over the vesting period of the share options. The fair value of each option granted has been estimated on the grant date using the Black-Scholes Pricing Market Model. The assumptions used in determining the fair value of the options granted on 31 October 2007 are summarised below:

Risk-free rate	9,33%
Vesting date	31 October 2008, 2009, 2010 in equal amounts
Dividend yield	Nil
Volatility	29,15%
Share price	R3,18
Strike price	R1,00
Option type	Call
Number of options granted	3 000 000

The risk-free rate of 9,33% has been assumed, based on the prevailing return on the R153 long-term government bond as at 31 October 2007.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2010

38. SHARE OPTIONS AND OTHER SHARE-BASED PAYMENTS (continued)

38.2 Executive Share Incentive Scheme (continued)

Fair value (continued)

The volatility of companies in the same industry was used as a proxy.

The expected dividend yield was assumed to be nil as no dividends are to be paid on the shares until the date the debt is repaid.

No fair value adjustment was done in respect of Offer 2 as this offer was made on 26 February 2010, the last working day of the financial year.

Share-based payments recognised in retained earnings

The movement in share-based payments is as follows:

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Share options expensed during the year	(744)*	1 949	(1 164)*	606

* Amount credited to the income statement as a result of substantial attrition in the current financial year.

Share options outstanding

	Options outstanding at 28 February 2010	Expiry date
Offer 1	1 171 152	31 October 2017
Offer 2	32 000 000	26 February 2017
Total	33 171 152	

39. INTEREST IN JOINT VENTURES

The total percentage holding by the Group in the equity of each significant jointly controlled entity is as follows:

Name of joint venture	Nature of business	Cost of investment (R'000)	Proportion of issued shares held (%)
Sanyati/Bigeye JV	Construction	–	100,0
Illembe Civil Construction	Construction	–	10,0
Afriscan Construction (Pty) Limited/TBA Construction CC/ Amanngcobo Construction CC	Construction	–	60,0
Sanyati Phambili JV	Construction	–	75,0
Sanyati/Inyathi JV	Construction	–	100,0
Gauteng Freeway Improvement Project	Construction	–	15,0
Sanyati/Aryan/Phambili/TBA JV	Construction	–	76,5
RSI Intermodel Construction (Pty) Limited	Construction	*	40,0
Congrepath (Pty) Limited	Construction	*	50,0

*Amounts less than R1 000.

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

All joint ventures are incorporated in South Africa.

The joint ventures are accounted for using the proportionate consolidation method.

39. INTEREST IN JOINT VENTURES (continued)
Aggregate financial information

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
STATEMENT OF FINANCIAL POSITION				
Group's proportionate share of assets and liabilities				
Assets				
Non-current assets	79 379	9 089	–	–
Current assets	167 488	128 472	–	–
	246 867	137 561	–	–
Equity and liabilities				
Shareholders' equity	69 217	8 946	–	–
Non-current liabilities	156	34	–	–
Current liabilities	177 494	128 581	–	–
	246 867	137 561	–	–
STATEMENT OF COMPREHENSIVE INCOME				
Group's proportionate share of income and expenditure				
Revenue	616 036	180 667	–	–
Profit before taxation	89 640	9 036	–	–
Taxation	(25 099)	(2 530)	–	–
Profit after taxation	64 541	6 506	–	–
(Tax has been calculated at 28% for joint ventures not kept in a separate legal entity.)				
SUMMARISED STATEMENT OF CASH FLOWS				
Cash flow from operating activities	101 463	62 207	–	–
Cash flow from investing activities	(41 018)	(1 096)	–	–
Cash flow from financing activities	(42 882)	(2 159)	–	–
Net increase in cash and cash equivalents	17 563	58 952	–	–

40. SEGMENT REPORT

40.1 Adoption of IFRS 8 Operating Segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 March 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. There have been no changes in the Group's reportable segments as a result of the adoption of the new standard, however, the reporting segments have been changed to better represent the internal reporting structure as a result of reorganisation within the Group during the year. Prior year comparatives have been restated.

40.2 Products and services from which reportable segments derive their revenues

All segments derive their revenue principally through construction.

40.3 Segment revenues and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2010

40. SEGMENT REPORT (continued)

40.3 Segment revenues and results (continued)

	Coastal R'000	Central R'000	North R'000	Piling R'000	Conform R'000	Other specialist R'000	Shared services R'000	Inter- company elimina- tions R'000	Total R'000
2010									
Segment revenue	593 890	680 448	495 203	85 303	42 784	176 666	38 792	(115 920)	1 997 166
Inter-segment revenue	–	–	(17 962)	(13 632)	(20 042)	(25 492)	(38 792)	115 920	–
Sales to external customers	593 890	680 448	477 241	71 671	22 742	151 174	–	–	1 997 166
Segment profit after tax	31 354	47 702	28 933	(8 015)	1 903	(33 908)	847	–	68 816
Significant items of income and expense:									
Depreciation	657	4 798	3 111	6 225	1 174	1 035	3 143	–	20 143
Interest revenue	4 938	332	7 170	1 657	36	1 393	49	–	15 575
Interest expense	3 871	822	1 626	3 038	224	2 358	2 853	–	14 792
Income tax expense	10 012	19 112	19 269	(2 172)	740	(11 835)	(809)	–	34 317
2009									
Segment revenue	506 278	310 633	273 255	129 942	80 704	104 107	41 205	(43 553)	1 402 571
Inter-segment revenue	(1 354)	–	–	–	–	(994)	(41 205)	43 553	–
Sales to external customers	504 924	310 633	273 255	129 942	80 704	103 113	–	–	1 402 571
Segment profit after tax	36 751	28 430	755	(18 540)	23 163	2 137	(8 263)	(13 702)	50 731
Significant items of income and expense:									
Depreciation	1 534	3 314	2 352	3 427	1 136	1 221	1 873	–	14 857
Net finance costs	(447)	(3 239)	3 492	(3 567)	22	331	(7 050)	3 773	(6 685)
Income tax expense	(10 349)	(6 985)	5 650	–	–	(1 148)	(1 548)	(17 475)	(31 855)

40.4 Segment assets and liabilities

	Coastal R'000	Central R'000	North R'000	Piling R'000	Conform R'000	Other specialist R'000	Shared services R'000	Roads R'000	Inter- company elimina- tions R'000	Total R'000
2010										
Segment assets	275 086	322 999	180 123	106 056	57 437	101 314	474 062	93 227	(110 147)	1 500 157
Segment liabilities	198 584	106 598	117 625	94 276	24 755	141 129	58 546	84 766	(92 930)	733 349
Capital expenditure	1 356	29 995	1 933	942	–	1 048	2 069	7 730	–	45 073
2009										
Segment assets	110 002	295 932	337 231	136 767	54 990	125 259	546 133	85 204	(442 356)	1 249 162
Segment liabilities	94 951	110 983	246 216	91 891	36 895	119 145	99 246	101 156	(360 851)	539 632
Capital expenditure	1 033	24 461	9 439	17 802	–	3 277	4 895	11 713	28	72 648

40.5 Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	2010 R'000	2009 R'000
Construction work	1 963 952	1 498 712
Sale of property	33 214	44 329
	1 997 166	1 543 041

40.6 Geographical information

Geographical information has not been prepared as the Group does not have any significant operations outside of South Africa.

