

Raubex Group Limited
(Incorporated in the Republic of South Africa)
Registration number 2006/023666/06
Share Code: RBX
ISIN Code: ZAE000093183
("Raubex" or the "Group")

AUDITED RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2012

SALIENT FEATURES

- Revenues up 10,7% to R5,03bn (2011: R4,55bn)
- Operating profit down 19,8% to R531,5m (2011: R662,6m)
- Group operating profit margin of 10,6% (2011: 14,6%)
- HEPS down 26,2% to 177,2 cents per share (2011: 240,2 cents per share)
- Cash flow from operations down 22,3% to R663,2m (2011: R853m)
- Capex spend of R286,6m (2011: R292,5m)
- Order book of R4,6bn (2011: R4,4bn)
- Final dividend of 35 cents per share declared

Francois Diedrehsen, Financial and Commercial Director of Raubex Group, said: ***"As anticipated, the operating environment remained challenging and marked by an extremely competitive marketplace.***

"The good performance from the mining and material handling operations of the group, especially outside of South Africa, supported overall revenue growth and stability in the order book. Although the bitumen supply problems and delays on certain provincial work were adequately addressed during the second half of the year, these issues compounded the decrease in operating profit and cash flows.

"Whilst the volume of road construction work remains encouraging, we are monitoring the impact of the issues surrounding SANRAL closely and have placed renewed emphasis on growing our portfolio of typically higher margin African projects, across all three divisions.

"We remain optimistic that the group's strong financial base and profitable order book will result in stable operational and financial conditions in the year ahead."

14 May 2012

ENQUIRIES

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COMMENTARY

FINANCIAL OVERVIEW

Revenue increased 10,7% to R5,03 billion and operating profit decreased 19,8% to R531,5 million from the corresponding prior period.

Profit before tax decreased 20% to R519,4 million.

The effective tax rate increased to 34,3% from 31,1% in the corresponding prior period due to the reversal of a previously recognised deferred tax asset arising from the group's share incentive scheme.

Earnings per share decreased 25,7% to 179,5 cents with headline earnings per share decreasing 26,2% to 177,2 cents.

Group operating profit margin decreased to 10,6% (2011: 14,6%).

The group generated operating cash flows of R663,2 million before finance charges, dividends received and taxation.

Trade and other receivables increased by 22,8% to R1,16 billion as a result of increased activities and delayed payments on South African Provincial Government contracts, particularly in the Free State Province, where contracts continue to have a negative effect on working capital. These contracts have been terminated and negotiations are underway to settle the amounts due for value delivered to date.

Capital expenditure on fixed assets to the value of R286,6 million was incurred during the year ended 29 February 2012.

Total cash and cash equivalents at the end of the period amounted to R624,9 million.

Total cash inflow for the period was R30 million.

OPERATIONAL OVERVIEW

Roadmac

Roadmac is a specialist in the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments and slurry seals.

Roadmac is the largest contributor to group revenue, contributing 50,2% of total revenue. Performance continues to be impacted by strong competition in the light rehabilitation market and resulting decrease in margins. The division has secured a healthy order book for the year ahead.

Bitumen short supply issues in the industry have had a negative impact on the performance of the division. Mitigating strategies, including importation, storage and decanting of bitumen have been put in place to alleviate anticipated future supply disruptions.

Revenue for the division increased 15,9% to R2,52 billion (2011: R2,18 billion) and operating profit decreased by 23,6% to R229,4 million (2011: R300,2 million).

The divisional operating profit margins decreased to 9,1% (2011: 13,8%) due to the increased competition experienced during the year.

The division incurred capital expenditure of R71 million during the year (2011: R79,4 million).

Raubex Construction

Raubex Construction is the road and civil infrastructure construction division focused on the key areas of new road construction (green fields) and heavy road rehabilitation.

This division was the most affected by pricing pressures resulting from strong tendering competition and this trend continues to characterise the current operating environment. The division's order book is at a satisfactory level considering the current low margin operating environment, with some key contracts pending award. A cautious

revenue recognition policy has been applied to the Free State Province contracts until the outcome of these contracts can be estimated reliably.

Revenue for the division decreased 14,4% to R1,14 billion (2011: R1,33 billion) whilst operating profit decreased 50,6% to R90,9 million (2011: R184,2 million).

The divisional operating profit margins decreased to 8% (2011: 13,9%).

The division incurred capital expenditure of R27,6 million during the year (2011: R71 million).

Raumix

Raumix is the materials division of the group with its core focus spread over three areas including contract crushing, production of aggregates for the commercial market and materials handling for the mining industry.

