

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")

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2015

### HIGHLIGHTS

- Revenues up 4,3% to R3,89 billion (H1 2015: R3,73 billion)
- Operating profit up 9,5% to R329,3 million (H1 2015: R300,8 million)
- HEPS up 5,3% to 107,0 cents per share (H1 2015: 101,6 cents per share)
- Cash flow from operations down 30,2% to R375,0 million (H1 2015: R537,4 million)
- Capex spend of R278,5 million ( H1 2015: R273,8 million)
- Order book of R8,2 billion (H1 2015: R7,5 billion)
- Interim dividend of 36 cents per share declared

Rudolf Fourie, CEO of Raubex Group, said: ***"The first half of the year was marked by another consistent performance from the Group under challenging industry conditions and in spite of the unplanned refinery shutdowns which affected our asphalt operations locally.***

***"The Materials division continued to perform strongly during the period and through the acquisition of Belabela Quarries we established a presence from which to grow in Botswana.***

***"Our order book is solid and we anticipate an improved performance in the second half of the year supported by the Materials division, a stabilised asphalt production environment and the execution of various solar projects in progress."***

### COMMENTARY

#### FINANCIAL OVERVIEW

Revenue increased 4,3% to R3,89 billion and operating profit increased 9,5% to R329,3 million from the corresponding prior period. These results were supported by another strong performance from the Group's Materials Division and Construction Division, which reported margin improvements in its Road Construction and Earthworks segment, while the Road Surfacing and Rehabilitation segment was adversely affected by a severe bitumen supply shortage due to unplanned refinery shutdowns.

Profit before tax increased 1,6% to R303,2 million (H1 2015: R298,5 million) with the effective tax rate increasing to 29,2% (H1 2015: 29,1%).

Earnings per share increased 4,3% to 108,0 cents with headline earnings per share increasing 5,3% to 107,0 cents.

Group operating margin increased to 8,5% (H1 2015: 8,1%).

Net finance costs increased to R26,0 million (H1 2015: R2,3 million) due mainly to an increase in interest bearing borrowings and slightly lower cash balances during the period. Total non-cash finance costs amounted to R2,0 million for the period.

Cash generated from operations decreased 30,2% to R375 million (H1 2015: R537,4 million) before finance charges and taxation as a result of increased working capital requirements.

Inventories increased 2,8% to R552,7 million (H1 2015: R537,8 million).

Trade and other receivables increased by 23,9 % to R1,51 billion (H1 2015: R1,22 billion) due mainly to the inclusion of purpose built plant for mining clients accounted for as receivables under finance leases and payments due from the Zambia Road Development Agency on the Link 8000 contracts. The mining rights and properties acquired from Buildmax Aggregates and Quarries (Pty) Ltd on 10 March 2015 for R37 million in cash have been accounted for as a pre-payment until consent from the Minister to transfer the licenses has been granted in terms of Section 11 of the Mineral and Petroleum Resources Development Act.

Construction contracts in progress increased by 11,8% to R423,4 million (H1 2015: R378,7 million) mainly due to the works on solar energy projects where billing is based on the achievement of milestones as opposed to percentage completion.

Trade and other payables decreased 5,9% to R1,24 billion (H1 2015: R1,32 billion).

Borrowings increased 45,3% to R1,07 billion (H1 2015: R739,0 million) due mainly to the financing of plant and equipment for the Tschudi copper mine project in Namibia and the Buildmax and Prodev assets acquired in the second half of the prior year.

Capital expenditure on property, plant and equipment increased to R278,5 million (H1 2015: R273,8 million) and is mainly related to the replacement of assets to maintain current operations.

The Group's net cash outflow for the period was R147,3 million with total cash and cash equivalents at the end of the period of R789,5 million.

## **OPERATIONAL REVIEW**

### **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 a strong performance during the period and continues to experience favourable operating conditions in the commercial quarry operations and the material handling and processing operations. The acquisitions of Belabela Quarries during the current period and those of the prior year have all bedded down well and made positive contributions to earnings.

Revenue for the division increased 23,7% to R1,20 billion (H1 2015: R968,2 million) and operating profit increased by 35,6% to R220,3 million (H1 2015: R162,5 million).