40.7 Information about major customers

The following table summarises the revenue from transactions with the Group's major customers, i.e. where revenue from transactions with that customer exceeded 10% of the total Group revenue.

	2010 R'000
Customer A	221 496
Customer B	218 180

Revenues from Customer A were reported in the Coastal, Central and North segments. Revenues from Customer B were reported in the Coastal segment only.

41. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries (see note 7) and joint ventures (see note 39).

Transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. These transactions are not considered to be significant to the Group. Detailed transactions between the Group and other related parties are disclosed below.

The remuneration and benefits received by directors and key management are disclosed in note 27.

The following are also regarded as related parties as certain directors of this Group are directors, members or trustees of these entities:

Trading transactions

The following table details the value of all trading transactions between the Group and related parties outside the Group:

		2010 R'000	2009 R'000
Rental paid – To	From		
Tridata Investments (Pty) Limited	Sanyati Holdings Limited	1 049	1 670
Tridata Investments (Pty) Limited	Sanyati Civil Engineering & Construction (Pty) Limited	1 122	
Tridata Investments (Pty) Limited	Sanyati Roads (Pty) Limited	–	270
Tridata Investments (Pty) Limited	Sanyati Civil Coastal (Pty) Limited	–	488
Tridata Investments (Pty) Limited	Sanprop (Pty) Limited	–	3
Whirlaway Trading 194 CC	Sanyati Civil Engineering & Construction (Pty) Limited	255	98
Notefull 1086 CC	Sanyati Civil Engineering & Construction (Pty) Limited	161	222
Coral Lagoon Investments 11 (Pty) Limited	Sanyati Civil Engineering & Construction (Pty) Limited	154	188
Ruthcon Trust	Sanyati Civil Engineering & Construction (Pty) Limited	100	600
Congro (Pty) Limited	Sanyati Civil Engineering & Construction (Pty) Limited	–	440
JL de Bruin Familie Trust	Sanyati Engineering Central (Pty) Limited	285	167
Z Gutter	Sanyati Engineering Central (Pty) Limited	512	–
Monabam	Sanyati Engineering Central (Pty) Limited	240	–
Parmtro	Sanyati Engineering Central (Pty) Limited	360	–
Use of subcontractor by main contractor	Subcontractor		
Main contractor			
Crowie Projects (Pty) Limited	Sanyati Civil Engineering & Construction (Pty) Limited	5 852	–
Admin services			
Charged by	Charge to		
LMP Financial Services CC	Sanyati Engineering Central (Pty) Limited	356	–
Supply of product			
Charged by	Charge to		
360 Precast Concrete	Sanyati Engineering Central (Pty) Limited	5 921	–
Plant hire – Charged by	Charge to		
Derrin Investments (Pty) Limited	GEM Earthworks (Pty) Limited	88	876
LMP Financial Services CC	Sanyati Engineering Central (Pty) Limited	401	–
Kalahari Orens CC	Sanyati Engineering Central (Pty) Limited	420	–
Bosch Logistics (Pty) Limited	Sanyati Engineering Central (Pty) Limited	1 216	–
Related party balances			
The following table details the related party balances within the Group:			
Trade payables			
Group entity	Related party		
GEM Earthworks (Pty) Limited	Derrin Investments (Pty) Limited	36	–
Trade receivables			
Group entity	Related party		
Sanyati Civil Engineering and Construction (Pty) Limited	J Gutter	89	–

Entities are considered a related party if there is common directorship or ownership by a Sanyati Group director.

SHAREHOLDERS' ANALYSIS

Register date: 26 February 2010. Issued share capital: 440 037 387 shares

	Number of shareholdings	Percent	Number of shares	Percent
Shareholder spread				
1 – 1 000 shares	309	10,60	173 320	0,04
1 001 – 10 000 shares	1 227	42,08	6 469 943	1,47
10 001 – 100 000 shares	1 120	38,41	39 740 679	9,03
100 001 – 1 000 000 shares	210	7,20	63 795 304	14,50
1 000 001 shares and over	50	1,71	329 858 141	74,96
	2 916	100,00	440 037 387	100,00
Distribution of shareholders				
Close corporations	43	1,47	3 039 480	0,69
Custodians	1	0,03	500 000	0,11
Foundations and charitable funds	11	0,38	670 028	0,15
Hedge funds	4	0,14	22 407 672	5,09
Individuals	2 577	88,38	145 782 581	33,13
Investment partnerships	22	0,75	964 240	0,22
Collective investment schemes	15	0,51	28 529 478	6,48
Private companies	65	2,23	79 844 131	18,14
Public companies	5	0,17	2 089 939	0,47
Retirement benefit funds	9	0,31	12 650 900	2,87
Share trusts	3	0,10	41 000 000	9,32
Stockbrokers and nominees	11	0,38	15 097 016	3,43
Trusts	150	5,14	87 461 922	19,88
	2 916	100,00	440 037 387	100,00
Public and non-public shareholders				
<i>Non-public shareholders</i>	7	0,24	87 821 638	19,96
Directors and associates of the company	4	0,14	46 821 638	10,64
Share trusts	3	0,10	41 000 000	9,32
<i>Public shareholders</i>	2 909	99,76	352 215 749	80,04
	2 916	100,00	440 037 387	100,00
Beneficial shareholders holding 3% or more				
Crowie Holdings (Pty) Limited			45 619 959	10,37
Richard Jackson Family Trust, Jackson RD, Jackson TL			36 180 853	8,22
Sanyati Executive Share Incentive Scheme			29 000 000	6,59
36One Asset Management			21 887 672	4,97
DAC Investment Trust			16 653 639	3,78
Mr Imtiaz Saib			14 252 000	3,24
JSE SHARE INFORMATION				
Closing price at 26 February 2010	(cents)			41
High for the year	(cents)			75
Low for the year	(cents)			38
Volume traded for the year				193 424 942
Value traded for the year	(Rand)			110 768 563

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, please consult your stockbroker, accountant, attorney, banker or other independent professional adviser immediately.

