Audited results

for the year ended 28 February 2017

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

Highlights

Revenue up **13,6%** to **R9,01 billion**
(2016: R7,93 billion)

Operating profit down **6,9%** to **R661,7 million**
(2016: R710,6 million)

HEPS down **14,0%** to **201,7** cents per share
(2016: 234,4 cents per share)

Cash flow from operations up **16,5%** to **R1,22** billion
(2016: R1,05 billion)

Non-recurring Voluntary Rebuilding Programme ("VRP") expense of **R119,9 million**

Operating profit before VRP expense up **10,0%** to **R781,6 million** (2016: R710,6 million)

Operating profit margin before VRP expense of **8,7%** (2016: 9,0%)

HEPS before VRP expense up **14,8%** to **269,1** cents per share (2016: 234,4 cents per share)

Capex spend of **R440,5 million**
(2016: R549,5 million)

Order book of **R8,03 billion**
(2016: R8,27 billion)

Final dividend of **45** cents per share declared
(2016: 42 cents)

Rudolf Fourie, CEO of Raubex Group, said:

"Raubex are proud to have delivered another strong set of operating results in this, our tenth year as a listed company on the JSE.

The results were supported by a consistent supply of bitumen enabling a strong recovery in the Group's road surfacing and asphalt operations. The Road Construction Division are to be commended for exceptional performance in a very competitive market.

Despite slightly softer margins, the Materials Division experienced favourable conditions in the commercial aggregate market as well as activity in the mining sector, and continued with their strategy to expand their quarry business geographically.

From an industry perspective, we are pleased to have reached the settlement agreement with Government which paves the way for a healthy working relationship and affirms our commitment to the transformation of the construction sector. Raubex have reached agreement with two Emerging Contractors, Enza Construction and Umso Construction, and look forward to a strong alliance with these contractors in the years ahead."

Commentary

Financial overview

Revenue increased 13,6% to R9,01 billion and operating profit decreased by 6,9% to R661,7 million from the corresponding prior year. Operating profit included a non-recurring expense of R119,9 million to account for the settlement agreement reached with the South African Government, commonly known as the Voluntary Rebuilding Programme ("VRP"). Operating profit before the VRP expense increased 10,0% to R781,6 million (2016: R710,6 million).

The Group's strong operating results were supported by a consistent supply of bitumen enabling a strong recovery in the Road Surfacing and Rehabilitation Division, including the Group's asphalt operations, while the Road Construction and Earthworks Division continued to execute a quality order book during the year. Softer margins were reported in the Materials Division as a result of a reduction in iron-ore material handling activities in the Northern Cape, foreign exchange losses incurred in Mozambique and inclement weather particularly during the second half of the year affecting commercial quarry operations in and around the Gauteng province.

Profit before tax decreased 6,5% to R619,0 million (2016: R661,6 million) with and effective tax rate of 33,8% as a result of the VRP expense.

Profit before tax and before the VRP expense increased 12,2% to R742,1 million (2016: R661,6 million) with an effective tax rate before the VRP expense of 28,2% compared to 29,1% in the prior year.

Earnings per share decreased 14,0% to 203,7 cents with headline earnings per share decreasing 14,0% to 201,7 cents as a result of the VRP expense. If the VRP expense was excluded from the earnings per share calculation, earnings per share would have increased 14,4% to 271,1 cents and headline earnings per share would have increased 14,8% to 269,1 cents.

Group operating profit margin before the VRP expense decreased marginally to 8,7% (2016: 9,0%).

Cash generated from operations increased 16,5% to R1,22 billion (2016: R1,05 billion) before finance charges and taxation.

Net finance costs decreased to R43,6 million (2016: R49,2 million) due mainly to higher cash balances during the year and lower interest-bearing borrowings. Total non-cash finance costs amounted to R11,2 million (2016: R6,6 million) for the year which includes R3,3 million unwinding of discount on the VRP, this bringing the total VRP expense for the year after finance costs to R123,2 million.

Strict working capital management saw marginal increases in both trade and other receivables and inventory, with trade and other receivables increasing by 5,7% to R1,63 billion (2016: R1,54 billion) and inventories increasing by 5,8% to R597,1 million (2016: R564,1 million). Trade and other payables increased 14,4% to R1,51 billion (2016: R1,32 billion). Construction contracts in progress decreased by 9,5% to R334,0 million (2016: R369,2 million) as a result of a higher percentage of certified work and recovery of retention monies.

