Raubex Group Limited

Unaudited interim results

for the six months ended
31 August 2014

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")

Highlights

Revenues	Operating profit	HEPS	Cash flow	Capex	Order book	Interim dividend
up 15,7% to R3,73 billion (H1 2014: R3,22 billion)	up 9,6% to R300,8 million (H1 2014: R274,5 million)	up 5,5% to 101,6 cents per share (H1 2014: 96,3 cents per share)	from operations up 50,3% to R537,4 million (H1 2014: R357,6 million)	spend of R273,8 million (H1 2014: R241,9 million)	of R7,5 billion (H1 2014: R6,2 billion)	of 35 cents per share declared

www.raubex.com

Commentary

Rudolf Fourie, CEO of Raubex Group, said: "We have delivered good results in a tough environment. The recent earnings enhancing acquisitions have been successfully bedded down and we are looking forward to their positive contributions in the second half of the year.

"Internationally, the higher margin work secured in Zambia during the period will fill capacity in our construction division and allow us to be more selective and secure better margins in the work that we tender for in South Africa.

"The Group's order book is at an all-time high and our balance sheet remains very healthy. Looking ahead, we expect a continued improvement in our performance whilst we remain on the lookout for acquisitions that fit our integrated model."

Financial overview

Revenue increased 15,7% to R3,73 billion and operating profit increased 9,6% to R300,8 million from the corresponding prior period. A strong performance from the Group's Materials Division and good progress made by the Infrastructure Division has off-set the impact of margin pressures that the road construction industry continues to experience in South Africa.

Profit before tax increased 9,9% to R298,5 million.

The effective tax rate decreased to 29,1% (H1 2014: 29,6%).

Earnings per share increased 5,9% to 103,5 cents with headline earnings per share increasing 5,5% to 101,6 cents.

Group operating margin decreased to 8,1% (H1 2014: 8,5%).

Cash generated from operations increased 50,3% to R537,4 million (H1 2014: R357,6 million) before finance charges and taxation and was supported by advance payments received of R77,0 million. These advances exclude those due on the Zambia Link 8000 contracts which were outstanding at balance sheet date.

Trade and other receivables increased by 17,7% to R1,22 billion (H1 2014: R1,03 billion) on increased revenue and the acquisitions of OMV and Shisalanga Construction.

Construction contracts in progress increased by 18,2% to R378,7 million (H1 2014: R320,4 million) mainly due to contractual terms in the infrastructure division where billing on certain projects is triggered by the achievement of milestones.

Inventories increased 18,1% to R444,8 million (H1 2014: R376,5 million) due to higher strategic bitumen and aggregate stocks, including the stock related to the OMV crushers acquisition. Non-current inventories of R93,0 million also relate to the OMV crushers acquisition and include mine dumps in Stilfontein and a synthetic gypsum dump in Potchefstroom, which are classified as inventory under IFRS.

Capital expenditure on property, plant and equipment increased to R273,8 million (H1 2014: R241,9 million) which includes work in progress relating to purpose built processing plant for the Tschudi copper mine project in Namibia.

The Group's net cash inflow for the period was R18,3 million. Total cash and cash equivalents at the end of the period increased to R889,7 million.

Operational review

Roadmac

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

The division delivered a stable performance for the period and the volume of tender work has been sufficient to maintain its order book. Conditions in the light rehabilitation and maintenance market have been competitive but stable. Conditions in the asphalt supply market have been more challenging and aggressive pricing has been experienced.

Revenue for the division increased 7,7% to R1,31 billion (H1 2014: R1,22 billion) and operating profit increased 1,2% to R96,4 million (H1 2014: R95,2 million).

The divisional operating profit margin decreased to 7,3% (H1 2014: 7,8%).

The division incurred capital expenditure of R23,2 million during the period (H1 2014: R40,3 million).

The division has an order book of R1,79 billion (H1 2014: R2,50 billion).

Raubex Construction

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

The division's performance reflects the competitiveness of the current market in the South African road construction industry as the low margin contracts in the order book continue to be realised. The volume of work out to tender on remains healthy and the division has secured a solid order book for the period ahead. Progress made on the Zambia Link 8000 contracts was limited to site establishment activities during the period.