NOTICE IS HEREBY GIVEN that the annual general meeting of members of Sanyati will be held in the boardroom, 2nd Floor, Pin Oak House, Ballyoaks Office Park, Ballyclare Drive, Bryanston on Monday, 26 July 2010 at 10:00 for the following purposes:

1. To receive, consider and adopt the annual financial statements of the Group and company for the twelve months ended 28 February 2010, including the directors' report and the report of the auditors thereon.
2. To re-elect directors in accordance with the company's Articles of Association.
 - 2.1. In terms of Articles 80 and 96 of the company's Articles of Association the following non-executive directors retires by rotation, but being eligible, offer themselves for re-election:
 - 2.1.1 Rowan Mark Crowie; and
 - 2.1.2 Hans Michael Dlamini.(The curriculum vitae of these directors are set out in the directors' report of this annual report on page 10.)
 - 2.2. The following directors, who were appointed since the last annual general meeting, retire in terms of Article 68 of the company's Articles of Association but are eligible and offer themselves for re-election:
 - 2.2.1 John Joseph Deeb;
 - 2.2.2 Zohra Begum Ebrahim; and
 - 2.2.3 Lesibana Japhtalina Fosu.(The curriculum vitae of these directors are set out in the directors' report of this annual report on page 10.)
3. Remuneration
 - 3.1. To approve the remuneration of the directors for the year ended 28 February 2010.
 - 3.2. To approve the remuneration payable to the non-executive directors for attendance at meetings in the range of R13 000 to R21 000 per meeting for the year ending 28 February 2011.
4. To authorise the directors to fix the remuneration of the auditors for the past year.
5. To appoint PKF (Jhb) Inc. (Practice number 906395E), Chartered Accountants, as auditors, and AJ Hannington as audit partner until the conclusion of the next annual general meeting.
6. To consider, and if deemed fit, to pass the following resolutions as ordinary resolutions:
 - 6.1. **Ordinary Resolution Number 1 – Unissued shares to be placed under the control of the directors**

THAT the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to 15% (fifteen percent) of the authorised share capital and subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended and the Listings Requirements of JSE Limited ("JSE").
 - 6.2. **Ordinary Resolution Number 2 – General authority to issue shares, and to sell treasury shares, for cash**

THAT the directors of the company and/or any of its subsidiaries from time to time be and they are hereby authorised, by way of a general authority, to:

 - Allot and issue shares or options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or

NOTICE OF ANNUAL GENERAL MEETING (continued)

6. To consider, and if deemed fit, to pass the following resolutions as ordinary resolutions: (continued)

6.2. Ordinary Resolution Number 2 – General authority to issue shares, and to sell treasury shares, for cash (continued)

- Sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company;

for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the Articles of Association of the company, the JSE Listings Requirements and the following limitations:

- The securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- Any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares;
- This general authority is valid until the earlier of the company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;
- A published announcement giving full details, including the impact on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- 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% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
- Whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

In terms of the JSE Listings Requirements, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting must be cast in favour of ordinary Resolution Number 2 for it to be approved.

7. To consider and, if deemed fit, pass the following resolution as a special resolution:

Special Resolution Number 1 – Acquisition of own securities

THAT the mandate be given to the company (or any of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the company's Articles of Association, the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, ("the Act") and the Listings Requirements of JSE Limited ("JSE") ("the Listings Requirements") provided that:

- Any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;
- At any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
- This general authority be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);

7. To consider and, if deemed fit, pass the following resolution as a special resolution: (continued)

Special Resolution Number 1 – Acquisition of own securities (continued)

- An announcement be published as soon as the company has cumulatively repurchased 3% (three percent) of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- Repurchases by the company, and/or its subsidiaries, in aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued share capital as at the date of passing this special resolution or 10% (ten percent) of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- Repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the 5 (five) business days immediately preceding the date on which the transaction was effected; and
- Repurchases may not be undertaken by the company or one of its wholly owned subsidiaries during a prohibited period and may also not be undertaken if they will impact negatively on shareholder spread as required by the JSE.

The reason for the passing of the above special resolution is to grant the company a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of securities issued by the company, which authority shall be valid until the earlier of the next annual general meeting, or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire securities issued by the company.

The following information, which is required by the JSE Listings Requirements with regard to the resolution granting a general authority to the company to repurchase securities, appears on the pages of the financial statements to which this notice of general meeting is annexed, is indicated below:

Directors of the company	page 41
Major shareholders	page 88
Directors' interests in securities	page 35
Share capital of the company	page 34
Responsibility statement	page 33

There are no legal or arbitration proceedings, either pending or threatened against the company or its subsidiaries, of which the company is aware, which may have, or have had in the last 12 (twelve) months, a material effect on the financial position of the company or its subsidiaries.

Statement by the board of directors of the company pursuant to and in terms of the JSE Listings Requirements:

The directors of the company hereby state that:

- a) The intention of the directors of the company is to utilise the authority if, at some future date, the cash resources of the company are in excess of its requirements. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company and will ensure that any such utilisation is in the interests of the shareholders; and
- b) The method by which the company intends to re-purchase its securities and the date on which such re-purchase will take place, has not yet been determined.

NOTICE OF ANNUAL GENERAL MEETING (continued)

7. To consider and, if deemed fit, pass the following resolution as a special resolution: (continued)

Special Resolution Number 1 – Acquisition of own securities (continued)

At the time that the contemplated re-purchase is to take place, the directors of the company will ensure that:

- The company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the annual general meeting;
- The consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries for a period of 12 (twelve) months after the date of the annual general meeting;
- The issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the business of the company and its subsidiaries for a period of 12 (twelve) months after the date of the annual general meeting;
- The working capital available to the company and its subsidiaries will be sufficient for the Group's requirements for a period of 12 (twelve) months after the date of the annual general meeting; and
- The company will provide its designated advisor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the designated advisor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

8. Amendments to the Sanyati Share Incentive Schemes

To consider, and if deemed fit, to pass the following resolutions as ordinary resolutions:

8.1 Ordinary Resolution Number 3 – Amendments to the Sanyati Executive Share Incentive Scheme

“THAT, in accordance with the amended Schedule 14 of the JSE Listings Requirements and the provisions of the Sanyati Executive Share Incentive Scheme (“the Scheme”), the Scheme is hereby amended as follows:

- Clause 2.1 is amended by inserting the following words at the end of the definition of “Capitalisation Issue”:
“... or the distribution of special dividends”;
- Clause 2.1 is amended by inserting the following words at the end of the definition of “a Share”:
“... and includes shares held in treasury”;
- Clause 4.6.11 is amended by the deletion of the word “and” at the end thereof after the semi-colon;
- Clause 4.6.12 is amended by the insertion of the word “and” at the end thereof after the semi-colon;
- A new Clause 4.6.13 is inserted after Clause 4.6.12 reading as follows:
“4.6.13 to exercise all rights conferred by Shares of the Trust, including voting rights, rights of conversion, rights to take up further allotments (on or by way of Capitalisation Issue or Rights Issue) of Shares and the like, as they in their discretion deem fit, provided that Shares held by the Trust will:
4.6.13.1. not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements; and
4.6.13.2. not be taken into account for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements.”

