



Audited results

for the year ended 29 February 2016

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")

Rudolf Fourie, CEO of Raubex Group, said:

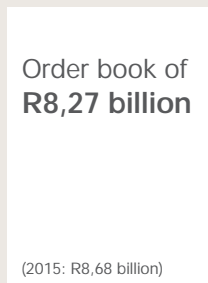
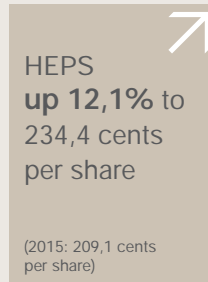
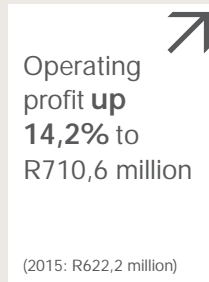
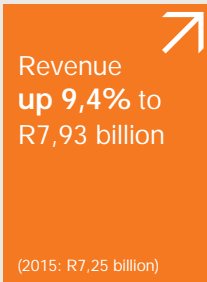
“The Group has delivered another solid set of results in a competitive construction sector and a year during which the road construction industry was again impacted by a shortage in the supply of bitumen.

A disciplined approach to securing a quality order book has resulted in a marked improvement in the performance of the Road Construction division.

The Materials division continued to see a healthy demand for its products and services in both its commercial quarrying operations and its mining and material handling operations with this division contributing over half of the Group's operating profit.

We are very pleased with these results and our ability to produce consistently good results year-on-year with strong cash flows to support healthy dividends for shareholders.”

Salient features



Commentary

Financial overview

Revenue increased 9,4% to R7,93 billion and operating profit increased by 14,2% to R710,6 million from the corresponding prior year. These results were supported by an improvement in the performance of the Road Construction division and favourable operating conditions in the Materials division which contributed 56,3% of total operating profit. The Infrastructure division results were stable, supported by solar energy projects gaining momentum in the second half of the year.

Profit before tax increased 9,1% to R661,6 million (2015: R606,6 million) with the effective tax rate stable at 29,1% compared to 29,4% in the prior year.

Earnings per share increased 11,0% to 236,9 cents with headline earnings per share increasing 12,1% to 234,4 cents.

Group operating profit margin increased to 9,0% (2015: 8,6%).

Cash generated from operations increased 33,8% to R1,05 billion (2015: R785,1 million) before finance charges and taxation.

Net finance costs increased to R49,2 million (2015: R15,7 million) due mainly to an increase in interest-bearing borrowings. Total non-cash finance costs amounted to R6,6 million for the year.

Trade and other receivables increased by 11,2% to R1,54 billion (2015: R1,38 billion). Payment delays from the Road Development Agency in Zambia continued to be experienced with an amount of R115,5 million outstanding at year-end included in accounts receivable.

Inventories increased by 6,6% to R564,1 million (2015: R529,0 million). The increase was mainly due to the Group's property development projects through its subsidiaries Raudev and Raubex Building with a value of R110,3 million included under inventories.

Borrowings remained flat at R1,09 billion (2015: R1,10 billion).

Capital expenditure on property, plant and equipment increased 7,6% to R549,5 million (2015: R510,6 million). The effect of the weaker rand on imported plant and equipment contributed towards the increase.

The Group's net cash inflow for the year was R29,0 million after a net cash outflow of R47,0 million on acquisition of subsidiaries and treasury shares acquired to the value of R46,6 million. Total cash and cash equivalents at the end of the year increased 3,5% to R969,7 million (2015: R937,3 million).

Operational overview

Materials division

The Materials division, which includes the Raumix operations, comprises three main disciplines including commercial quarries, contract crushing and materials handling and processing for the mining industry.

The division delivered another strong performance for the year and continued to experience favourable operating conditions. The commercial quarries were supported by a healthy demand for aggregates and the acquisition of Belabela Quarries in Botswana. Despite weaker commodity prices, conditions continued to favour the material handling and processing operations, which are mainly focused on the diamond, gold and copper mining sectors. Contract crushing operations have been stable and are operating in competitive conditions that are in line with the South African construction sector.

Revenue for the division increased 18,9% to R2,33 billion (2015: R1,96 billion) and operating profit increased by 23,5% to R399,8 million (2015: R323,6 million).

The divisional operating profit margins increased to 17,1% (2015: 16,5%).