Revenue for the division was flat at R774,9 million (H1 2014: R772,4 million), while operating profit decreased 46,1% to R20,4 million (H1 2014: R37,8 million).

The divisional operating profit margin decreased to 2,6% (H1 2014: 4,9%).

The division incurred capital expenditure of R19,0 million during the period (H1 2014: R32,9 million).

The division has an order book of R3,03 billion (H1 2014: R857 million) with R1,57 billion relating to contracts in Zambia and Namibia.

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.

The division delivered a strong performance during the period supported by commercial quarry operations where good demand is being experienced from the residential and commercial building markets as well as road infrastructure works. The acquisition of OMV crushers made a positive contribution to earnings.

Conditions were favourable for the mining and material handling operations where production volumes increased to meet client requirements. Margins remained under pressure in the contract crushing market and these operations have continued to feel the effect of the competitive conditions in the local construction market.

Revenue for the division increased 16,7% to R968,2 million (H1 2014: R829,7 million) and operating profit increased by 26,5% to R162,5 million (H1 2014: R128,5 million).

The divisional operating profit margin increased to 16,8% (H1 2014: 15,5%).

The division incurred capital expenditure of R204,8 million during the period (H1 2014: R150,5 million) which includes work in progress relating to the processing plant for the Tschudi copper mine in Namibia.

The division has an order book of R1,58 billion (H1 2014: R1,82 billion).

Raubex Infrastructure

Raubex Infrastructure 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.

The division has continued to make progress in building its reputation in the market and is supported by a growing order book of work mainly focused on civil construction works related to Eskom's Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") and mine infrastructure development, including mine housing solutions.

Revenue for the division increased 53,4% to R484,7 million (H1 2014: R316,1 million) and operating profit increased 43,8% to R27,5 million (H1 2014: R19,2 million).

The divisional operating profit margin was 5,7% (H1 2014: 6,1%).

The division incurred capital expenditure of R24,6 million (H1 2014: R18,2 million) during the period.

The division has an order book of R1,02 billion (H1 2014: R882 million).

Tosas

Tosas is a manufacturer and distributor of value added bituminous products used primarily for road construction activities.

The division has made progress during the period with lost volume being re-captured and short-term synergies realised through the efficient supply of bitumen to internal contract sites. Conditions in the modified bitumen industry have been competitive and the lower volume winter months were loss making. Initiatives are in progress to "right size" the business which is forecast to be profitable for the financial year.

Tosas contributed external revenues of R183,4 million (H1 2014: R82,8 million) and an operating loss of R6,1 million (H1 2014: R6,2 million). Total revenue including inter-group supply amounted to R298,1 million (H1 2014: R118,4 million).

Tosas incurred capital expenditure of R2,2 million during the period.

Tosas has an order book of R127,6 million (H1 2014: R98,4 million).

International

The Group's international operations ("Africa") reported stable results for the period supported by the Namibian operations where work on the upgrading of the road from Rosh Pinah to Oranjemund is under way as well as various road maintenance and material handling contracts across the country.

The two Zambia Link 8000 contracts are in progress with site establishment now completed and bush-clearing under way on the Safwa to Chinsali road. The redesign and realignment is being finalised on the Mpika-Nabwalya-Mfuwe road and major construction activities are forecast to commence after the rainy season towards the end of March 2015.

International revenue increased 19,7% to R299,7 million (H1 2014: R250,4 million) and operating profit decreased by 1,6% to R48,5 million (H1 2014: R49,3 million) due to the Rosh Pinah to Oranjemund contract in Namibia being at lower margin.

Operating profit margins decreased to 16,2% (H1 2014: 19,7%).

Prospects

Conditions in the South African road construction industry are anticipated to be stable but challenging in the period ahead with competitive pressure expected to continue. Improvement in the sector remains dependent on the roll out and execution of the government infrastructure development plan which will absorb excess capacity in the industry.

The progress made by SANRAL in expanding its strategic network of roads previously under provincial administration is encouraging and is expected to support a healthy volume of maintenance work in future.

The award of the two Zambia Link 8000 contracts has ensured a mix of better margin work in the current order book and will also see the Road Construction division operating near capacity which will allow for more strategic tendering on opportunities in the South African market where the volume of work is expected to remain healthy albeit at low margin.