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.1 Ordinary Resolution Number 3 – Amendments to the Sanyati Executive Share Incentive Scheme (continued)

- Clause 6.1 is amended by deleting the content thereof and replacing it with the following:

“6.1 Unless otherwise approved of by the company in general meeting in accordance with Clause 25.5 *mutatis mutandis*, and subject to compliance with the Listings Requirements of the JSE, the aggregate maximum number of Shares subject to this Scheme shall not exceed 50 000 000 (fifty million) shares; provided that for the purposes hereof, Shares subject to the Share Option Terms shall be regarded as issued Shares irrespective of whether such Shares have been issued or not.”
- Clause 6.2 is amended by deleting the content thereof and replacing it with the following:

“6.2 In the event of a Capitalisation Issue, a Rights Issue of Shares, a special dividend, a reduction of capital whether by way of a buyback of Shares or otherwise, the Board may, and in the case of a sub-division or consolidation of the share capital of the company, the Board must, adjust the number of Shares referred to in Clause 6.1 so as to give a Beneficiary the same proportion of the company’s capital as that to which he was entitled prior to the Capitalisation Issue, Rights Issue, special dividend, sub-division, consolidation of the share capital of the company, or reduction of capital, as the case may be. The Auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of this Clause 6.2 are in accordance with the provisions of this Scheme, and such written confirmation must be provided to the JSE at the time that any such adjustment is finalised. The issue of Shares as consideration for an acquisition, the issue of Shares for cash and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of this Clause 6.2.”
- Clause 6.3 is amended by deleting the following words:

“...3% (three percent) of the issued ordinary share capital of the company.”

and substituting them with:

“.. 5 000 000 (five million) shares or such number as may be authorised by the company from time to time by ordinary resolution of the members of the company requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the general meeting to approve such resolution.”
- Clause 10.2 is amended by inserting the following words at the end of the clause:

“... and such Offer may be revoked or cancelled before acceptance thereof”;
- A new Clause 10.6 is inserted after Clause 10.5 reading:

“10.6 The Offeree’s and the number of Shares or Options offered shall be arrived at by inter alia taking into account the Offeree’s job grading level, remuneration and years of service with the company, as well as any other factors which the Board may regard as relevant.”
- A new Clause 12.7 is inserted after Clause 12.6 reading:

“12.7 Allocated Scheme Shares which are not subsequently issued to the identified Participants, for example as a result of forfeiture, must revert back to the Scheme.”

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.1 Ordinary Resolution Number 3 – Amendments to the Sanyati Executive Share Incentive Scheme (continued)

- Clause 21 is amended by deleting the content thereof and substituting it with the following:
 - “21.1 If at any time before the Purchase Price owing on any Scheme Shares shall have been paid in full, the company:
 - 21.1.1 buys back its own shares; or
 - 21.1.2 undertakes a Capitalisation Issue, a Rights Issue or pays a special dividend or reduces its capital; or
 - 21.1.3 subdivides or consolidates its shares;then, subject to the remaining provisions of this Clause 21, in the case of an occurrence under 21.1.1 or 21.1.2, the Board may, and in the case of an occurrence under 21.1.3, the Board must:
 - 21.1.4 adjust the number of Shares referred to in 6.1 so as to give a Beneficiary the same proportion of the company's capital as that to which he was entitled prior to the Capitalisation Issue, Rights Issue, special dividend, sub-division, consolidation of the share capital of the company, or reduction of capital, as the case may be; and
 - 21.1.5 adjust the outstanding Purchase Price payable in respect of those Scheme Shares in such manner as the Auditors acting as experts, and not as arbitrators, shall certify as being fair and reasonable in the circumstances.
 - 21.2. The issue of Shares as consideration for an acquisition, the issue of Shares for cash and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of Clause 21.1.
 - 21.3. The Auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of Clause 21.1 are in accordance with the provisions of this Scheme. Such written confirmation must be provided to the JSE at the time that any such adjustment is finalised.
 - 21.4. Any adjustment made in accordance with Clauses 6.2 or 21.1 must be reported on in the company's annual financial statements in the year during which the adjustment is made.”
- Clause 25.3 is amended by inserting the following words after the words “...approval of the company in general meeting”:
 - “..in accordance with the provisions of Clause 25.5”;
- Clause 25.3.2 is amended by deleting the following words:
 - “and the percentage of the issued share capital that it represents”.
- Clause 25.3.5 is amended by deleting the “or” at the end thereof;
- Clause 25.3.6 is amended by replacing the fullstop at the end with a semi-colon;
- Clause 25.3. is amended by inserting the following new clauses after Clause 25.3.6:
 - “25.3.7 the basis upon which awards are made;
 - 25.3.8. the treatment of Options (vested and unvested) in instances of mergers, take-overs or corporate actions; and
 - 25.3.8. the rights of Beneficiaries who leave the employment of the company whether by termination, resignation, retirement or death insofar as their early departure from the Scheme is concerned.”