Borrowings decreased 13,0% to R950,8 million (2016: R1,09 billion).

Commentary *(continued)*

Capital expenditure on property, plant and equipment decreased 19,8% to R440,5 million (2016: R549,5 million).

The Group's net cash inflow for the year was R138,1 million with total cash and cash equivalents at the end of the year of R1,10 billion.

The increasing cash balance and decreasing borrowings resulted in the Group moving from a net debt position of R123,7 million in the prior year to a net cash position of R152,8 million at year-end. The strengthening balance sheet allowed for a specific repurchase of 7,5 million Raubex shares on 20 July 2016 for a total consideration of R120 million. These shares were subsequently cancelled and the weighted average number of shares in issue during the period was adjusted accordingly.

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's results for the year were supported by favourable conditions in the commercial aggregate market as well as activity in the mining sector where the division has materials handling and processing operations. Contract crushing operations continued to operate at low margins due to the competitive construction environment. Overall margins in the division decreased as a result of a reduction in iron-ore material handling activities in the Northern Cape, while crushing contracts in Mozambique were negatively affected by foreign exchange losses. The depreciation of the Mozambique Metical resulted in an R18,3 million foreign exchange loss being realised. Inclement weather particularly during the second half of the year affected commercial quarry operations in and around the Gauteng province.

Revenue for the division increased 4,6% to R2,44 billion (2016: R2,33 billion) while operating profit decreased by 13,6% to R345,5 million (2016: R399,8 million).

The divisional operating profit margin decreased to 14,2% (2016: 17,1%).

The division incurred capital expenditure of R230,1 million during the year (2016: R323,2 million).

The division has a secured order book of R1,78 billion (2016: R1,76 billion).

Construction Divisions

Road surfacing and rehabilitation

This division 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.

The division reported good results supported by a stable order book and healthy road maintenance spend at both National and Local Government level. The South African National Roads Agency SOC Limited ("SANRAL") brought an increased number of reseal contracts out to tender during the year for the maintenance of road networks that were taken under their administration from Provincial Government. The severe bitumen supply shortage that affected the prior year as a result of unplanned refinery shut downs was resolved and a consistent supply of bitumen during the year led to a more normalised level of work and strong recovery in the results.

Revenue for the division increased 17,3% to R3,58 billion (2016: R3,05 billion) and operating profit increased 49,9% to R258,9 million (2016: R172,7 million).

The divisional operating profit margin increased to 7,2% (2016: 5,7%).

The division incurred capital expenditure of R130,1 million during the year (2016: R128,4 million).

The division has a secured order book of R2,68 billion (2016: R3,09 billion), workflow is expected to remain consistent, with the decrease in order book at year-end due to the timing of the award and execution of works on the SANRAL reseal contracts.

Road construction and earthworks

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

The division reported good results given the very tough competitive conditions in which it is operating. The results for the year were supported by a quality road construction order book in South Africa and efficient work execution. In Africa, work on the Zambia Link 8000 contracts was suspended during the year due to funding constraints. The successful order book replacement in South Africa during the second half of the year relieved short-term pressure while longer-term work flow continues to be pursued and ways to address the Zambian funding impasse are being explored.

Revenue for the division increased 2,5% to R1,44 billion (2016: R1,40 billion) with operating profit increasing 6,5% to R109,6 million (2016: R103,0 million).

The divisional operating profit margin increased to 7,6% (2016: 7,4%).

The division incurred capital expenditure of R50,7 million during the year (2016: R48,1 million).

The division has a secured order book of R2,09 billion (2016: R2,29 billion), R846,8 million of which relates to the suspended Link 8000 contracts in Zambia.

Raubex Infrastructure

The Infrastructure Division 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 reported good growth for the year supported by increased construction works related to solar energy projects as well as activity in the affordable residential housing market, including GAP and RDP housing solutions. The division's property development business "Raudev" integrated well with the division's building and construction businesses. Good progress was made on the division's first affordable residential development "Woodwind Estates" with sales of completed units contributing to the results and releasing working capital. The roll-out of water infrastructure-related work in South Africa remained critically slow during the year.

Revenue for the division increased 35,9% to R1,56 billion (2016: R1,14 billion) and operating profit increased 92,5% to R67,5 million (2016: R35,1 million).

The divisional operating profit margin increased to 4,3% (2016: 3,1%).