In the infrastructure division, progress continues to be made to secure work related to Eskom's REIPPPP and also in the fields of mine housing infrastructure and civil works. The acquisition of Empa Structures will strengthen the skills required for concrete works and structures and will further enhance the vertical integration of the Group.

The favourable conditions experienced by the Materials Division in the commercial quarry and the material handling operations are expected to continue in the period ahead. The Tschudi Copper Mine project will strengthen the Group's presence in Namibia where good progress has been made in building the processing plant which is due to be commissioned before year-end.

The bedding down of the OMV crushers and Shisalanga Construction acquisitions into the Group structure has gone well. These businesses will contribute to the earnings of the materials and asphalt operations. Management will continue to explore acquisition opportunities that support the Group's vertically integrated model.

The Group has grown its order book to R7,5 billion (H1 2014: R6,2 billion) with 30% of the order book attributable to contracts in Africa.

The Group has maintained a healthy balance sheet and strong cash position during the period and will continue to manage this cautiously in the period ahead.

Dividend declaration

The directors have declared a gross interim cash dividend from income reserves of 35 cents per share on 10 November 2014 for the six month period ended 31 August 2014. The salient dates for the payment of the dividend are as follows:

Last day to trade *cum* dividend	Friday, 28 November 2014
Commence trading *ex* dividend	Monday, 1 December 2014
Record date	Friday, 5 December 2014
Payment date	Monday, 8 December 2014

No share certificates may be dematerialised or rematerialised between Monday, 1 December 2014 and Friday, 5 December 2014, both dates inclusive.

In terms of Dividends Tax ("DT"), the following additional information is disclosed:
- The local DT rate is 15%.
- The company has no STC credits to utilise as part of this declaration.
- The number of ordinary shares in issue at the date of this declaration is 187 330 165.
- The dividend to utilise for determining the DT due is 35 cents per share.
- The DT amounts to 5,25 cents per share.
- The net local dividend amount is 29,75 cents per share for shareholders liable to pay the 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 Service by a nominee company, stockbroker or Central Securities 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.

Directors: JE Raubenheimer#, RJ Fourie, JF Gibson, F Kenney#, LA Maxwell*, BH Kent*, NF Msiza*
*# Non-executive * Independent non-executive*

Company secretary: Mrs HE Ernst

Registered office: Building No 1, The Highgrove Office Park, 50 Tegel Avenue, Centurion, South Africa

Transfer secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001, South Africa

Auditors: PricewaterhouseCoopers Inc.

Sponsor: Investec Bank Limited

Group income statement

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Revenue	**3 725 793**	3 221 366	6 325 012
Cost of sales	**(3 237 898)**	(2 792 483)	(5 463 929)
Gross profit	**487 895**	428 883	861 083
Other income	**4 228**	6 119	11 302
Other gains/(losses) – net	**5 157**	8 442	16 021
Administrative expenses	**(196 514)**	(168 919)	(348 531)
Operating profit	**300 766**	274 525	539 875
Finance income	**22 388**	16 754	38 749
Finance costs	**(24 667)**	(19 643)	(44 162)
Profit before income tax	**298 487**	271 636	534 462
Income tax expense	**(86 890)**	(80 339)	(154 786)
Profit for the period	**211 597**	191 297	379 676
Profit for the period attributable to:			
Owners of the parent	**193 938**	181 582	355 573
Non-controlling interest	**17 659**	9 715	24 103
Basic earnings per share (cents)	**103,5**	97,7	191,3
Diluted earnings per share (cents)	**102,0**	96,2	187,9

Group statement of comprehensive income

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Profit for the period	**211 597**	191 297	379 676
Other comprehensive income for the period, net of tax			
Currency translation differences	**327**	4 804	4 688
Actuarial gain on post-employment benefit obligations	**–**	1 238	2 043
Total comprehensive income for the period	**211 924**	197 339	386 407
Comprehensive income for the period attributable to:			
Owners of the parent	**194 265**	187 624	362 304
Non-controlling interest	**17 659**	9 715	24 103
Total comprehensive income for the period	**211 924**	197 339	386 407