Commercial quarry operations have reported stable results for the year, however there have been no signs of improvement in the residential building market. The results for the year were supported by government infrastructure spend in the vicinity of some of our more rural quarries.

The contract crushing operations of B&E International performed well during the year and although margins remain under pressure, a stable order book has been maintained.

Mining and material handling operations have experienced a noticeable increase in activity levels as demonstrated by the increased tonnages reported. B&E International have expanded diamond mining activities and secured various contracts with Namdeb in Namibia. Diamond mining activities at the Mbada operation in Zimbabwe have been terminated.

Revenue for the division increased 31,9% to R1,37 billion (2011: R1,04 billion) and operating profit increased by 18,5% to R211,2 million (2011: R178,2 million).

The divisional operating profit margins decreased to 15,4% (2011: 17,1%).

The division incurred capital expenditure of R188 million during the period (2011: R142,1 million).

International

In Namibia, the contracts in the northern part of the country were substantially completed in February 2012, with a small amount of work rolling into the 2013 year. A new three year maintenance contract has been secured with the Namibia Roads Authority for the reseal of roads in the Otjiwarango and Otshakati regions.

Satisfactory results were reported in Zambia, with a more stable exchange rate limiting the foreign exchange effect on the results of these operations.

Mining related activities of B&E International made an increased contribution to the results of the group's international operations.

Internationally, revenue increased 45,2% to R890,4 million (2011: R613,1 million) and operating profit by 47,2% to R116,1 million (2011: R78,9 million) with operating profit margins stable at 13% (2011: 12,9%).

PROSPECTS

Trading conditions in the road construction industry will continue to be challenging in the short term and the impact of lower margin work will continue to be felt in the year ahead.

The volume of work in the road construction and maintenance industry is encouraging. However, the severe pricing pressure being experienced continues to present extremely challenging trading conditions.

Improvements in mining related activities are encouraging and the group continues to explore new opportunities in this area.

The group has maintained a stable order book of R4,62 billion (2011: R4,38 billion) and has a cautious approach to tendering for new work in the current low margin environment.

The group's African expansion drive remains a priority.

DIVIDEND DECLARATION

The directors have declared a gross final dividend of 35 cents per share on 14 May 2012. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 1 June 2012
Commence trading ex dividend	Monday, 4 June 2012
Record date	Friday, 8 June 2012
Payment date	Monday, 11 June 2012

No share certificates may be dematerialised or rematerialised between Monday, 4 June 2012 and Friday, 8 June 2012, both dates inclusive.

In terms of the new Dividends Tax ("DT") effective 1 April 2012, the following additional information is disclosed:

- The local DT rate is 15%.
- The total STC credits utilised as part of this declaration amount to R 1 319 733.
- The number of ordinary shares in issue at the date of this declaration is 184 535 946.
- The total STC credits utilised per share amount to 0.72 cents per share.
- The dividend to utilise for determining the DT due is 34.28 cents per share.
- The DT amounts to 5.142 cents per share.
- The net local dividend amount is 29.858 cents per share for shareholders liable to pay the new DT and 35 cents per share for shareholders exempt from paying the new DT.
- Raubex Group Limited's income tax reference number is 9370/905/151.

In terms of the DT legislation, the DT amount due will be withheld and paid over to the South African Revenue Services by a nominee-company, stockbroker or Central Security Depository Participant (collectively "Regulated Intermediary") on behalf of shareholders. All shareholders should declare their status to their Regulated Intermediary, as they may qualify for a reduced DT rate or exemption.

BOARD CHANGES

Shareholders were advised that Marake Collin Matjila tendered his resignation as Non-Executive Chairperson of the Raubex Board on 3 April 2012 to prevent any perceived conflicts of interest in considering Raubex's involvement with national roads privatisation projects. The Board wishes to reiterate its appreciation for Mr Matjila's leadership since the listing of the Company in 2007.

J E Raubenheimer, the founder, previous CEO and current Non-Executive Director of Raubex Group has been appointed as the new Non-Executive Chairman by the Board.

GROUP INCOME STATEMENT	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Revenue	5 032 625	4 545 974
Cost of sales	(4 257 404)	(3 645 552)
Gross profit	775 221	900 422
Other income	14 429	27 665
Other gains/(losses) - net	4 818	(18 934)
Administrative expenses	(263 006)	(246 595)
Operating profit	531 462	662 558
Finance income	29 353	30 422
Finance costs	(41 388)	(43 875)
Profit before income tax	519 427	649 105
Income tax expense	(178 230)	(202 096)
Profit for the year	341 197	447 009
Profit for the year attributable to:		
Owners of the parent	331 247	443 405
Non-controlling interest	9 950	3 604
Basic earnings per share (cents)	179,5	241,5
Diluted earnings per share (cents)	178,5	240,3