The division incurred capital expenditure of R29,6 million (2016: R49,9 million).

The division has a secured order book of R1,48 billion (2016: R1,12 billion).

International

The Group's international operations ("the rest of Africa") have been stable with a balanced workflow from both the Materials Division and Construction Division. Operations during the year were focused mainly in Botswana, Mozambique, Namibia and Zambia.

The Group has a number of business units active in Namibia and Botswana which contributed positively to the results. In Zambia, work on the Link 8000 road contracts was suspended due to funding constraints of the Zambian Road Development Agency ("RDA"). Due to the suspension and limited work performed, no profit was recognised on these contracts during the year. The total amount included in accounts receivable from the RDA at 28 February 2017 amounted to R154,1 million. Infrastructure Division activities in Zambia were profitable and included the installation of fibre optic cable and the building of concrete structures for private clients. In Mozambique, crushing contracts were completed during the year in the midst of a depreciating Mozambique Metical which affected the profitability of this work.

International revenue increased 1,3% to R1,22 billion (2016: R1,20 billion) with operating profit flat at R218,0 million (2016: R218,3 million).

Operating profit margin decreased slightly to 17,9% (2016: 18,2%).

The international order book stands at R1,90 billion (2016: R2,13 billion), and is included in the Materials and Construction Division's order book.

Settlement agreement concluded with the South African Government

Shareholders are referred to the announcement released on SENS on 11 October 2016 in which shareholders were advised that Raubex had entered into a settlement agreement (the "Settlement Agreement") with the Government of the Republic of South Africa (the "Government"), together with other construction companies (collectively, the "Construction Companies"), in an effort to address the Construction Companies' exposure to potential claims for damages from certain identified public entities arising primarily from the fast track settlement process launched by the South African Competition Authorities in February 2011, as well as to significantly advance the transformation of the South African construction sector.

The Settlement Agreement, *inter alia,* stipulates that:

Over the next 12 years, the Construction Companies will be required to make a collective annual payment into a fund (the "Fund"). In the case of Raubex, the annual payment amounts to R15 million. The Fund will be constituted as a trust (the "Trust"). The first of such annual payments by Raubex of R15 million will be structured so that 25% thereof is payable within five (5) business days following the effective date of the Settlement Agreement and the remainder shall be paid no later than 90 days following the effective date. Thereafter, each subsequent instalment will be payable annually on 1 July.

Any claims or potential claims for damages that certain identified public entities have made, or may be entitled to make, against the Construction Companies, in relation to projects primarily arising from the Fast Track Settlement Process, will be settled. With respect to Raubex this includes the claim received on 19 April 2016 from the South African National Roads Agency SOC Limited ("SANRAL").

The Construction Companies have also individually undertaken to either:

(i) launch development initiatives with the aim of identifying, developing and mentoring up to three emerging contractors ("Emerging Contractors"), to ensure that the Emerging Contractors will have the necessary skills and quantity of work required to generate a cumulative combined annual turnover equal to at least 25% of the annual South African civil engineering and general building construction works turnover of the relevant Construction Company within seven years. Aligned to this obligation, are fixed interim period transformation targets on each Construction Company as well as penalties calculated in accordance with a formula, for a failure to meet such targets; or

(ii) to dispose of not less than a 40% economic interest in its South African civil engineering and general building construction business, to an enterprise that is more than 51% black owned, managed and controlled, in which case it is released from (i) above.

Raubex believes that the fixed transformation targets are achievable and confirms that it has elected to launch development initiatives as set out in (i) above. Raubex has selected and concluded agreements with two emerging contractors, ie Enza Construction (Pty) Ltd ("Enza") and Umso Construction (Pty) Ltd ("Umso") in order to achieve the objectives set out in (i) above.

Commentary *(continued)*

Prospects

The Materials Division is expected to continue to enjoy favourable operating conditions in both the commercial aggregate market and the mining sector where the division specialises in material handling and screening solutions for its clients. The acquisition of OMV Kimberley quarry was bedded down during the year. The Group will work to improve operational efficiencies at the plant and expand its market in the Northern Cape province in the year ahead. The acquisition of a dolomitic quarry near Moorreesburg in the Western Cape supports the Group's strategy of geographical expansion and diversification of its product mix. The quarry supplies metallurgical dolomite, agricultural lime and aggregates. Raubex will continue to look for acquisitions in this division.