Calculation of diluted earnings per share

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Profit attributable to owners of the parent entity	**193 938**	181 582	355 573
Weighted average number of ordinary shares in issue ('000)	**187 330**	185 900	185 900
Adjustments for:			
Shares deemed issued for no consideration (share options) ('000)	**2 834**	2 809	3 360
Weighted average number of ordinary shares for diluted earnings per share ('000)	**190 164**	188 709	189 260
Diluted earnings per share (cents)	**102,0**	96,2	187,9

Calculation of headline earnings per share

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Profit attributable to owners of the parent entity	**193 938**	181 582	355 573
Adjustments for:			
Profit on sale of property, plant and equipment	**(5 020)**	(3 166)	(10 244)
Excess from fair value of assets acquired over purchase price	**–**	(368)	(368)
Total tax effects of adjustments	**1 406**	886	2 868
Basic headline earnings	**190 324**	178 934	347 829
Weighted average number of shares ('000)	**187 330**	185 900	185 900
Headline earnings per share (cents)	**101,6**	96,3	187,1
Diluted headline earnings per share (cents)	**100,1**	94,8	183,8

Group statement of financial position

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**2 012 857**	1 755 560	1 841 611
Intangible assets	**784 524**	763 811	763 671
Deferred income tax assets	**39 663**	35 837	37 509
Non-current inventories	**93 016**	–	–
Total non-current assets	**2 930 060**	2 555 208	2 642 791
Current assets			
Inventories	**444 760**	376 484	420 240
Construction contracts in progress and retentions	**378 714**	320 354	322 590
Trade and other receivables	**1 216 064**	1 032 867	1 068 410
Current income tax receivable	**33 174**	29 408	28 671
Cash and cash equivalents	**889 719**	786 741	871 260
Total current assets	**2 962 431**	2 545 854	2 711 171
Total assets	**5 892 491**	5 101 062	5 353 962
EQUITY			
Share capital	**1 873**	1 859	1 859
Share premium	**2 179 613**	2 203 380	2 179 613
Other reserves	**(1 154 601)**	(1 118 153)	(1 104 240)
Retained earnings	**2 253 807**	1 966 400	2 109 193
Equity attributable to owners of the parent	**3 280 692**	3 053 486	3 186 425
Non-controlling interest	**120 167**	40 224	54 612
Total equity	**3 400 859**	3 093 710	3 241 037
LIABILITIES			
Non-current liabilities			
Borrowings	**453 814**	410 465	429 961
Provisions for liabilities and charges	**37 556**	31 689	34 675
Deferred income tax liabilities	**308 862**	263 542	266 464
Other financial liabilities	**67 333**	–	–
Total non-current liabilities	**867 565**	705 696	731 100
Current liabilities			
Trade and other payables	**1 320 516**	1 020 580	1 075 529
Borrowings	**285 150**	255 657	287 600
Current income tax liabilities	**18 401**	25 419	18 696
Total current liabilities	**1 624 067**	1 301 656	1 381 825
Total liabilities	**2 491 632**	2 007 352	2 112 925
Total equity and liabilities	**5 892 491**	5 101 062	5 353 962

Group statement of cash flows

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Cash flows from operating activities			
Cash generated from operations	**537 384**	357 590	751 420
Finance income	**22 388**	16 754	38 749
Finance costs	**(24 667)**	(19 643)	(44 162)
Income tax paid	**(84 743)**	(55 445)	(136 438)
Net cash generated from operating activities	**450 362**	299 256	609 569
Cash flows from investing activities			
Purchases of property, plant and equipment	**(273 748)**	(241 910)	(483 299)
Proceeds from sale of property, plant and equipment	**17 641**	33 499	52 839
Acquisition of subsidiaries	**(94 926)**	(120 925)	(115 040)
Net cash used in investing activities	**(351 033)**	(329 336)	(545 500)
Cash flows from financing activities			
Proceeds from borrowings	**191 333**	242 918	504 253
Repayment of borrowings	**(203 153)**	(194 423)	(404 319)
Proceeds from shares issued	**14**	14	14
Dividends paid to owners of the parent	**(65 566)**	(65 065)	(120 835)
Dividends paid to non-controlling interests	**(3 705)**	(2 308)	(2 308)
Acquisition of interest in a subsidiary	**–**	–	(8 185)
Net cash used in financing activities	**(81 077)**	(18 864)	(31 380)
Net increase/(decrease) in cash and cash equivalents	**18 252**	(48 944)	32 689
Cash and cash equivalents at the beginning of the year	**871 260**	835 685	835 685
Effects of exchange rates on cash and cash equivalents	**207**	–	2 886
Cash and cash equivalents at the end of the period	**889 719**	786 741	871 260