The division incurred capital expenditure of R323,2 million during the year (2015: R358,3 million).

The division has a secured order book of R1,76 billion (2015: R1,86 billion).

Commentary *(continued)*

Construction division

Road surfacing and rehabilitation

This segment specialises in the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments and slurry seals and includes the operations of Tosas, a company specialising in the manufacture and distribution of value added bituminous products. In the prior year, Tosas was reported as a segment on its own and their results have now been incorporated in the Road surfacing and rehabilitation segment. The comparative figures for the prior year have been restated.

This segment has a healthy order book and prospects for securing more work at both a National and Provincial Government level are encouraging. Revenue growth slowed during the year due to lower bitumen prices which are correlated to the international crude oil price and also a severe bitumen supply shortage in South Africa due to unplanned refinery shut downs in the first half of the year. The bitumen supply shortage was resolved in the second half of the year and management continuously monitors supply side dynamics in order to execute timely contingency plans.

Revenue for the division increased 3,1% to R3,05 billion (2015: R2,96 billion) with operating profit decreasing by 15,2% to R172,7 million (2015: R203,7 million).

The divisional operating profit margin decreased to 5,7% (2015: 6,9%).

The division incurred capital expenditure of R128,4 million during the year (2015: R70,0 million), with R57,3 million relating to expansion and modernisation of the Tosas operations and plant.

The division has a secured order book of R3,09 billion (2015: R2,60 billion).

Road construction and earthworks

This segment includes the road and civil infrastructure construction operations focused on the key areas of new road construction and heavy road rehabilitation.

This segment has been working through a better quality order book during the year as a result of selective tendering and order book discipline. Teams have focused on daily production monitoring and the efficient execution of contracts. Execution on the Zambia Link 8000 work has been hindered by a delay in payment from the Zambian Road Development Agency.

Revenue for the division decreased 4,3% to R1,40 billion (2015: R1,46 billion) with operating profit increasing 86,7% to R103,0 million (2015: R55,2 million).

The divisional operating profit margins increased to 7,4% (2015: 3,8%).

The division incurred capital expenditure of R48,1 million during the year (2015: R44,6 million).

The division has a secured order book of R2,29 billion (2015: R3,20 billion) with R890 million relating to the Link 8000 contracts in Zambia.

Raubex Infrastructure

The Infrastructure segment specialises in disciplines outside of the road construction sector, including energy (with a specific focus on renewable energy), rail, telecommunications, pipeline construction and housing infrastructure projects.

Stable results were reported by this segment. The first half of the year saw the completion of works on some challenging mining infrastructure contracts and a delay in award of renewable energy work. The execution of solar energy work gained momentum in the second half of the year. Progress has been made in securing a pipeline of work opportunities in the affordable residential housing market.

Revenue for the division increased 32,7% to R1,14 billion (2015: R862,7 million) and operating profit decreased 11,6% to R35,1 million (2015: R39,6 million).

The divisional operating profit margins decreased to 3,1% (2015: 4,6%).

The division incurred capital expenditure of R49,9 million (2015: R37,7 million).

The division has a secured order book of R1,12 billion (2015: R1,01 billion).

International

The Group's international operations ("the rest of Africa") have expanded and good results were reported from both the Materials and Construction divisions. Operations are focused mainly in Botswana, Mozambique, Namibia and Zambia.

In Zambia, good progress was made during the year on the Link 8000 road contracts and the Zambian Kwacha strengthened significantly in the second half of the year from its lows in September 2015. The foreign exchange risk on these contracts has been reduced through an escalation recovery formula linked to the Zambian CPI index which was agreed with the client.

In Botswana, the acquisition of Belabela Quarries was bedded down well and provided the Group with a base from which to expand and further develop its operating model in the country.

International revenue increased 87,8% to R1,20 billion (2015: R639,0 million) and operating profit increased by 161,6% to R218,3 million (2015: R83,4 million).

Operating profit margins increased to 18,2% (2015: 13,1%).

The international order book stands at R2,13 billion (2015: R2,20 billion), and is included in the Materials and Construction division's order book.

Prospects

The Group has a secured order book of R8,27 billion (2015: R8,68 billion) with 25,8% of the order book representing contracts outside of South Africa in the rest of Africa. The Zambia Link 8000 contracts account for R890 million of the order book.