The divisional operating profit margin increased to 18,4% (H1 2015: 16,8%).

The division incurred capital expenditure of R171,6 million during the period (H1 2015: R204,8 million).

The division has an order book of R1,72 billion (H1 2015: R1,58 billion)

### **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 period, Tosas was reported as a standalone segment and their

results have now been incorporated in the Road Surfacing and Rehabilitation segment with the prior period comparative figures having been restated.

The segment has seen a healthy volume of work out on tender and despite competitive conditions in the sector, it grew its order book during the period. It is encouraging to see the increasing percentage of provincial road maintenance work in the order book.

The segment's asphalt production operations experienced a challenging period with their performance negatively affected by a severe bitumen supply shortage due to unplanned refinery shut downs as well as aggregate supply issues, both of which were resolved subsequently.

The Tosas operations continued to show improvements and the business reported a profit for the period which included the lower volume winter months. Tosas has secured a good order book for the upcoming summer months.

Revenue decreased 9,8% to R1,35 billion (H1 2015: R1,50 billion\*) and operating profit decreased 55,4% to R40,2 million (H1 2015: R90,3 million\*).

The segmental operating profit margin decreased to 3,0% (H1 2015: 6,0%\*).

Capital expenditure of R55,8 million was incurred during the period (H1 2015: R25,4 million\*).

The segment's order book stood at R2,83 billion (H1 2015: R1,91 billion\*).

*\*Comparative period restated to include the results of Tosas.*

#### **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.

The segment's margins improved during the period due to a better quality order book and the teams' continuing focus on efficient work execution. The volume of work out on tender was healthy in an operating environment that remains very competitive. The solid order book secured at the end of February 2015 allowed this segment to be more selective in its order book replacement and focus on securing work at better margins.

Revenue was flat at R778,5 million (H1 2015: R774,9 million), while operating profit increased 180,3% to R57,2 million (H1 2015: R20,4 million).

The segmental operating profit margin increased to 7,3% (H1 2015: 2,6%).

Capital expenditure of R29,4 million was incurred during the period (H1 2015: R19,0 million).

The segment's order book stood at R2,74 billion (H1 2015: R3,03 billion).

#### **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.

The infrastructure segment experienced a slow start to the year, due mainly to the effect of the lower commodity prices on mining clients' capital expenditure and also the timing of the execution of solar energy projects. Site

establishment on secured solar work was completed towards the end of the period and this segment is expected to report a stronger second half performance as these projects are executed.

The segment has maintained its order book at current levels with a good mix of solar, water infrastructure and housing development work.

Revenue increased 15,7% to R561,0 million (H1 2015: R484,7 million) and operating profit decreased 58,2% to R11,5 million (H1 2015: R27,5 million).

The operating profit margin decreased to 2,1% (H1 2015: 5,7%).

Capital expenditure of R21,7 million was incurred during the period (H1 2015: R24,6 million).

The order book stood at R945,9 million (H1 2015: R1,02 billion).

### **International**

The Group's International operations ("Africa") reported good results for the period from both the Materials and Construction Divisions. In Namibia operations include work on the upgrading of the road from Rosh Pinah to Oranjemund as well as various road maintenance contracts and material handling and processing contracts for the diamond and copper mining industries. In Botswana, Belabela Quarries reported positive results and provide the Group with a base from which it can expand and further develop its operating model in the country. Positive results were also reported from contract crushing operations in Mozambique.

In Zambia, the two link 8000 contracts progressed well during the period, although a cautious approach was assumed with regards to the pace of execution in light of slow pace of payments received from the Client (the Zambia Roads Development Agency). These contracts are still in early stages of completion with ZMW 61,4 million of revenue recognised for the contracts' life to 31 August 2015. The significant depreciation of the Zambian Kwacha during September 2015 will impact the future profitability of these contracts should the Zambian Kwacha remain at current levels. The Group has had constructive engagements with the Client and is in the process of negotiating measures to mitigate the exchange rate risk and support the successful completion of the contracts. These negotiations are ongoing.

International revenue increased 105,0% to R614,3 million (H1 2015: R299,7 million) and operating profit increased by 82,2% to R88,4 million (H1 2015: R48,5 million).