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 2013	1 845	2 179 613	(1 112 515)	1 850 616	2 919 559	39 031	2 958 590
Shares issued in terms of equity-settled share option scheme	14	23 767	–	–	23 781	–	23 781
Share option reserve	–	–	(10 442)	–	(10 442)	–	(10 442)
Acquisition of non-controlling interest	–	–	–	(1 971)	(1 971)	(6 214)	(8 185)
Total comprehensive income for the period	–	–	4 804	182 820	187 624	9 715	197 339
Dividends paid	–	–	–	(65 065)	(65 065)	(2 308)	(67 373)
Balance at 31 August 2013	1 859	2 203 380	(1 118 153)	1 966 400	3 053 486	40 224	3 093 710
Shares issued in terms of equity-settled share option scheme	–	(23 767)	(23 767)	23 767	(23 767)	–	(23 767)
Share option reserve	–	–	37 796	–	37 796	–	37 796
Total comprehensive income for the period	–	–	(116)	174 796	174 680	14 388	189 068
Dividends paid	–	–	–	(55 770)	(55 770)	–	(55 770)
Balance at 28 February 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	**–**	**–**	**14 013**	**–**	**14 013**	**–**	**14 013**
Put option written on non-controlling interest	**–**	**–**	**(48 459)**	**–**	**(48 459)**	**–**	**(48 459)**
Non-controlling interest arising on business combination	**–**	**–**	**–**	**–**	**–**	**51 601**	**51 601**
Total comprehensive income for the period	**–**	**–**	**327**	**193 938**	**194 265**	**17 659**	**211 924**
Dividends paid	**–**	**–**	**–**	**(65 566)**	**(65 566)**	**(3 705)**	**(69 271)**
Balance at 31 August 2014	**1 873**	**2 179 613**	**(1 154 601)**	**2 253 807**	**3 280 692**	**120 167**	**3 400 859**

Group segmental analysis

	Materials R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Consolidated R'000
Reportable segments						
31 August 2014						
Segment revenue	**968 231**	**1 314 566**	**774 875**	**484 737**	**183 384**	**3 725 793**
Segment result (operating profit)	**162 544**	**96 400**	**20 400**	**27 547**	**(6 125)**	**300 766**
31 August 2013						
Segment revenue	829 719	1 220 262	772 435	316 100	82 850	3 221 366
Segment result (operating profit)	128 490	95 212	37 843	19 160	(6 180)	274 525
28 February 2014						
Segment revenue	1 624 577	2 505 115	1 179 805	730 759	284 756	6 325 012
Segment result (operating profit)	259 152	209 260	40 026	36 966	(5 529)	539 875

	Local R'000	International R'000	Consolidated R'000
Geographical information			
31 August 2014			
Segment revenue	**3 426 085**	**299 708**	**3 725 793**
Segment result (operating profit)	**252 231**	**48 535**	**300 766**
31 August 2013			
Segment revenue	2 970 998	250 368	3 221 366
Segment result (operating profit)	225 203	49 322	274 525
28 February 2014			
Segment revenue	5 890 468	434 544	6 325 012
Segment result (operating profit)	459 116	80 759	539 875

Additional information

Employee benefit expense

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Employee benefit expense in the income statement consists of:			
Salaries, wages and contributions	**820 435**	736 900	1 436 923
Share options granted to employees	**14 013**	13 325	27 354
Total employee benefit expense	**834 448**	750 225	1 464 277

Capital expenditure and depreciation

	Unaudited 6 months 31 August 2014 R'000	Unaudited 6 months 31 August 2013 R'000	Audited 12 months 28 February 2014 R'000
Capital expenditure for the period	**273 748**	241 910	483 299
Depreciation for the period	**158 873**	135 242	282 968
Amortisation of intangible assets for the period	**140**	140	280

Notes

Basis of preparation

These condensed consolidated interim financial statements have been prepared under the supervision of the Financial Director, JF Gibson CA(SA), in accordance with International Financial Reporting Standards ("IFRS"), IAS34 "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act 71 of 2008 and the JSE Listings Requirements. The principal accounting policies used in the preparation of the unaudited results for the period ended 31 August 2014 are consistent with those applied for the year ended 28 February 2014 and for the unaudited results for the six months ended 31 August 2013 in terms of IFRS.