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.1 Ordinary Resolution Number 3 – Amendments to the Sanyati Executive Share Incentive Scheme (continued)

- After Clause 25.4 a new Clause 25.5 is inserted reading as follows:

“25.5 The approval of the company in general meeting required in terms of Clause 25.3 shall be by way of an ordinary resolution of the members of the company requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the general meeting to approve such resolution, excluding all the votes attaching to all Shares owned or controlled by persons who are existing Beneficiaries in the Scheme, provided that only Shares which had been acquired in terms of the Scheme will be excluded from the vote.”
- Clause 29.3 is amended by inserting the following words at the end thereof:

“..., as well as the maximum number of shares to which a Beneficiary is entitled”
- A new Clause 33 is inserted after Clause 32, reading as follows:

“33. TRADING OF SHARES

With regard to the trading of Shares on behalf of the Scheme, the following requirements will apply:

33.1 shares may only be issued to or purchased by the Trustees once a Beneficiary or group of Beneficiaries to whom they will be allocated, has been formally identified (e.g. applicants to whom Options have been issued);

33.2 Shares held in trust may only be sold:

33.2.1 once the employment of a Beneficiary has been terminated or a Beneficiary is deceased; or

33.2.2 on behalf of a Beneficiary, once the rights of ownership have vested;

33.3 the Trust shall be allowed to purchase Shares through the market in order to satisfy the obligations of the Scheme. Any Shares thus purchased will not be taken into account when calculating the number of Shares utilised by the Scheme; and

33.4 the provisions of paragraphs 3.63 to 3.74 of the JSE’s Listings Requirements apply *mutatis mutandis* to any dealings by the company or the scheme involving shares relating to the scheme.”
- A new Clause 34 is inserted after Clause 33, reading as follows:

“34. PROHIBITIONS

34.1. “Rolling over” of Shares, i.e. the topping up of the total number of Scheme Shares after a number of years, based on the Shares which had already vested and which have been issued in terms of the Scheme, is prohibited.

“Backdating” of Options, i.e. the issuing of Options retrospectively, is prohibited.”

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.2 Ordinary Resolution Number 4 – Amendments to the Sanyati 2007 Acquisitions Share Incentive Scheme

“THAT, in accordance with the amended Schedule 14 of the JSE Listings Requirements and the provisions of the Sanyati 2007 Acquisitions Share Incentive Scheme (“the Scheme”), the Scheme is hereby amended as follows:

- Clause 2.1 is amended by inserting the following words at the end of the definition of “Capitalisation Issue”:
“... or the distribution of special dividends”;
- Clause 2.1 is amended by inserting the following words at the end of the definition of “a Share”:
“... and includes shares held in treasury”;
- Clause 4.6.11 is amended by the deletion of the word “and” at the end thereof after the semi-colon;
- Clause 4.6.12 is amended by the insertion of the word “and” at the end thereof after the semi-colon;
- A new Clause 4.6.13 is inserted after Clause 4.6.12 reading as follows:
 - “4.6.13 to exercise all rights conferred by Shares of the Trust, including voting rights, rights of conversion, rights to take up further allotments (on or by way of Capitalisation Issue or Rights Issue) of Shares and the like, as they in their discretion deem fit, provided that Shares held by the Trust will:
 - 4.6.13.1 not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements; and
 - 4.6.13.2 not be taken into account for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements.”
- Clause 6.1 is amended by deleting the content thereof and replacing it with the following:
 - “6.1 Unless otherwise approved of by the company in general meeting in accordance with Clause 25.5 *mutatis mutandis*, and subject to compliance with the Listings Requirements of the JSE, the aggregate maximum number of Shares subject to this Scheme shall not exceed 10 000 000 (ten million) Shares; provided that for the purposes hereof, Shares subject to the Share Option Terms shall be regarded as issued Shares irrespective of whether such Shares have been issued or not.”
- Clause 6.2 is amended by deleting the content thereof and replacing it with the following:
 - “6.2 In the event of a Capitalisation Issue, a Rights Issue of Shares, a special dividend, a reduction of capital whether by way of a buyback of Shares or otherwise, the Board may, and in the case of a sub-division or consolidation of the share capital of the company, the Board must, adjust the number of Shares referred to in Clause 6.1 so as to give a Beneficiary the same proportion of the company’s capital as that to which he was entitled prior to the Capitalisation Issue, Rights Issue, special dividend, sub-division, consolidation of the share capital of the company, or reduction of capital, as the case may be. The Auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of this Clause 6.2 are in accordance with the provisions of this Scheme, and such written confirmation must be provided to the JSE at the time that any such adjustment is finalised. The issue of Shares as consideration for an acquisition, the issue of Shares for cash and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of this Clause 6.2.”

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.2 Ordinary Resolution Number 4 – Amendments to the Sanyati 2007 Acquisitions Share Incentive Scheme (continued)

- The following new Clause 6.3 is inserted:

“The maximum number of shares which any individual eligible applicant is entitled to acquire in terms of the scheme is 1 000 000 (one million) shares or such number as may be authorised by the company from time to time by ordinary resolution of the members of the company requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the general meeting to approve such resolution.”
- Clause 10.2 is amended by inserting the following words at the end of the clause:

“... and such Offer may be revoked or cancelled before acceptance thereof”;
- A new Clause 10.3 is inserted after Clause 10.2 reading:

“10.3 The Offeree’s and the number of Shares or Options offered shall be arrived at by inter alia taking into account the Offeree’s job grading level, remuneration and years of service with the company, as well as any other factors which the Board may regard as relevant.”
- A new Clause 12.7 is inserted after Clause 12.6 reading:

“12.7 Allocated Scheme Shares which are not subsequently issued to the identified Participants, for example as a result of forfeiture, must revert back to the Scheme.”
- Clause 21 is amended by deleting the content thereof and substituting it with the following:

“21.1. If at any time before the Purchase Price owing on any Scheme Shares shall have been paid in full, the company:

 - 21.1.1. buys back its own shares; or
 - 21.1.2. undertakes a Capitalisation Issue, a Rights Issue or pays a special dividend or reduces its capital; or
 - 21.1.3. subdivides or consolidates its shares;

then, subject to the remaining provisions of this Clause 21, in the case of an occurrence under 21.1.1 or 21.1.2, the Board may, and in the case of an occurrence under 21.1.3, the Board must:

 - 21.1.3.1 adjust the number of Shares referred to in 6.1 so as to give a Beneficiary the same proportion of the company’s capital as that to which he was entitled prior to the Capitalisation Issue, Rights Issue, special dividend, sub-division, consolidation of the share capital of the company, or reduction of capital, as the case may be; and
 - 21.1.3.2 adjust the outstanding Purchase Price payable in respect of those Scheme Shares in such manner as the Auditors acting as experts, and not as arbitrators, shall certify as being fair and reasonable in the circumstances.

21.2. The issue of Shares as consideration for an acquisition, the issue of Shares for cash and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of Clause 21.1.

21.3. The Auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of Clause 21.1 are in accordance with the provisions of this Scheme. Such written confirmation must be provided to the JSE at the time that any such adjustment is finalised.

21.4. Any adjustment made in accordance with Clauses 6.2 or 21.1 must be reported on in the company’s annual financial statements in the year during which the adjustment is made.”