During recent months, the Group has experienced an increasing number of enquiries from mining clients for both material handling and infrastructure solutions. Although no firm orders have been secured, with commodity prices at current levels, the prospects for future work in the mining sector are encouraging.

The Road Construction Division was able to relieve short-term order book pressure in the second half of the year and secured replacement work at similar margin. However, longer-term work flow is being pursued more aggressively. The Road Surfacing and Rehabilitation Division maintained its order book at a satisfactory level. The increase from R13 billion to R15 billion in the maintenance budget allocated to SANRAL for the coming year bodes well for both these divisions which are well positioned to secure a fair share of this work in the upcoming tender season.

The Infrastructure Division order book has shown growth in the affordable housing sector including the roll out of Woodwind Estate in Midrand and opportunities to participate in the Lufhereng Integrated Urban Development Project to the west of Soweto. While the renewable energy sector offers encouraging prospects, the division's secured order book in this sector is low with current contracts nearing completion. Further delays from Eskom cast doubt on the timing and award of the next round of the REIPPP projects.

It is expected that some large civil construction projects will come to market in the medium term, *inter alia*, the Msikaba and Mtentu bridges on the N2 Wild Coast Highway for which tenders have already closed, the Moloto Road upgrade for SANRAL, the expansion of the Durban Port for Transnet and various works for the Passenger Rail Agency of South Africa ("PRASA"). The timely award of these projects would go some way in absorbing the current overcapacity in the industry.

The Voluntary Rebuilding Programme ("VRP") settlement agreement reached with the Government of the Republic of South Africa, and Raubex's chosen approach to develop and mentor two established Emerging Contractors, affirms the Group's commitment to the transformation of the construction industry in South Africa and sets the stage for a healthy working relationship with Government as they roll out plans for much needed infrastructure development and address economic transformation in the country.

The Group has a secured order book of R8,03 billion (2016: R8,27 billion) with 23,7% of the order book representing contracts outside of South Africa in the rest of Africa.

This strong set of results underpins Raubex Group's celebration of its 10th year as a listed entity on the Johannesburg Stock Exchange. The Group's continued performance was achieved in a very competitive construction sector and is testimony to the management's strength, its ability to adapt and to find opportunities in changing and challenging conditions.

The Group's strong balance sheet and growing cash balance will support the management team's efforts to look for opportunities, both local and international, to ensure that it continues to grow from strength to strength in the years ahead.

Dividend declaration

The directors have declared a gross final cash dividend from income reserves of 45 cents per share on 8 May 2017 for the year ended 28 February 2017. The salient dates for the payment of the dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 30 May 2017
Commence trading *ex* dividend	Wednesday, 31 May 2017
Record date	Friday, 2 June 2017
Payment date	Monday, 5 June 2017

No share certificates may be dematerialised or rematerialised between Wednesday, 31 May 2017 and Friday, 2 June 2017, both dates inclusive.

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

- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of this declaration is 181 750 036.
- The dividend to utilise for determining the DT due is 45 cents per share.
- The DT amounts to 9 cents per share.
- The net local dividend amount is 36 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 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 on 23 January 2017 of the change in function of a director. Mrs Ntombi Felicia Msiza, who joined Raubex as an Independent Non-executive Director in February 2011, has been appointed as an Executive Director responsible for Governance, Risk and Compliance effective from 1 March 2017. The company is in the process of appointing an Independent Non-Executive Director to fill the vacancy as a result of the above change in function.

Group income statement

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Revenue	**9 005 645**	7 925 754
Cost of sales	**(7 762 882)**	(6 800 882)
Gross profit	**1 242 763**	1 124 872
Other income	**30 030**	27 966
Other gains/(losses) – net	**(8 319)**	12 695
Administrative expenses	**(482 915)**	(454 970)
Voluntary Rebuilding Programme expense	**(119 884)**	–
Operating profit	**661 675**	710 563
Finance income	**57 366**	41 872
Finance costs	**(100 937)**	(91 116)
Share of profit of investments accounted for using the equity method	**855**	324
Profit before income tax	**618 959**	661 643
Income tax expense	**(209 105)**	(192 240)
Profit for the year	**409 854**	469 403
Profit for the year attributable to:		
Owners of the parent	**372 062**	445 308
Non-controlling interest	**37 792**	24 095
Basic earnings per share (cents)	**203,7**	236,9
Diluted earnings per share (cents)	**202,2**	234,3