Operating profit margins decreased to 14,4% (H1 2015: 16,2%).

### **PROSPECTS**

The Medium Term Budget Policy Statement presented to Parliament on 21 October 2015 proposed baseline increases to the SANRAL budget over the Medium Term Expenditure Framework period to arrest deterioration of the national road network. To improve the efficiency of investments in the secondary road network, a new performance component incorporating efficiency indicators for managing road networks was proposed and will be introduced in the provincial roads maintenance grant. These proposals are encouraging and should ensure that a healthy volume of road construction and rehabilitation work is available for tender in the medium term.

The Group has a secured order book of R8,24 billion (H1 2015: R7,54 billion) and will use this base to continue focusing on the effective execution of current contracts and selective tendering for replacement work at better margins. The Zambia Link 8000 contracts account for R975,0 million of the current order book.

The outlook for commercial quarry operations and material handling and processing operations remains positive and the Group will continue to look for acquisitions in the materials sector to expand its geographical footprint.

Prospects for future work in the solar energy sector are encouraging with a number of bids submitted during the period.

With the bitumen and aggregate supply issues that affected asphalt production now resolved and the execution of solar projects in progress, the Group is looking forward to an improved performance in the period ahead.

## **DIVIDEND DECLARATION**

The directors have declared a gross interim cash dividend from income reserves of 36 cents per share on 9 November 2015 for the six month period ended 31 August 2015. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 27 November 2015
Commence trading ex dividend	Monday, 30 November 2015
Record date	Friday, 4 December 2015
Payment date	Monday, 7 December 2015

No share certificates may be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 4 December 2015, 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 36 cents per share.
- The DT amounts to 5,40 cents per share.
- The net local dividend amount is 30,60 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 Services 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.

<b>GROUP INCOME STATEMENT</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	<b>Unaudited 6 months 31 August 2014 R'000</b>	<b>Audited 12 months 28 February 2015 R'000</b>
Revenue	3 887 747	3 725 793	7 245 259
Cost of sales	(3 338 640)	(3 237 898)	(6 257 742)
<b>Gross profit</b>	<b>549 107</b>	487 895	987 517
Other income	6 502	4 228	12 113
Other gains/(losses) - net	3 197	5 157	9 984
Administrative expenses	(229 555)	(196 514)	(387 443)
<b>Operating profit</b>	<b>329 251</b>	300 766	622 171
Finance income	17 670	22 388	46 520
Finance costs	(43 705)	(24 667)	(62 259)
Share of profit of investments accounted for using the equity method	-	-	205
<b>Profit before income tax</b>	<b>303 216</b>	298 487	606 637
Income tax expense	(88 559)	(86 890)	(178 563)
<b>Profit for the period</b>	<b>214 657</b>	211 597	428 074

**Profit for the period attributable to:**

Owners of the parent	204 322	193 938	399 837
Non-controlling interest	10 335	17 659	28 237
Basic earnings per share (cents)	108.0	103.5	213.4
Diluted earnings per share (cents)	107.1	102.0	209.9

<b>GROUP STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	<b>Unaudited 6 months 31 August 2014 R'000</b>	<b>Audited 12 months 28 February 2015 R'000</b>
<b>Profit for the period</b>	<b>214 657</b>	211 597	428 074
<b>Other comprehensive income for the period, net of tax</b>			
Currency translation differences	(5 639)	327	382
Actuarial gain/(loss) on post-employment benefit obligations	-	-	(137)
<b>Total comprehensive income for the period</b>	<b>209 018</b>	211 924	428 319
<b>Comprehensive income for the period attributable to:</b>			
Owners of the parent	198 683	194 265	400 082
Non-controlling interest	10 335	17 659	28 237
<b>Total comprehensive income for the period</b>	<b>209 018</b>	211 924	428 319