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.2 Ordinary Resolution Number 4 – Amendments to the Sanyati 2007 Acquisitions Share Incentive Scheme (continued)

- Clause 24.3 is amended by inserting the following words after the words “...approval of the company in general meeting”:
“..in accordance with the provisions of Clause 24.5”;
- Clause 24.3.2 is amended by deleting the following words:
“and the percentage of the issued share capital that it represents”.
- Clause 24.3.5 is amended by deleting the “or” at the end thereof;
- Clause 24.3.6 is amended by replacing the fullstop at the end with a semi-colon;
- Clause 24.3. is amended by inserting the following new clauses after Clause 25.3.6:
“24.3.7 the basis upon which awards are made;
24.3.8 the treatment of Options (vested and unvested) in instances of mergers, take-overs or corporate actions; and
24.3.9 the rights of Beneficiaries who leave the employment of the company whether by termination, resignation, retirement or death insofar as their early departure from the Scheme is concerned.”
- After Clause 24.4 a new Clause 24.5 is inserted reading as follows:
“24.5 The approval of the company in general meeting required in terms of Clause 24.3 shall be by way of an ordinary resolution of the members of the company requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the general meeting to approve such resolution, excluding all the votes attaching to all Shares owned or controlled by persons who are existing Beneficiaries in the Scheme, provided that only Shares which had been acquired in terms of the Scheme will be excluded from the vote.”
- Clause 27.3 is amended by inserting the following words at the end thereof:
“..., as well as the maximum number of shares to which a Beneficiary is entitled”
- A new Clause 31 is inserted after Clause 30, reading as follows:
“31. TRADING OF SHARES
With regard to the trading of Shares on behalf of the Scheme, the following requirements will apply:
31.1 shares may only be issued to or purchased by the Trustees once a Beneficiary or group of Beneficiaries to whom they will be allocated, has been formally identified (e.g. applicants to whom Options have been issued);
31.2 Shares held in trust may only be sold:
31.2.1 once the employment of a Beneficiary has been terminated or a Beneficiary is deceased; or
31.2.2 on behalf of a Beneficiary, once the rights of ownership have vested;
31.3 the Trust shall be allowed to purchase Shares through the market in order to satisfy the obligations of the Scheme. Any Shares thus purchased will not be taken into account when calculating the number of Shares utilised by the Scheme; and
31.4 the provisions of paragraphs 3.63 to 3.74 of the JSE's Listings Requirements apply *mutatis mutandis* to any dealings by the company or the scheme involving shares relating to the scheme.”

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.2 Ordinary Resolution Number 4 – Amendments to the Sanyati 2007 Acquisitions Share Incentive Scheme (continued)

- A new Clause 32 is inserted after Clause 31, reading as follows:

“32. PROHIBITIONS

32.1. “Rolling over” of Shares, i.e. the topping up of the total number of Scheme Shares after a number of years, based on the Shares which had already vested and which have been issued in terms of the Scheme, is prohibited.

32.2. “Backdating” of Options, i.e. the issuing of Options retrospectively, is prohibited.”

8.3 Ordinary Resolution Number 5 – Amendments to the Sanyati Broad-based Employee Share Incentive Plan

“THAT, in accordance with the amended Schedule 14 of the JSE Listings Requirements and the provisions of the Sanyati Broad-based Employee Share Incentive Plan (“the Scheme”), the Scheme is hereby amended as follows:

- Clause 2.1 is amended by the insertion in the definition of “Equity Shares” of the following words at the end of the definition:

“... and includes shares held in treasury”;

- Clause 4.13.11 is amended by the deletion of the word “and” at the end thereof after the semi-colon;

- Clause 4.13.12 is amended by the substitution at the end thereof of the fullstop with a semi-colon and the insertion of the word “and” after the semi-colon;

- A new Clause 4.13.13 is inserted after Clause 4.13.12:

“4.13.13 to exercise all rights conferred by shares of the Trust, including voting rights, rights of conversion, rights to take up further allotments (on or by way of capitalisation issue or rights issue) of shares and the like, as they in their discretion deem fit, provided that shares held by the Trust will:

4.13.13.1 not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements; and

4.13.13.2 not be taken into account for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements.”

- Clause 6.1 is amended by the deletion of the content thereof and the replacement thereof with the following:

“6.1 Unless otherwise approved of by the company in general meeting in accordance with Clause 18.3 *mutatis mutandis*, and subject to compliance with the Listings Requirements of the JSE, the aggregate maximum number of shares subject to this Scheme shall not exceed 2 000 000 (two million) shares; provided that for the purposes hereof, shares subject to the share Offer Terms shall be regarded as issued shares irrespective of whether such shares have been issued or not.”

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.3 Ordinary Resolution Number 5 – Amendments to the Sanyati Broad-Based Employee Share Incentive Plan (continued)

- Clause 6.2 is amended by the deletion of the content thereof and the replacement thereof with the following:

“6.2 In the event of a capitalisation issue, a rights issue of shares, a special dividend, a reduction of capital whether by way of a buyback of shares or otherwise, the Board may, and in the case of a sub-division or consolidation of the share capital of the company, the Board must, adjust the number of shares referred to in Clause 6.1 so as to give a Participant the same proportion of the company’s capital as that to which he was entitled prior to the capitalisation issue, rights issue, special dividend, sub-division, consolidation of the share capital of the company, or reduction of capital, as the case may be. The Auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of this Clause 6.2 are in accordance with the provisions of this Scheme, and such written confirmation must be provided to the JSE at the time that any such adjustment is finalised. The issue of shares as consideration for an acquisition, the issue of shares for cash and the issue of shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of this Clause 6.2.”

- Clause 10.2 is amended by the insertion of the following words at the end of the clause before the hyphen:

“... (and such Offer may be revoked or cancelled before acceptance thereof)”;

- A new Clause 10.4 is inserted after Clause 10.3 reading:

“10.4 The Participant’s and the number of Equity Shares offered shall be arrived at by inter alia taking into account the Employee’s job grading level, remuneration and years of service with the company, as well as any other factors which the Board may regard as relevant.”

- A new Clause 10.5 is inserted after Clause 10.4 reading:

“10.5 Allocated Equity Shares which are not subsequently issued to the identified Participants, for example as a result of forfeiture, must revert back to the Trust.”

- Clause 12.1 is amended by the deletion of the following words:

“...3% (three percent) of the issued ordinary share capital of the Employer.”

and the substitution thereof with:

“..... 20 000 (twenty thousand) shares or such number as may be authorised by the company from time to time by ordinary resolution of the members of the company requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the general meeting to approve such resolution.”