The Group's road construction operations have secured a good quality short-term order book and are executing effectively with no problem contracts. The focus will now be on order book replacement to secure the medium term. With SANRAL receiving above inflationary increases in its maintenance budget and an increasing order book of provincial government work, prospects are encouraging.

Favourable operating conditions are expected to continue for the commercial quarry operations and the Group will continue to look for acquisitions in the materials sector to expand its geographical footprint. Post year-end, the Competition Tribunal approved the acquisition of the OMV Kimberley quarry with conditions.

The material handling and processing operations are expected to remain stable given current commodity price levels. A stable labour force and demand for commodities are key to the prospects of these operations. Should the outlook for specific commodities change, there is client and commodity diversification within the operations to mitigate risk.

Projects in the renewable energy sector are gaining momentum and the Infrastructure division is well placed to benefit from the continued roll out of Eskom's Renewable Energy Independent Power Producer Procurement Programme ("REIPPP").

Supported by encouraging prospects, a strong balance sheet and healthy cash position, the Group is looking forward to another good year ahead as it enters its tenth year of operations since listing on the JSE in March 2007.

Commentary *(continued)*

Dividend declaration

The directors have declared a gross final cash dividend from income reserves of 42 cents per share on 9 May 2016 for the year ended 29 February 2016. The salient dates for the payment of the dividend are as follows:

Last day to trade <i>cum</i> dividend	Friday, 27 May 2016
Commence trading <i>ex</i> dividend	Monday, 30 May 2016
Record date	Friday, 3 June 2016
Payment date	Monday, 6 June 2016

No share certificates may be dematerialised or rematerialised between Monday, 30 May 2016 and Friday, 3 June 2016, both dates inclusive.

In terms of Dividends Tax ("DT"), the following additional information is disclosed:

- The local DT rate is 15%;
- The number of ordinary shares in issue at the date of this declaration is 189 250 036;
- The dividend to utilise for determining the DT due is 42 cents per share;
- The DT amounts to 6,30 cents per share;
- The net local dividend amount is 35,70 cents per share for shareholders liable to pay the DT; and
- 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 Service 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.

Group income statement

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Revenue	7 925 754	7 245 259
Cost of sales	(6 800 882)	(6 257 742)
Gross profit	1 124 872	987 517
Other income	27 966	12 113
Other gains/(losses) – net	12 695	9 984
Administrative expenses	(454 970)	(387 443)
Operating profit	710 563	622 171
Finance income	41 872	46 520
Finance costs	(91 116)	(62 259)
Share of profit of investments accounted for using the equity method	324	205
Profit before income tax	661 643	606 637
Income tax expense	(192 240)	(178 563)
Profit for the year	469 403	428 074
Profit for the year attributable to:		
Owners of the parent	445 308	399 837
Non-controlling interest	24 095	28 237
Basic earnings per share (cents)	236,9	213,4
Diluted earnings per share (cents)	234,3	209,9

Group statement of comprehensive income

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Profit for the year	469 403	428 074
Other comprehensive income for the year, net of tax		
Currency translation differences	(2 069)	382
Actuarial gain/(loss) on post-employment benefit obligations	149	(137)
Total comprehensive income for the year	467 483	428 319
Comprehensive income for the year attributable to:		
Owners of the parent	443 388	400 082
Non-controlling interest	24 095	28 237
Total comprehensive income for the year	467 483	428 319

Calculation of diluted earnings per share

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Profit attributable to owners of the parent entity	445 308	399 837
Weighted average number of ordinary shares in issue ('000)	187 961	187 330
<i>Adjustments for:</i>		
Shares deemed issued for no consideration (share options) ('000)	2 085	3 202
Weighted average number of ordinary shares for diluted earnings per share ('000)	190 046	190 532
Diluted earnings per share (cents)	234,3	209,9

Calculation of headline earnings per share

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Profit attributable to owners of the parent entity	445 308	399 837
<i>Adjustments for:</i>		
Profit on sale of property, plant and equipment	(6 527)	(11 348)
Total tax effects of adjustments	1 827	3 177
Basic headline earnings	440 608	391 666
Weighted average number of shares ('000)	187 961	187 330
Headline earnings per share (cents)	234,4	209,1
Diluted headline earnings per share (cents)	231,8	205,6