GROUP STATEMENT OF COMPREHENSIVE INCOME	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Profit for the year	341 197	447 009
Other comprehensive income for the year, net of tax		
Currency translation differences	(323)	(1 279)
Total comprehensive income for the year	340 874	445 730
Comprehensive income for the year attributable to:		
Owners of the parent	330 924	442 126
Non-controlling interest	9 950	3 604
Total comprehensive income for the year	340 874	445 730

CALCULATION OF DILUTED EARNINGS PER SHARE	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Profit attributable to owners of the parent entity	331 247	443 405
Weighted average number of ordinary shares in issue	184 536	183 572
<i>Adjustments for:</i>		
Shares deemed issued for no consideration ('000)	1 079	-
Contingently issuable shares ('000)	-	964
Weighted average number of ordinary shares for diluted earnings per share	185 615	184 536
Diluted earnings per share (cents)	178,5	240,3

CALCULATION OF HEADLINE EARNINGS PER SHARE	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Profit attributable to owners of the parent entity	331 247	443 405
<i>Adjustments for:</i>		
Profit on sale of fixed assets	(3 365)	(3 313)
Impairment of goodwill	1 030	-
Excess from fair value of assets acquired over purchase price	(2 813)	-
Total tax effects of adjustments	942	928
Basic headline earnings	327 041	441 020
Weighted average number of shares ('000)	184 536	183 572
Headline earnings per share (cents)	177,2	240,2
Diluted headline earnings per share (cents)	176,2	239,0

GROUP STATEMENT OF FINANCIAL POSITION	Audited	Audited
	12 months	12 months
	29 February	28 February
	2012	2011
	R'000	R'000
ASSETS		
Non-current assets		
Property, plant and equipment	1 353 753	1 276 133
Intangible assets	757 629	761 445
Deferred income tax assets	17 940	45 047
Trade and other receivables	404	585
Total non-current assets	2 129 726	2 083 210
Current assets		
Inventories	153 157	126 333
Construction contracts in progress and retentions	296 382	244 116
Trade and other receivables	1 164 508	948 367
Current income tax receivable	17 862	14 192
Cash and cash equivalents	624 919	594 914
Total current assets	2 256 828	1 927 922
Total assets	4 386 554	4 011 132
EQUITY		
Share capital	1 845	1 845
Share premium	2 179 613	2 179 613
Other reserves	(1 142 401)	(1 156 847)
Retained earnings	1 670 355	1 510 726
Equity attributable to owners of the parent	2 709 412	2 535 337
Non-controlling interest	19 468	9 276
Total equity	2 728 880	2 544 613
LIABILITIES		
Non-current liabilities		
Borrowings	263 112	231 905
Provisions for liabilities and charges	23 066	18 058
Deferred income tax liabilities	229 612	236 038
Total non-current liabilities	515 790	486 001
Current liabilities		
Trade and other payables	899 807	712 789
Borrowings	215 690	245 654
Current income tax liabilities	26 387	17 498
Provisions for liabilities and charges	-	4 577
Total current liabilities	1 141 884	980 518
Total liabilities	1 657 674	1 466 519
Total equity and liabilities	4 386 554	4 011 132

GROUP STATEMENT OF CASH FLOWS	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Cash flows from operating activities		
Cash generated from operations	663 228	853 013
Finance income	29 353	30 422
Finance costs	(41 388)	(43 875)
Dividend received	4 264	5 476
Income tax paid	(154 701)	(241 159)
Net cash generated from operating activities	500 756	603 877
Cash flows from investing activities		
Purchases of property, plant and equipment	(286 594)	(292 490)
Proceeds from sale of property, plant and equipment	37 340	42 110
Acquisition of subsidiaries	(10 821)	141
Loan repayments received from associates	-	(750)
Net cash used in investing activities	(260 075)	(250 989)
Cash flows from financing activities		
Proceeds from borrowings	257 512	246 699
Repayment of borrowings	(294 180)	(302 722)
Dividends paid to owners of the parent	(171 618)	(196 019)
Dividends paid to non-controlling interests	(2 390)	(601)
Net cash used in financing activities	(210 676)	(252 643)
Net increase in cash and cash equivalents	30 005	100 245
Cash and cash equivalents at the beginning of the year	594 914	494 669
Cash and cash equivalents at the end of the year	624 919	594 914