<b>CALCULATION OF DILUTED EARNINGS PER SHARE</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	Unaudited 6 months 31 August 2014 R'000	Audited 12 months 28 February 2015 R'000
Profit attributable to owners of the parent entity	204 322	193 938	399 837
Weighted average number of ordinary shares in issue ('000)	189 250	187 330	187 330
<i>Adjustments for:</i>			
Shares deemed issued for no consideration (share options) ('000)	1 607	2 834	3 202
Weighted average number of ordinary shares for diluted earnings per share ('000)	190 857	190 164	190 532
Diluted earnings per share (cents)	107.1	102.0	209.9

<b>CALCULATION OF HEADLINE EARNINGS PER SHARE</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	Unaudited 6 months 31 August 2014 R'000	Audited 12 months 28 February 2015 R'000
Profit attributable to owners of the parent entity	204 322	193 938	399 837
<i>Adjustments for:</i>			
Profit on sale of property, plant and equipment	(2 580)	(5 020)	(11 348)
Total tax effects of adjustments	723	1 406	3 177
Basic headline earnings	202 465	190 324	391 666
Weighted average number of shares ('000)	189 250	187 330	187 330
Headline earnings per share (cents)	107.0	101.6	209.1
Diluted headline earnings per share (cents)	106.1	100.1	205.6

GROUP STATEMENT OF FINANCIAL POSITION	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	31 August	31 August	28 February
	2015	2014	2015
	R'000	R'000	R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 271 755	2 012 857	2 171 829
Intangible assets	829 814	784 524	795 098
Investment in associates and joint ventures	42 907	-	10 708
Deferred income tax assets	49 993	39 663	43 136
Non-current inventories	86 355	93 016	90 668
Non-current trade and other receivables	122 178	-	129 355
<b>Total non-current assets</b>	<b>3 403 002</b>	<b>2 930 060</b>	<b>3 240 794</b>
<b>Current assets</b>			
Inventories	466 372	444 760	438 330
Construction contracts in progress and retentions	423 362	378 714	362 351
Trade and other receivables	1 384 204	1 216 064	1 253 668
Current income tax receivable	33 159	33 174	40 964
Cash and cash equivalents	789 484	889 719	937 275
<b>Total current assets</b>	<b>3 096 581</b>	<b>2 962 431</b>	<b>3 032 588</b>
<b>Total assets</b>	<b>6 499 583</b>	<b>5 892 491</b>	<b>6 273 382</b>
<b>EQUITY</b>			
Share capital	1 892	1 873	1 873
Share premium	2 179 613	2 179 613	2 179 613
Other reserves	(1 162 390)	(1 154 601)	(1 140 762)
Retained earnings	2 544 038	2 253 807	2 381 905
<b>Equity attributable to owners of the parent</b>	<b>3 563 153</b>	<b>3 280 692</b>	<b>3 422 629</b>
Non-controlling interest	124 118	120 167	110 788
<b>Total equity</b>	<b>3 687 271</b>	<b>3 400 859</b>	<b>3 533 417</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	696 880	453 814	672 320
Provisions for liabilities and charges	60 384	37 556	54 253
Deferred income tax liabilities	308 233	308 862	311 621
Other financial liabilities	79 282	67 333	77 262
<b>Total non-current liabilities</b>	<b>1 144 779</b>	<b>867 565</b>	<b>1 115 456</b>
<b>Current liabilities</b>			
Trade and other payables	1 242 967	1 320 516	1 170 248
Borrowings	377 194	285 150	427 620
Current income tax liabilities	47 372	18 401	26 641
<b>Total current liabilities</b>	<b>1 667 533</b>	<b>1 624 067</b>	<b>1 624 509</b>
<b>Total liabilities</b>	<b>2 812 312</b>	<b>2 491 632</b>	<b>2 739 965</b>
<b>Total equity and liabilities</b>	<b>6 499 583</b>	<b>5 892 491</b>	<b>6 273 382</b>