Group statement of financial position

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Assets		
Non-current assets		
Property, plant and equipment	2 335 748	2 171 829
Intangible assets	829 283	795 098
Investment in associates and joint ventures	50 682	10 708
Deferred income tax assets	42 478	43 136
Non-current inventories	81 954	90 668
Non-current trade and other receivables	114 438	129 355
Total non-current assets	3 454 583	3 240 794
Current assets		
Inventories	482 162	438 330
Construction contracts in progress and retentions	369 184	362 351
Trade and other receivables	1 423 371	1 253 668
Current income tax receivable	27 593	40 964
Cash and cash equivalents	969 736	937 275
Total current assets	3 272 046	3 032 588
Total assets	6 726 629	6 273 382
Equity		
Share capital	1 892	1 873
Share premium	2 179 613	2 179 613
Treasury shares	(46 599)	–
Other reserves	(1 148 951)	(1 140 762)
Retained earnings	2 718 123	2 381 905
Equity attributable to owners of the parent	3 704 078	3 422 629
Non-controlling interest	128 764	110 788
Total equity	3 832 842	3 533 417
Liabilities		
Non-current liabilities		
Borrowings	682 027	672 320
Provisions for liabilities and charges	65 741	54 253
Deferred income tax liabilities	310 041	311 621
Other financial liabilities	59 385	77 262
Total non-current liabilities	1 117 194	1 115 456
Current liabilities		
Trade and other payables	1 323 782	1 170 248
Borrowings	411 411	427 620
Current income tax liabilities	18 466	26 641
Other financial liabilities	22 934	–
Total current liabilities	1 776 593	1 624 509
Total liabilities	2 893 787	2 739 965
Total equity and liabilities	6 726 629	6 273 382

Group statement of cash flows

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Cash flows from operating activities		
Cash generated from operations	1 050 461	785 053
Finance income	41 872	46 520
Finance costs	(84 522)	(57 900)
Income tax paid	(190 449)	(188 848)
Net cash generated from operating activities	817 362	584 825
Cash flows from investing activities		
Purchases of property, plant and equipment	(549 535)	(510 599)
Proceeds from sale of property, plant and equipment	48 825	40 267
Acquisition of subsidiaries	(47 049)	(202 485)
Loans granted to associates and joint ventures	(39 650)	(10 500)
Net cash used in investing activities	(587 409)	(683 317)
Cash flows from financing activities		
Proceeds from borrowings	502 667	752 827
Repayment of borrowings	(509 725)	(411 642)
Proceeds from shares issued	19	14
Dividends paid to owners of the parent	(135 623)	(131 131)
Dividends paid to non-controlling interests	(6 281)	(33 242)
Disposal of interest in a subsidiary	200	-
Acquisition of interest in a subsidiary	(5 600)	(12 294)
Acquisition of treasury shares	(46 599)	-
Net cash (used in)/generated from financing activities	(200 942)	164 532
Net increase in cash and cash equivalents	29 011	66 040
Cash and cash equivalents at the beginning of the year	937 275	871 260
Effects of exchange rates on cash and cash equivalents	3 450	(25)
Cash and cash equivalents at the end of the year	969 736	937 275

Group statement of changes in equity

	Share capital R'000	Share premium R'000	Treasury shares 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 2014	1 859	2 179 613	-	(1 104 240)	2 109 193	3 186 425	54 612	3 241 037
Shares issued in terms of equity-settled share option scheme	14	-	-	(16 242)	16 242	14	-	14
Share option reserve	-	-	-	27 797	-	27 797	-	27 797
Put option written on non-controlling interest	-	-	-	(48 459)	-	(48 459)	-	(48 459)
Non-controlling interest arising on business combination	-	-	-	-	-	-	61 376	61 376
Acquisition of non-controlling interest	-	-	-	-	(12 099)	(12 099)	(195)	(12 294)
Total comprehensive income for the year	-	-	-	382	399 700	400 082	28 237	428 319
Dividends paid	-	-	-	-	(131 131)	(131 131)	(33 242)	(164 373)
Balance at 28 February 2015	1 873	2 179 613	-	(1 140 762)	2 381 905	3 422 629	110 788	3 533 417
Shares issued in terms of equity-settled share option scheme	19	-	-	(25 995)	25 995	19	-	19
Share option reserve	-	-	-	19 875	-	19 875	-	19 875
Non-controlling interest arising on business combination	-	-	-	-	-	-	5 951	5 951
Disposal of interest to non-controlling interest	-	-	-	-	(54)	(54)	254	200
Acquisition of non-controlling interest	-	-	-	-	443	443	(6 043)	(5 600)
Acquisition of treasury shares during the year	-	-	(46 599)	-	-	(46 599)	-	(46 599)
Total comprehensive income for the year	-	-	-	(2 069)	445 457	443 388	24 095	467 483
Dividends paid	-	-	-	-	(135 623)	(135 623)	(6 281)	(141 904)
Balance at 29 February 2016	1 892	2 179 613	(46 599)	(1 148 951)	2 718 123	3 704 078	128 764	3 832 842