GROUP STATEMENT OF CHANGES IN EQUITY	Share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	Total attributable to owners of the parent company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2010	1 826	2 139 632	(1 139 446)	1 263 340	2 265 352	4 344	2 269 696
Shares issued	19	39 981	-	-	40 000	70	40 070
Transfer from share option reserve	-	-	(16 122)	-	(16 122)	-	(16 122)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	1 858	1 858
Total comprehensive income for the year	-	-	(1 279)	443 405	442 126	3 605	445 731
Dividends paid	-	-	-	(196 019)	(196 019)	(601)	(196 620)
Balance at 28 February 2011	1 845	2 179 613	(1 156 847)	1 510 726	2 535 337	9 276	2 544 613
Share capital repaid	-	-	-	-	-	(70)	(70)
Share option reserve	-	-	14 769	-	14 769	-	14 769
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	2 702	2 702
Total comprehensive income for the year	-	-	(323)	331 247	330 924	9 950	340 874
Dividends paid	-	-	-	(171 618)	(171 618)	(2 390)	(174 008)
Balance at 29 February 2012	1 845	2 179 613	(1 142 401)	1 670 355	2 709 412	19 468	2 728 880

GROUP SEGMENTAL ANALYSIS	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
Reportable segments				
29 February 2012				
Segment revenue	1 372 282	2 523 708	1 136 635	5 032 625
Segment result (operating profit)	211 161	229 376	90 925	531 462
28 February 2011				
Segment revenue	1 040 147	2 178 339	1 327 488	4 545 974
Segment result (operating profit)	178 203	300 187	184 168	662 558
Geographical information				
29 February 2012				
Segment revenue		4 142 221	890 404	5 032 625
Segment result (operating profit)		415 357	116 105	531 462
28 February 2011				
Segment revenue		3 932 876	613 098	4 545 974
Segment result (operating profit)		583 669	78 889	662 558

Additional Information

EMPLOYEE BENEFIT EXPENSE	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Employee benefit expense in the income statement consists of:		
Salaries, wages and contributions	1 028 195	893 407
Share options granted to employees	13 488	(5 280)
Total employee benefit expense	1 041 683	888 127

CAPITAL EXPENDITURE AND DEPRECIATION	Audited 12 months 29 February 2012 R'000	Audited 12 months 28 February 2011 R'000
Capital expenditure for the year	286 594	292 490
Depreciation for the year	228 366	220 184
Amortisation of intangible assets for the year	2 785	2 380

NOTES

Basis of preparation

The abridged consolidated financial information is based on the audited financial statements of the group for the year ended 29 February 2012, which have been prepared by the Group Financial Manager, JF Gibson CA (SA), in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard 34, the Listings Requirements of the JSE Limited and the South Africa Companies Act 71 of 2008, on a consistent basis with that of the prior year.

These results have been audited by PricewaterhouseCoopers Inc., Chartered Accountants (SA), Registered Auditors. Their unqualified audit opinion is available for inspection at the Company's registered office.

Business combinations

Burma Plant Hire (Pty) Ltd

On 1 July 2011 the group acquired 51% of the share capital and the sale claims of Burma Plant Hire (Pty) Ltd for R4,04 million cash. The acquired company specialises in plant hire to the construction and mining industry. The acquired company contributed revenues of R61,3 million and net profit of R4,5 million for the period from 1 July 2011 to 29 February 2012. If the acquisition had occurred on 1 March 2011, contributions to group revenue would have been R78,5 million and net profit of R5 million.

National Highway Markings CC

On 1 September 2011 the group, through its subsidiary Centremark Roadmarking (Pty) Ltd, acquired the assets and liabilities of the business of National Highway Markings CC as a going concern for R3 million cash. The acquired business specialises in road marking and contributed revenues of R9 million with no contribution to net profit being recognised for the period from 1 September 2011 to 29 February 2012.

Contingencies

On 29 April 2011, shareholders were advised that the group had become aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions are not covered by leniency under the Corporate Leniency Provision of the Act. The group filed a Fast Track application to the Competition Commission by

the required deadline date of 15 April 2011. The Competition Commission is in the process of assessing this submission and the group remains committed to fully co-operate with the Commission and to ensure that its employees, management and directors do not engage in any conduct which constitutes a prohibited practice. No provision for penalties has been made in the results for the period ended 29 February 2012.

Events after the reporting period

There were no material events after the reporting period to report up to the date of preparation of these group financial statements.

On behalf of the Board:

J E Raubenheimer
Chairman

R J Fourie
Chief Executive Officer

F Diedrehsen
Group Financial & Commercial Director

14 May 2012

Directors:

J E Raubenheimer[#], R J Fourie, F Diedrehsen, F Kenney[#], L A Maxwell* B H Kent*, N F Msiza*

*# Non-executive * Independent non-executive*

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Mrs H E Ernst

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Auditors:

PricewaterhouseCoopers Inc.

Sponsor:

Investec Bank Limited

www.raubex.co.za