Group statement of comprehensive income

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Profit for the year	**409 854**	469 403
Other comprehensive income for the year, net of tax		
Currency translation differences	**(8 762)**	(2 069)
Actuarial gain on post-employment benefit obligations	**70**	149
Total comprehensive income for the year	**401 162**	467 483
Comprehensive income for the year attributable to:		
Owners of the parent	**363 370**	443 388
Non-controlling interest	**37 792**	24 095
Total comprehensive income for the year	**401 162**	467 483

Calculation of diluted earnings per share

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Profit attributable to owners of the parent entity	**372 062**	445 308
Weighted average number of ordinary shares in issue ('000)	**182 668**	187 961
Adjustments for:		
Shares deemed issued for no consideration (share options) ('000)	**1 362**	2 085
Weighted average number of ordinary shares for diluted earnings per share ('000)	**184 030**	190 046
Diluted earnings per share (cents)	**202,2**	234,3

Calculation of headline earnings per share

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Profit attributable to owners of the parent entity	**372 062**	445 308
Adjustments for:		
Profit on sale of property, plant and equipment	**(16 092)**	(6 527)
Goodwill written off	**7 906**	–
Total tax effects of adjustments	**4 506**	1 827
Basic headline earnings	**368 382**	440 608
Weighted average number of shares ('000)	**182 668**	187 961
Headline earnings per share (cents)	**201,7**	234,4
Diluted headline earnings per share (cents)	**200,2**	231,8

Group statement of financial position

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**2 364 319**	2 335 748
Intangible assets	**851 102**	829 283
Investment in associates and joint ventures	**49 087**	50 682
Deferred income tax assets	**40 938**	42 478
Non-current inventories	**73 459**	81 954
Non-current trade and other receivables	**100 557**	114 438
Total non-current assets	**3 479 462**	3 454 583
Current assets		
Inventories	**523 600**	482 162
Construction contracts in progress and retentions	**334 016**	369 184
Trade and other receivables	**1 525 373**	1 423 371
Current income tax receivable	**27 713**	27 593
Cash and cash equivalents	**1 103 618**	969 736
Total current assets	**3 514 320**	3 272 046
Total assets	**6 993 782**	6 726 629
EQUITY		
Share capital	**1 817**	1 892
Share premium	**2 059 688**	2 179 613
Treasury shares	**(23 664)**	(46 599)
Other reserves	**(1 179 094)**	(1 148 951)
Retained earnings	**2 938 678**	2 718 123
Equity attributable to owners of the parent	**3 797 425**	3 704 078
Non-controlling interest	**152 300**	128 764
Total equity	**3 949 725**	3 832 842
LIABILITIES		
Non-current liabilities		
Borrowings	**562 573**	682 027
Provisions for liabilities and charges	**74 838**	65 741
Deferred income tax liabilities	**311 608**	310 041
Other financial liabilities	**150 120**	59 385
Total non-current liabilities	**1 099 139**	1 117 194
Current liabilities		
Trade and other payables	**1 514 324**	1 323 782
Borrowings	**388 227**	411 411
Current income tax liabilities	**25 120**	18 466
Other financial liabilities	**17 247**	22 934
Total current liabilities	**1 944 918**	1 776 593
Total liabilities	**3 044 057**	2 893 787
Total equity and liabilities	**6 993 782**	6 726 629

Group statement of cash flows

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Cash flows from operating activities		
Cash generated from operations	**1 223 840**	1 050 461
Interest received	**57 366**	41 872
Interest paid	**(89 776)**	(84 522)
Income tax paid	**(206 977)**	(190 449)
Net cash generated from operating activities	**984 453**	817 362
Cash flows from investing activities		
Purchases of property, plant and equipment	**(440 512)**	(549 535)
Proceeds from sale of property, plant and equipment	**88 986**	48 825
Acquisition of subsidiaries	**(26 148)**	(47 049)
Loan repayment from/(granted to) associates and joint ventures	**2 450**	(39 650)
Net cash used in investing activities	**(375 224)**	(587 409)
Cash flows from financing activities		
Proceeds from borrowings	**377 903**	502 667
Repayment of borrowings	**(534 194)**	(509 725)
Proceeds from shares issued	**–**	19
Dividends paid to owners of the parent	**(160 087)**	(135 623)
Dividends paid to non-controlling interests	**(14 256)**	(6 281)
Disposal of interest in a subsidiary	**510**	200
Acquisition of interest in a subsidiary	**–**	(5 600)
Contingent consideration settled	**(20 989)**	–
Share buy-back transaction	**(120 000)**	–
Sale/(acquisition) of treasury shares	**13**	(46 599)
Net cash used in financing activities	**(471 100)**	(200 942)
Net increase in cash and cash equivalents	**138 129**	29 011
Cash and cash equivalents at the beginning of the year	**969 736**	937 275
Effects of exchange rates on cash and cash equivalents	**(4 247)**	3 450
Cash and cash equivalents at the end of the year	**1 103 618**	969 736