<b>GROUP STATEMENT OF CASH FLOWS</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	<b>Unaudited 6 months 31 August 2014 R'000</b>	<b>Audited 12 months 28 February 2015 R'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	375 002	537 384	785 053
Finance income	17 670	22 388	46 520
Finance costs	(41 685)	(24 667)	(57 900)
Dividend received	2 699	-	-
Income tax paid	(72 674)	(84 743)	(188 848)
<b>Net cash generated from operating activities</b>	<b>281 012</b>	<b>450 362</b>	<b>584 825</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(278 491)	(273 748)	(510 599)
Proceeds from sale of property, plant and equipment	26 586	17 641	40 267
Acquisition of subsidiaries	(46 638)	(94 926)	(202 485)
Loans granted to associates and joint ventures	(32 200)	-	(10 500)
<b>Net cash used in investing activities</b>	<b>(330 743)</b>	<b>(351 033)</b>	<b>(683 317)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	247 872	191 333	752 827
Repayment of borrowings	(274 295)	(203 153)	(411 642)
Proceeds from shares issued	19	14	14
Dividends paid to owners of the parent	(68 130)	(65 566)	(131 131)
Dividends paid to non-controlling interests	(3 210)	(3 705)	(33 242)
Acquisition of interest in a subsidiary	-	-	(12 294)
Disposal of interest in a subsidiary	200	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(97 544)</b>	<b>(81 077)</b>	<b>164 532</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(147 275)</b>	<b>18 252</b>	<b>66 040</b>
Cash and cash equivalents at the beginning of the period	937 275	871 260	871 260
Effects of exchange rates on cash and cash equivalents	(516)	207	(25)
<b>Cash and cash equivalents at the end of the period</b>	<b>789 484</b>	<b>889 719</b>	<b>937 275</b>

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
<b>Balance at 1 March 2014</b>	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)
<b>Balance at 31 August 2014</b>	1 873	2 179 613	(1 154 601)	2 253 807	3 280 692	120 167	3 400 859
Share option reserve	-	-	13 784	-	13 784	-	13 784
Non-controlling interest arising on business combination	-	-	-	-	-	9 775	9 775
Acquisition of non-controlling interest	-	-	-	(12 099)	(12 099)	(195)	(12 294)
Total comprehensive income for the period	-	-	55	205 762	205 817	10 578	216 395
Dividends paid	-	-	-	(65 565)	(65 565)	(29 537)	(95 102)
<b>Balance at 28 February 2015</b>	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	-	-	10 006	-	10 006	-	10 006
Non-controlling interest arising on business combination	-	-	-	-	-	5 951	5 951
Disposal of interest to non-controlling interest	-	-	-	(54)	(54)	254	200
Total comprehensive income for the period	-	-	(5 639)	204 322	198 683	10 335	209 018
Dividends paid	-	-	-	(68 130)	(68 130)	(3 210)	(71 340)
<b>Balance at 31 August 2015</b>	1 892	2 179 613	(1 162 390)	2 544 038	3 563 153	124 118	3 687 271

GROUP SEGMENTAL ANALYSIS	Materials	Road surfacing and rehabilitation*	Road construction and earthworks	Infrastructure	Consolidated
	R'000	R'000	R'000	R'000	R'000
<b>Reportable segments</b>					
<b>31 August 2015</b>					
Segment revenue	1 197 363	1 350 888	778 507	560 989	3 887 747
Segment result (operating profit)	220 325	40 224	57 174	11 528	329 251
Margin	18.4%	3.0%	7.3%	2.1%	8.5%
<b>31 August 2014</b>					
Segment revenue	968 231	1 497 950	774 875	484 737	3 725 793
Segment result (operating profit)	162 544	90 275	20 400	27 547	300 766
Margin	16.8%	6.0%	2.6%	5.7%	8.1%
<b>28 February 2015</b>					
Segment revenue	1 961 342	2 957 304	1 463 953	862 660	7 245 259
Segment result (operating profit)	323 640	203 713	55 169	39 649	622 171
Margin	16.5%	6.9%	3.8%	4.6%	8.6%

\*Comparative period restated to include the results of Tosas

	Local	International	Consolidated
	R'000	R'000	R'000
<b>Geographical information</b>			
<b>31 August 2015</b>			
Segment revenue		3 273 497	614 250
Segment result (operating profit)		240 825	88 426
Margin		7.4%	14.4%
<b>31 August 2014</b>			
Segment revenue		3 426 085	299 708
Segment result (operating profit)		252 231	48 535
Margin		7.4%	16.2%
<b>28 February 2015</b>			
Segment revenue		6 606 290	638 969
Segment result (operating profit)		538 722	83 449
Margin		8.2%	13.1%