Group segmental analysis

	Materials R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infra- structure R'000	Consoli- dated R'000
Operating segments					
29 February 2016					
Segment revenue	2 332 083	3 048 219	1 400 823	1 144 629	7 925 754
Operating profit	399 823	172 682	102 989	35 069	710 563
Margin	17,1%	5,7%	7,4%	3,1%	9,0%
28 February 2015					
Segment revenue	1 961 342	2 957 304	1 463 953	862 660	7 245 259
Operating profit	323 640	203 713	55 169	39 649	622 171
Margin	16,5%	6,9%	3,8%	4,6%	8,6%

	Local R'000	International R'000	Consolidated R'000
Geographical information			
29 February 2016			
Segment revenue	6 725 552	1 200 202	7 925 754
Operating profit	492 253	218 310	710 563
Margin	7,3%	18,2%	9,0%
28 February 2015			
Segment revenue	6 606 290	638 969	7 245 259
Operating profit	538 722	83 449	622 171
Margin	8,2%	13,1%	8,6%

Employee benefit expense

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Employee benefit expense in the income statement consists of:		
Salaries, wages and contributions	1 911 428	1 648 079
Share options granted to employees	19 875	27 797
Total employee benefit expense	1 931 303	1 675 876

Capital expenditure and depreciation

	Audited 12 months 29 February 2016 R'000	Audited 12 months 28 February 2015 R'000
Capital expenditure for the year	549 535	510 599
Depreciation for the year	371 306	334 997
Amortisation of intangible assets for the year	671	280

Notes

Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

These summary consolidated financial statements for the year ended 29 February 2016 have been prepared under the supervision of the Financial Director, Mr JF Gibson CA(SA) and audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to *pro forma* or future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

Treasury shares

The Company acquired 2 682 662 of its own shares through purchases on JSE Limited. The total amount paid to acquire the shares was R46,6 million and has been deducted from shareholders' equity. The related weighted average share price at the time of purchase was R17,37.

Analysis of movement in treasury shares

	Number of shares	Value R'000
At 1 March 2015	–	–
Acquisition of treasury shares by Raubex (Pty) Ltd	2 682 662	46 599
At 29 February 2016	2 682 662	46 599

Business combinations

Belabela Quarries (Pty) Ltd ("Belabela")

On 18 March 2015 the Group effectively acquired 74% of Belabela for a purchase price of R43 million to be settled in cash. Belabela is a commercial quarry operating on the outskirts of Gaborone in Botswana. The acquisition will give the Group a base from which it can expand and further develop its operating model in Botswana. The revenue included in the consolidated income statement since 1 March 2015 contributed by Belabela was R103,1 million with a net profit contribution of R15,2 million over the same period.

Mokwena Surfacing (Pty) Ltd ("Mokwena")

On 31 July 2015 the Group acquired the asphalt manufacturing business including the asphalt plant and related fixed assets from Mokwena for a purchase price of R22 million in cash. These operations are located in Durbanville in the Western Cape province. The acquired operations contributed revenues of R7,4 million, and a net loss of R1,9 million for the period from 31 July 2015 to 29 February 2016.

Phuhlisa Development Solutions (Pty) Ltd ("PDS")

On 1 March 2015 the Group effectively acquired 80% of PDS for a purchase price of R0,4 million in cash. PDS is a professional consulting firm, providing engineering and project management services to the property development sector. The revenue included in the consolidated income statement since 1 March 2015 contributed by PDS was R2,5 million with a net profit contribution of R nil.