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.3 Ordinary Resolution Number 5 – Amendments to the Sanyati Broad-Based Employee Share Incentive Plan (continued)

- A new Clause 17A is inserted after Clause 17 reading as follows:

“17A ADJUSTMENTS ON RE-ORGANISATION OF COMPANY OR CAPITAL

17A.1. If at any time before the Purchase Price owing on any Equity Shares shall have been paid in full, the company:

17A.1.1. buys back its own shares; or

17A.1.2. undertakes a capitalisation issue, a rights issue or pays a special dividend or reduces its capital; or

17A.1.3 subdivides or consolidates its shares;

then, subject to the remaining provisions of this Clause 17A, in the case of an occurrence under 17A.1.1 or 17A.1.2, the Board may, and in the case of an occurrence under 17A.1.3, the Board must:

17A.1.4 adjust the number of shares referred to in 6.1 so as to give a Participant the same proportion of the company's capital as that to which he was entitled prior to the capitalisation issue, rights issue, special dividend, sub-division, consolidation of the share capital of the company, or reduction of capital, as the case may be; and

17A.1.5 adjust the outstanding Purchase Price payable in respect of those Equity Shares in such manner as the Auditors acting as experts, and not as arbitrators, shall certify as being fair and reasonable in the circumstances.

17A.2. The issue of shares as consideration for an acquisition, the issue of shares for cash and the issue of shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of Clause 17A.1.

17A.3. The Auditors or other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments made in terms of Clause 17A.1 are in accordance with the provisions of this Plan. Such written confirmation must be provided to the JSE at the time that any such adjustment is finalised.

17A.4. Any adjustment made in accordance with Clauses 6.2 or 17A.1 must be reported on in the company's annual financial statements in the year during which the adjustment is made.”
- Clause 18.2 is amended by the insertion after the words “...approval of the company in general meeting” of the following words:

“..in accordance with the provisions of Clause 18.3”;
- Clause 18.2.5 is amended by the deletion at the end thereof of the word “or”;
- Clause 18.2.6 is amended by the deletion at the end thereof of the fullstop and the replacement thereof with a semi-colon;
- Clause 18.2 is amended by the insertion after Clause 18.2.6 of the following new clauses:

“18.2.7. the basis upon which awards are made;

18.2.8. the treatment of sales of Equity Shares in instances of mergers, take-overs or corporate actions; and

18.2.8. the rights of Participants who leave the employment of the company whether by termination, resignation, retirement or death insofar as their early departure from the Plan is concerned.”

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Amendments to the Sanyati Share Incentive Schemes (continued)

8.3 Ordinary Resolution Number 5 – Amendments to the Sanyati Broad-Based Employee Share Incentive Plan (continued)

- After Clause 18.2 a new Clause 18.3 is inserted reading as follows:

“18.3 The approval of the company in general meeting required in terms of Clause 18.2 shall be by way of an ordinary resolution of the members of the company requiring a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the general meeting to approve such resolution, excluding all the votes attaching to all shares owned or controlled by persons who are existing Participants in the Plan, provided that only shares which had been acquired in terms of the Plan will be excluded from the vote.”

- Clause 22.1.3 is amended by the insertion at the end thereof of the following words:

“..., as well as the maximum number of Equity Shares to which a Participant is entitled”

- A new Clause 26 is inserted after Clause 25, reading as follows:

“26. TRADING OF SHARES

With regard to the trading of Equity Shares on behalf of the Scheme, the following requirements will apply:

26.1 Equity Shares may only be issued to or purchased by the Trustees once a Participant or group of Participants to whom they will be allocated, has been formally identified (e.g. applicants to whom an Offer will be made);

26.2 Equity Shares held in trust may only be sold:

26.2.1 once the employment of a Participant has been terminated or a Participant is deceased; or

26.2.2 on behalf of a Participant, once the rights of ownership have vested;

26.3 the Trust shall be allowed to purchase Equity Shares through the market in order to satisfy the obligations of the Scheme. Any Equity Shares thus purchased will not be taken into account when calculating the number of Equity Shares utilised by the Plan; and

26.4 the provisions of paragraphs 3.63 to 3.74 of the JSE's Listings Requirements apply *mutatis mutandis* to any dealings by the company or the Plan involving Equity Shares relating to the Plan.”

- A new Clause 27 is inserted after clause 26, reading as follows:

“27. PROHIBITIONS

27.1. “Rolling over” of Equity Shares, i.e. the topping up of the total number of Equity Shares after a number of years, based on the Equity Shares which had already vested and which have been issued in terms of the Plan, is prohibited.

27.2. “Backdating” of Offers, i.e. the issuing of Offers retrospectively, is prohibited.”

9. Ordinary Resolution Number 6 – Authority to execute requisite documentation

THAT any director of the company, or the Company Secretary where appropriate, be and is hereby authorised to do all such things and to sign all such documents issued by the company and required to give effect to the ordinary resolution numbers 1 and 2 and special resolution number 1.

- 10. To transact such other business that may be transacted at an annual general meeting.

VOTING AND PROXIES

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/her stead, subject to the general instructions attached to this notice. Any proxy so appointed need not be a member of the company. Proxy forms must be received at the offices of Computershare Investor Services (Pty) Limited at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of holding of the annual general meeting.

For the convenience of registered members of the company, a form of proxy is enclosed herewith. The attached form of proxy is only to be completed by those ordinary shareholders who:

- Hold ordinary shares in certificate form; or
- Are recorded on the sub-register in "own-name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own-name" registration and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

By order of the Board

Highway Corporate Services (Pty) Limited
Company Secretary

per JH Acutt

28 May 2010

Registered office

2nd Floor,
Pin Oak House,
Ballyoaks Office Park,
35 Ballyclare Drive,
Bryanston, 2191

Postal address

PO Box 98474
Sloane Park
2152

NOTICE OF ANNUAL GENERAL MEETING (continued)

GENERAL INSTRUCTIONS

All shareholders are encouraged to attend the annual general meeting of the company.

1. All registered shareholders of ordinary shares (shares) in the company are entitled to attend, speak and vote at the annual general meeting.
2. Please note that the company utilises the JSE's electronic settlement system, STRATE. If you are a dematerialised shareholder (i.e. you have replaced your paper share certificates with electronic records of ownership under STRATE) and are not an own-name dematerialised shareholder, then:

- 2.1. If you wish to attend the annual general meeting you should contact your Central Security Depository Participant (CSDP) or broker, as the case may be, and obtain the relevant letter of representation from them. The letter of representation must be obtained within the time period required by your CSDP or broker, as the case may be, and allow them sufficient time to provide such letter to the Company Secretary prior to the annual general meeting;

or, alternatively,

If you are unable to attend the annual general meeting, you must contact the CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You should not complete the attached form of proxy. If your CSDP or broker does not obtain voting instructions from you in respect of the annual general meeting, it will be obliged to act in terms of your mandate. The instructions must be provided within the time period required by your CSDP or broker, as the case may be.