Business combinations

Oranje Mynbou en Vervoer Maatskappy (Pty) Ltd ("OMV")

On 1 July 2014 the Group acquired a 70% interest in OMV's aggregate crushing and ready-mix concrete operations situated near Stilfontein and a 70% interest in OMV's gypsum operations situated near Potchefstroom in the North West province for a purchase price of R70,3 million settled in cash. An additional contingent consideration is payable dependent on future earnings and a put option has been written on the remaining 30% in favour of the non-controlling interest. The contingent consideration liability has been valued at R18,9 million and the put option liability at R48,5 million. The acquired operations contributed revenues of R28,7 million and a net profit of R4,5 million for the period from 1 July 2014 to 31 August 2014. If the acquisition had occurred on 1 March 2014 contributions to Group revenue would have been R86,6 million and net profit R7,7 million.

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

	R'000
The purchase consideration	
Cash	**70 284**
Contingent consideration (fair value)	**18 874**
Total purchase consideration	**89 158**
Less: Fair value of net assets acquired	**(81 658)**
Goodwill	**7 500**
Fair value of net assets acquired	
Property, plant and equipment	**35 159**
Inventories – non-current	**95 184**
Inventories – current	**11 253**
Trade and other receivables	**22 195**
Cash and cash equivalents	**5 549**
Borrowings	**(4 484)**
Deferred tax liability	**(37 378)**
Trade and other payables	**(10 824)**
Net assets	**116 654**
Less: Non-controlling interest	**(34 996)**
Total net assets acquired	**81 658**

Shisalanga Construction (Pty) Ltd ("Shisalanga")

On 1 June 2014 the Group acquired 60% of the issued share capital of Shisalanga for a purchase price of R38,4 million settled in cash. Shisalanga manufactures a range of asphalt products from its plants based in Northern KwaZulu-Natal. The acquired company contributed revenues of R35,4 million and a net profit of R2,4 million for the period from 1 June 2014 to 31 August 2014. If the acquisition had occurred on 1 March 2014 contributions to Group revenue would have been R56,8 million with no contribution to net profit.

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

	R'000
The purchase consideration	
Cash	**38 400**
Less: Fair value of net assets acquired	**(24 907)**
Goodwill	**13 493**
Fair value of net assets acquired	
Property, plant and equipment	**34 070**
Inventories	**762**
Construction contracts in progress	**990**
Trade and other receivables	**34 765**
Income tax receivable	**490**
Cash and cash equivalents	**8 209**
Borrowings	**(8 345)**
Deferred tax liability	**(1 605)**
Trade and other payables	**(27 824)**
Net assets	**41 512**
Less: Non-controlling interest	**(16 605)**
Total net assets acquired	**24 907**

Events after the reporting period

Business combinations

Buildmax Aggregates and Quarries (Pty) Ltd ("BAQ")

On 1 September 2014 the Group acquired certain business operations and assets from BAQ for a purchase price of R54,8 million in cash. The business combination acquired comprises the sand quarry operations of Crushco Quarry and Alphasand Quarry and the Aflease crushing operations. These businesses are located in the Gauteng area.

Burma Plant Hire (Pty) Ltd ("Burma")

On 1 September 2014 the Group acquired 19% of the issued share capital of Burma from the non-controlling interest for R11,5 million in cash, increasing the Group's shareholding from 51% to 70%.

Prodev Plant Hire (Pty) Ltd ("Prodev")

On 1 September 2014 Burma Plant Hire (Pty) Ltd acquired 100% of the issued share capital of Prodev for N$31 million cash. Prodev is a plant hire company operating in Namibia.

Empa Structures CC and Empa Plant CC ("Empa")

On 1 November 2014 the Group acquired a 70% interest in Empa for R25,5 million cash. Empa specialises in the construction of concrete structures.

On behalf of the Board

JE Raubenheimer
Chairman

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

10 November 2014