Details of the net assets acquired, purchase consideration and goodwill are set out below:

	Belabela R'000	Mokwena R'000	PDS R'000	Total R'000
Consideration				
Cash	43 000	22 000	418	65 418
Less: Loans owed and settled as part of acquisition	(4 709)	–	–	(4 709)
Total consideration	38 291	22 000	418	60 709
Recognised amounts of identifiable assets and acquired liabilities assumed				
Property, plant and equipment	11 089	18 000	3	29 092
Intangible asset – mining right	9 502	–	–	9 502
Deferred tax asset	875	–	–	875
Inventories	7 719	–	–	7 719
Trade receivables	6 587	–	508	7 095
Current income tax receivable	79	–	–	79
Cash and cash equivalents	13 653	–	7	13 660
Borrowings	(556)	–	–	(556)
Deferred tax liability	(3 361)	–	–	(3 361)
Trade and other payables	(18 721)	–	(100)	(18 821)
Rehabilitation provision	(3 978)	–	–	(3 978)
Total identifiable net assets	22 888	18 000	418	41 306
Non-controlling interest	(5 951)	–	–	(5 951)
Goodwill attributable to owners of the parent	21 354	4 000	–	25 354
Total	38 291	22 000	418	60 709
Purchased consideration settled in cash	38 291	22 000	418	60 709
Less: Cash and cash equivalents in the business combination acquired	(13 653)	–	(7)	(13 660)
Cash outflow on acquisition for cash flow statement	24 638	22 000	411	47 049

Reclassification of comparative figures

In the prior year consolidated financial statements for the year ended 28 February 2015 the results of Tosas were disclosed as a separate segment in the segmental analysis. This was done in order to report the results of Tosas separately until such time as the acquired business was bedded down within the Group and returned to profitability. In order to more fairly present the segments and in line with the disclosure of information reported to the chief operating decision maker in terms of IFRS, the results of Tosas have been disclosed as part of the Road surfacing and rehabilitation segment. This has resulted in the restatement of the prior year figures.

Notes (continued)

Segment report as previously disclosed	Materials R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infra-structure R'000	Tosas R'000	Consolidated R'000
Reportable segments						
28 February 2015						
Segment revenue	1 961 342	2 568 538	1 463 953	862 660	388 766	7 245 259
Operating profit	323 640	192 462	55 169	39 649	11 251	622 171
Margin	16,5%	7,5%	3,8%	4,6%	2,9%	8,6%

Events after the reporting period

Business combinations

OMV Kimberley (Pty) Ltd and OMV Kimberley Mining (Pty) Ltd ("OMV Kimberley")

The small merger of Raumix Aggregates (Pty) Ltd and OMV Kimberley, originally prohibited by the Competition Commission, was subsequently approved by the Competition Tribunal subject to certain conditions on 9 March 2016. On receipt of the Competition Tribunal's order on 9 March 2016, the Group acquired 100% of OMV Kimberley for R37,5 million cash. OMV Kimberley is a commercial quarry operating in the Northern Cape province supplying aggregates to the construction industry.

The conditions imposed relate to controls relating to the pricing of aggregated crushed road stone and the non-discrimination of competitors in the road contracting sector. A further enterprise development condition was agreed which prohibits the Group from tendering for a resealing contract in the Kimberley area other than through a HDI joint venture in which historically disadvantaged persons hold in aggregate no less than sixty percent of the shares or other similar interest of the HDI joint venture.

Contingent liabilities

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 Group filed a Fast Track application to the Competition Commission in accordance with the Commission's Invitation to Firms in the Construction Industry to Engage in Settlement of Contraventions of the Act by the required deadline date of 15 April 2011.

Raubex signed a consent agreement with the Commission on 21 June 2013 in which the Company admitted that it had engaged in collusive conduct during 2006 and 2007 in respect of eight road construction contracts tendered on for the South African National Roads Agency SOC Limited ("SANRAL"). Raubex paid an administrative penalty of R58,8 million on 20 August 2013.

On 19 April 2016, the Group received a summons to inform that SANRAL had instituted legal action against Raubex to claim relief for damages suffered as a consequence of certain of the contraventions referred to above. No provision for damages has been made in these annual financial statements.

No further material events after the reporting period occurred up to the date of preparation of these Group financial statements.

On behalf of the Board

JE Raubenheimer
Chairman

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

9 May 2016

Company information

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RJ Fourie

JF Gibson

F Kenney[#]

LA Maxwell*

BH Kent*

NF Msiza*

[#] *Non-executive*

^{*} *Independent non-executive*

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Mrs HE Ernst

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