## Additional Information

<b>EMPLOYEE BENEFIT EXPENSE</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	<b>Unaudited 6 months 31 August 2014 R'000</b>	<b>Audited 12 months 28 February 2015 R'000</b>
Employee benefit expense in the income statement consists of:			
Salaries, wages and contributions	<b>909 433</b>	<b>820 435</b>	1 648 079
Share options granted to employees	<b>10 006</b>	<b>14 013</b>	27 797
Total employee benefit expense	<b>919 439</b>	<b>834 448</b>	1 675 876

<b>CAPITAL EXPENDITURE AND DEPRECIATION</b>	<b>Unaudited 6 months 31 August 2015 R'000</b>	<b>Unaudited 6 months 31 August 2014 R'000</b>	<b>Audited 12 months 28 February 2015 R'000</b>
Capital expenditure for the period	<b>278 491</b>	<b>273 748</b>	510 599
Depreciation for the period	<b>183 313</b>	<b>158 873</b>	334 997
Amortisation of intangible assets for the period	<b>140</b>	<b>140</b>	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 2015 are consistent with those applied for the year ended 28 February 2015 and for the unaudited results for the six months ended 31 August 2014 in terms of IFRS.

### Business combinations

#### *Belabela Quarries (Pty) Ltd (“Belabela”)*

On 18 March 2015 the Group effectively acquired 74% of shares and sale claims of Belabela for a purchase price of R43m 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 R45,7 million with a net profit contribution of R9,1 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 R0,8 million, and a net loss of R0,2 million for the period from 31 July 2015 to 31 August 2015.

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

	<b>Belabela</b>	<b>Mokwena</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Consideration</b>			
Cash	43 000	22 000	65 000
Less: sale claims	<b>(4 709)</b>	-	<b>(4 709)</b>
<b>Total Consideration</b>	<b>38 291</b>	<b>22 000</b>	<b>60 291</b>
<b>Recognised amounts of identifiable assets and acquired liabilities assumed</b>			
Property, plant and equipment	11 089	18 000	29 089
Intangible asset - mining right	9 502	-	9 502
Deferred tax asset	875	-	875
Inventories	7 719	-	7 719
Trade receivables	6 587	-	6 587
Current income tax receivable	79	-	79
Cash & cash equivalents	13 653	-	13 653
Borrowings	<b>(556)</b>	-	<b>(556)</b>
Deferred tax liability	<b>(3 361)</b>	-	<b>(3 361)</b>
Trade and other payables	<b>(18 721)</b>	-	<b>(18 721)</b>
Rehabilitation provision	<b>(3 978)</b>	-	<b>(3 978)</b>
<b>Total identifiable net assets</b>	<b>22 888</b>	<b>18 000</b>	<b>40 888</b>
Non-controlling interest	<b>(5 951)</b>	-	<b>(5 951)</b>
Goodwill attributable to owners of the parent	21 354	4 000	25 354
<b>Total</b>	<b>38 291</b>	<b>22 000</b>	<b>60 291</b>
Purchased consideration settled in cash	38 291	22 000	60 291
Less: cash and cash equivalents in the business combination acquired	<b>(13 653)</b>	-	<b>(13 653)</b>
<b>Cash outflow on acquisition for cash flow statement</b>	<b>24 638</b>	<b>22 000</b>	<b>46 638</b>

### Reclassification of comparative figures

In the prior period consolidated interim financial statements for the period ended 31 August 2014 and the 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 period figures.

Segment report as previously disclosed	Materials R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Consolidated R'000
<b>Reportable segments</b>						
<b>31 August 2014</b>						
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
Margin	16.8%	7.3%	2.6%	5.7%	(3.3%)	8.1%
<b>28 February 2015</b>						
Segment revenue	1 961 342	2 568 538	1 463 953	862 660	388 766	7 245 259
Segment result (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**

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

JF Gibson  
Financial Director

9 November 2015

Directors:

J E Raubenheimer#, R J Fourie, JF Gibson, 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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2001  
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Auditors:

PricewaterhouseCoopers Inc.

Sponsor:

Investec Bank Limited

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