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 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	–	–	(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
Share option reserve	**–**	**–**	**–**	**9 541**	**–**	**9 541**	**–**	**9 541**
Share buy-back	**(75)**	**(119 925)**	**–**	**–**	**–**	**(120 000)**	**–**	**(120 000)**
Treasury shares issued in terms of equity-settled share option scheme	**–**	**–**	**22 935**	**–**	**(22 922)**	**13**	**–**	**13**
Share option reserve utilised during the year	**–**	**–**	**–**	**(30 922)**	**30 922**	**–**	**–**	**–**
Disposal of interest to non-controlling interest	**–**	**–**	**–**	**–**	**510**	**510**	**–**	**510**
Total comprehensive income for the year	**–**	**–**	**–**	**(8 762)**	**372 132**	**363 370**	**37 792**	**401 162**
Dividends paid	**–**	**–**	**–**	**–**	**(160 087)**	**(160 087)**	**(14 256)**	**(174 343)**
Balance at 28 February 2017	**1 817**	**2 059 688**	**(23 664)**	**(1 179 094)**	**2 938 678**	**3 797 425**	**152 300**	**3 949 725**

Group segmental analysis

	Materials R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infra-structure R'000	Other* R'000	Consolidated R'000
Operating segments						
28 February 2017						
Segment revenue	**2 439 016**	**3 575 199**	**1 435 421**	**1 556 009**	**–**	**9 005 645**
Operating profit	**345 532**	**258 872**	**109 633**	**67 522**	**(119 884)**	**661 675**
Margin	**14,2%**	**7,2%**	**7,6%**	**4,3%**	**–**	**7,3%**
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%

	Local R'000	International R'000	Other* R'000	Consolidated R'000
Geographical information				
28 February 2017				
Segment revenue	**7 790 122**	**1 215 523**	**–**	**9 005 645**
Operating profit	**563 602**	**217 957**	**(119 884)**	**661 675**
Margin	**7,2%**	**17,9%**	**–**	**7,3%**
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%

** Other consists of the Voluntary Rebuilding Programme expense.*

Employee benefit expense

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Employee benefit expense in the income statement consists of:		
Salaries, wages and contributions	**2 113 760**	1 911 428
Share options granted to employees	**9 541**	19 875
Total employee benefit expense	**2 123 301**	1 931 303

Capital expenditure and depreciation

	Audited 12 months 28 February 2017 R'000	Audited 12 months 29 February 2016 R'000
Capital expenditure for the year	**440 512**	549 535
Depreciation for the year	**373 230**	371 306
Amortisation of intangible assets for the year	**1 433**	671

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 28 February 2017 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.

Share capital and premium

	Number of shares in issue	Ordinary share capital R'000	Share premium R'000	Total R'000
At 1 March 2015	187 330 165	1 873	2 179 613	2 181 486
Shares issued in terms of equity-settled share option scheme	1 919 871	19	–	19
At 29 February 2016	189 250 036	1 892	2 179 613	2 181 505
Shares buy-back transaction	(7 500 000)	(75)	(119 925)	(120 000)
At 28 February 2017	**181 750 036**	**1 817**	**2 059 688**	**2 061 505**

On 4 August 2016, the company cancelled and delisted 7 500 000 ordinary shares. These shares were acquired as part of a specific repurchase from an associate of a non-executive director of the company in terms of the authority to repurchase the shares approved by the shareholders of the company at the general meeting held on 20 July 2016.

Following the cancellation, the issued share capital of the company comprises 181 750 036 ordinary shares of 1 cent each.