- 2.2. If you hold certificated shares (i.e. you have not dematerialised your shares in the company) or are an "own-name" dematerialised shareholder, then:

You may attend and vote at the annual general meeting;

or, alternatively

You may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and returning it to the offices of Computershare Investor Services (Pty) Limited by no later than 48 hours prior to the commencement of the meeting.

FORM OF PROXY

SANYATI HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration Number 1998/002538/06)

JSE code: SAN ISIN: ZAE000081055

("Sanyati" or "the Group" or "the company")

For the sole use by the following holders of ordinary shares in Sanyati at the annual general meeting to be held in the Boardroom, 2nd Floor, Pin Oak House, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, Johannesburg on Monday, 26 July 2010 at 10:00 and at any adjournment thereof:

- Certificated shareholders; and
- CSDP nominee companies, brokers' nominee companies and dematerialised shareholders who have elected "own-name" registrations.

Forms of proxy must be completed and delivered to the offices of Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Thursday, 22 July 2010.

I/We (BLOCK LETTERS please)

of (address)

Telephone work

Telephone home

being the holder/custodian of

ordinary shares in the company, hereby appoint

1. _____ or, failing him/her
2. _____ or, failing him/her
3. the Chairman of the meeting

as my/our proxy to attend, speak and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the company to be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against and/or abstain from voting in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

	FOR	AGAINST	ABSTAIN
Adoption of the annual financial statements, as disclosed in the financial statements			
Re-election of director retiring by rotation – RM Crowie			
Re-election of director retiring by rotation – HM Dlamini			
Re-election of director appointed during the year – JJ Deeb			
Re-election of director appointed during the year – ZB Ebrahim			
Re-election of director appointed during the year – LJ Fosu			
To approve the remuneration of the directors for the year ended 28 February 2010			
To approve the remuneration payable to non-executive directors for the year ending 28 February 2011			
To authorise the directors to fix the remuneration of the auditors			
To approve the appointment of PKF (Jhb) Inc. as auditors and AJ Hannington as audit partner			
Ordinary Resolution Number 1 – Unissued shares placed under the control of the directors			
Ordinary Resolution Number 2 – General authority to issue shares for cash			
Special Resolution Number 1 – Acquisition of own securities			
RESOLUTIONS TO AMEND THE SHARE INCENTIVE SCHEMES:			
Ordinary Resolution Number 3 – Approval of amendments to the Sanyati Executive Share Incentive Scheme			
Ordinary Resolution Number 4 – Approval of amendments to the Sanyati 2007 Acquisitions Share Incentive Scheme			
Ordinary Resolution Number 5 – Approval of amendments to the Sanyati Broad-Based Employee Share Incentive Plan			
Ordinary Resolution Number 6 – Authority to execute requisite documentation			

(Indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this

day of

2010

Signature

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the Chairman of the meeting", but the member must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than the total number of shares that you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Holders of dematerialised shares must inform their CSDP or broker of whether or not they intend to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person.
4. Forms of proxy must be received at the offices of Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 10:00 on Thursday, 22 July 2010.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the Chairman of the general meeting.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
9. The Chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the member wishes to vote.

CERTIFICATED AND "OWN-NAME" REGISTERED DEMATERIALISED SHAREHOLDERS

If you are unable to attend the annual general meeting of Sanyati Holdings Limited to be held at 10:00 on Monday, 26 July 2010 at 2nd Floor, Pin Oak House, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, Johannesburg and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to, the offices of Computershare Investor Services (Pty) Limited detailed in Note 4 above, to be received by them by no later than 10:00 on Thursday, 22 July 2010.

DEMATERIALISED SHAREHOLDERS

If you hold dematerialised shares in Sanyati through a CSDP or broker and do not have an "own-name" registered dematerialised registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instructions at the annual general meeting.

ADMINISTRATION

Country of incorporation

Republic of South Africa

Registration number

1988/002538/06

JSE share code

SAN

JSE ISIN code

ZAE000081055

Directors

ZB Ebrahim** (*Chairperson*)

MH Lobban (*Chief Executive Officer*)

JJ Deeb (*Chief Financial Officer*)

RM Crowie*

HM Dlamini**

MR Gahagan**

LJ Fosu**

* *Non-Executive*

** *Independent Non-Executive*

Head office and registered address

2nd Floor, Pin Oak House, Ballyoaks Office Park,
35 Ballyclare Drive, Bryanston, 2191

Postal address

PO Box 98474, Sloane Park, 2152

Auditors

PKF Chartered Accountants (SA)

Registered auditors

(Practice number 906352E)

2nd Floor, 12 on Palm Boulevard, Gateway

Company Secretaries

Highway Corporate Services (Pty) Limited

PO Box 1319, Hillcrest, 3650

Share registrars

Computershare Investor Services (Pty) Limited

PO Box 61051, Marshalltown, 2008

Sponsor

Exchange Sponsors (Pty) Limited

(Registration number 1999/024433/07)

PO Box 411216, Craighall, 2024

Investor relations

Keyter Rech Investor Solutions CC

(Registration number 2008/156985/23)

PO Box 653078, Benmore, 2010

Website

www.sanyati.co.za



SHAREHOLDERS' DIARY

<u>Activity</u>	<u>Date</u> <u>2010</u>
Financial year-end	28 February
Release of results	18 May
Despatch of annual report	28 May
Annual general meeting	26 July
Release of interim statement	October

The dates for the 2011 financial year will be on or about the same dates as 2010.

ABBREVIATIONS

The following abbreviations have been used throughout this annual report:

BEE	Black economic empowerment
BBBEE	Broad-based black economic empowerment
CIDB	Construction Industry Development Board
CSDP	Central Securities Depository Participant
CSI	Corporate social investments
CSR	Corporate social responsibility
EMS	Environmental management system
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISO	International Standards Organisation
JSE	JSE Limited, South Africa's Securities Exchange
SAFCEC	South African Federation of Civil Engineering Contractors
SANRAL	South African National Roads Agency Limited
SENS	Stock Exchange News Services



WWW.SANYATI.CO.ZA