Treasury shares

During the year 1 320 328 treasury shares were utilised to settle share options that vested in terms of the employee share option scheme for an amount of R22,9 million. The related weighted average share price at the time of exercise was R17,37. The weighted average share price of the remaining treasury shares held is 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
Treasury shares issued in terms of equity-settled share option scheme	(1 320 328)	(22 935)
Total treasury shares held by Raubex (Pty) Ltd at 28 February 2017	**1 362 334**	**23 664**

Business combinations

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

On 9 March 2016, the Group effectively acquired 100% of OMV Kimberley for a purchase price of R37,5 million to be settled in cash. OMV Kimberley is a commercial quarry operating in the Northern Cape province supplying aggregates to the construction industry. The revenue included in the consolidated income statement since 9 March 2016 contributed by OMV Kimberley was R37,1 million with a net profit contribution of R1,9 million over the same period.

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

	R'000
Consideration	
Cash	**27 500**
Deferred consideration*	**10 000**
Total consideration	**37 500**
Recognised amounts of identifiable assets and acquired liabilities assumed	
Property, plant and equipment	**35 347**
Intangible asset – mining right	**10 000**
Inventories	**1 387**
Trade receivables	**2 452**
Current income tax receivable	**1 944**
Cash and cash equivalents	**9 267**
Other financial assets	**1 607**
Deferred tax asset	**2 824**
Borrowings	**(13 654)**
Deferred tax liability	**(10 226)**
Trade and other payables	**(3 556)**
Rehabilitation provision	**(6 346)**
Total identified net assets	**31 046**
Goodwill attributable to owners of the parent	**6 454**
Total	**37 500**
Purchased consideration settled in cash	**27 500**
Less: Cash and cash equivalents in the business combination acquired	**(9 267)**
Cash outflow on acquisition for cash flow statement	**18 233**

* *The deferred consideration is an amount of R10 million payable to the previous shareholders of OMV Kimberley once transfer of the mining right into the name of the Group has been successfully completed. The deferred consideration is included in the cost of the business combination at the fair value date of the acquisition.*

Malmesbury Sand (Pty) Ltd ("Malmesbury Sand")

On 1 September 2016, the Group effectively acquired 100% of the shares of Malmesbury Sand for a purchase price of R10,6 million to be settled in cash. Malmesbury Sand is a commercial quarry operating in the Western Cape. The acquisition improves the national footprint of the commercial quarry operations and gives the group access to sand in the area. The acquisition is in line with the group's strategy to expand its commercial quarry business geographically. The revenue included in the consolidated income statement since 1 September 2016 contributed by Malmesbury Sand was R3,5 million with a net loss contribution of R0,2 million over the same period. Had Malmesbury Sand been consolidated from 1 March 2016 the consolidated income statement would show *pro forma* revenue of R4,1 million and net loss of R0,3 million.

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

	R'000
Consideration	
Cash	**8 000**
Deferred consideration*	**2 600**
Total consideration	**10 600**
Recognised amounts of identifiable assets and acquired liabilities assumed	
Intangible asset – mining right	**7 256**
Deferred tax asset	**29**
Cash and cash equivalents	**85**
Current tax liability	**(3)**
Trade payables	**(77)**
Deferred tax liability	**(2 032)**
Rehabilitation provision	**(105)**
Total identifiable net assets	**5 153**
Goodwill attributable to owners of the parent	**5 447**
Total	**10 600**
Purchased consideration settled in cash	**8 000**
Less: Cash and cash equivalents in the business combination acquired	**(85)**
Cash outflow on acquisition for cash flow statement	**7 915**

* *The deferred consideration is an amount of R2,6 million payable to the previous shareholders of Malmesbury Sand once transfer of the mining right into the name of the Group has been successfully completed. The deferred consideration is included in the cost of the business combination at fair value on the date of the acquisition.*

Events after the reporting period

Lime Sales Ltd ("Lime Sales")

On 1 March 2017, the group effectively acquired 74% of Lime Sales for a purchase price of R37 million to be settled in cash. Lime Sales is a commercial quarry operating near Moorreesburg in the Western Cape that produces metallurgical dolomite, agricultural lime and aggregates. The acquisition is in line with the Group's strategy to expand its commercial quarry business geographically.

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	**RJ Fourie**	**JF Gibson**
Chairman	*Chief Executive Officer*	*Financial Director*

8 May 2017

Notes

Company information

Directors

JE Raubenheimer#

RJ Fourie

JF Gibson

NF Msiza

F Kenney#

LA Maxwell*

BH Kent*

Non-executive * *Independent non-executive*

Company secretary

Mrs HE Ernst

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South Africa

Transfer secretaries

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