

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

AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

HIGHLIGHTS

- Revenues up 10,1% to R4,58bn (2009: R4,16bn)
- Operating profit up 11,7% to R887,3m (2009: R794,6m)
- Group operating margin of 19,4% (2009: 19,1%)
- HEPS up 11% to 323,8 cents per share (2009: 291,7 cents per share)
- Cash flow from operations down 17,8% to R793,1m (2009: R964,4m)
- Capex spend of R252,4m (2009: R382,8m)
- Order book of R4,7bn (2009: R5,2bn)
- Final dividend of 75 cents per share declared

Francois Diedrehsen, Financial and Commercial Director of Raubex Group, said: *"The past year presented challenging trading conditions for the Group but we are pleased with the overall performance and resulting growth in revenue and profitability.*

"Our international expansion is progressing well with work currently underway in Namibia, Zambia and Malawi. Locally, a number of new contracts were secured in the past year as part of our efforts to secure the medium-term order book. In addition, we expect a number of tenders for large concession contracts to be issued in the year ahead.

"We remain confident that our healthy financial position and extended footprint sets us well for the challenging year ahead."

19 May 2010

ENQUIRIES

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COMMENTARY

FINANCIAL OVERVIEW

Revenue increased 10,1% to R4,58 billion and operating profit increased 11,7% to R887,3 million from the corresponding prior period. Profit before tax increased 13,4% to R858,6 million.

Earnings per share increased 12,6% to 325,6 cents with headline earnings per share increasing 11% to 323,8 cents.

Group operating profit margin increased 1,6% to 19,4% (2009: 19,1%).

The Group generated operating cash flows of R793,1 million before finance charges and taxation. Cash generation was negatively affected by an increase in working capital due to delayed payments from the Road Development Agency in Zambia.

Trade receivables increased 65,8% to R977,7 million as a result of the increase in accounts due by the Roads Development Agency in Zambia and South African Provincial Government accounts that were collected post balance sheet date.

Capital expenditure on fixed assets to the value of R252,4 million was incurred during the year ended 28 February 2010.

The Group's depreciation charge for the period increased 45% to R225 million from the corresponding prior period as a result of the increased level of capital expenditure incurred in the prior year and a change in accounting estimate of the useful economic lives of plant and equipment. This change in accounting estimate has given rise to an additional depreciation charge of R39,4 million during the period.

Total cash and cash equivalents at the end of the period amounted to R494,7 million.

Total cash outflow for the period was R81,7 million. Net cash outflow on acquisition of subsidiaries and business combinations amounted to R49,9 million. The cash outflow attributable to income tax payments increased by 50% to R300,1 million (2009: R200 million). This increase in tax payments is as a result of an amendment to the Income Tax Act which has affected the timing of provisional tax payments.

Expenses related to the share incentive scheme amounted to R12,8 million during the period.

OPERATIONAL OVERVIEW

Roadmac

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

Roadmac continues to be the largest contributor to Group revenue. Performance for the period was impacted by the increased competition in light rehabilitation and resulting slight decrease in margins.

The division has secured a healthy order book going into 2011 with demand for asphalt in the Gauteng market remaining strong.

Unusually high rainfalls caused delays in the execution of some work, particularly in the Gauteng region. This had a negative impact on the asphalt business with a number of orders now taking place during the new reporting period.

Surfacing teams were deployed in Zambia during the latter part of the year to assist with the completion of the seal work on some major contracts. This work will be completed in the months ahead and the teams will be redeployed on South African contracts.

The division currently operates at full capacity but the impact of new work being completed at lower margins due to increased competition will become more evident in the 2011 operating margins.

Revenue for the division decreased 3,4% to R1,98 billion (2009: R2,05 billion) and operating profit by 5,9% to R405,4 million (2009: R431 million).

The divisional margins decreased to 20,5% (2009: 21,1%) due to the increased competition experienced during the year.

The division incurred capital expenditure of R79,5 million during the year (2009: R90,4 million).

Raubex Construction

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

The division operated at full capacity during the year as a result of the contracts secured in the run up to the World Cup and the Namibian contracts which were awarded at the beginning of the year.

Despite increased competition for Raubex Construction's line of work, the strength of the order book reduced the need for the division to tender on lower margin contracts which are in higher demand at present. Whilst the environment is expected to remain very competitive in the short term resulting in slightly lower margins, Raubex Construction will continue to ensure that it maintains a healthy order book, in particular through its growing international exposure.

Revenue for the division increased 44,8% to R1,59 billion (2009: R1,09 billion) whilst operating profit increased 84,4% to R263,2 million (2009: R142,7 million).

The divisional margins increased to 16,6% (2009: 13%).

The division incurred capital expenditure of R73,9 million during the year (2009: R74,8 million).

Internationally, revenue increased 57,6% to R507 million (2009: R321,7 million) with margins decreasing to 7% (2009: 9,6%) as a result of tough trading conditions experienced in Zambia.

Work on the Namibian contracts is progressing well and site establishment has commenced in Malawi following the awarding of the Mchinji - Kawere Road contract.

Raumix

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

Commercial quarry operations continue to benefit from infrastructure projects, particularly in Gauteng.

The residential building market remains depressed, with the slowdown first felt in the Gauteng region, now starting to filter through to other areas. Recovery in the short term is not expected.

Contract crushing operations of B&E International performed well during the first half of the year, but have experienced a reduced order book in the second half and more pressure on margins.

Material handling operations of SPH Kundalila continue to be profitable and appear to be favoured by the current economic conditions with stable revenue streams being reported. Mining activities are starting to show signs of recovery.

Revenue for the division remained flat at R1,02 billion (2009: R1,02 billion) and operating profit decreased by 1% to R218,7 million (2009: R220,9 million).

The divisional margins decreased to 21,4% (2009: 21,6%)

The division incurred capital expenditure of R99 million during the period (2009: R217,6 million).

PROSPECTS

Despite difficult trading conditions this year, the Group has been able to grow both revenue and earnings whilst maintaining a secured order book of R4,7 billion (2009: R5,2 billion).

In the short-term, trading conditions in the industry will continue to be challenging with the impact of pressures on margins likely to become more evident in the 2011 financial year.

The long-term outlook remains positive with a number of concession contracts expected to come out for tender. These include the N1 N2 Winelands Project which is now out on tender as well as the N2 Wild Coast toll road and the second phase of the Gauteng Freeway Improvement Project which is expected to commence by the end of 2011.

SANRAL's annual maintenance budgets remain encouraging and the poor condition of the provincial and municipal road networks should see government and local authorities place additional emphasis on this essential infrastructure.

Mining activities are showing signs of improvement and this bodes well for both B&E International and SPH Kundalila's material handling operations. In addition, two suspended diamond related contracts have recently been revived whilst a number of other prospects are in the offing in Namibia.

Valuable experience continues to be gained through the Group's ongoing African expansion drive and the resulting extended footprint coupled with a healthy financial position sets Raubex well to navigate the challenging year ahead.

DIVIDEND DECLARATION

The directors have declared a final dividend of 75 cents per share on 19 May 2010. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 4 June 2010
Commence trading ex dividend	Monday, 7 June 2010
Record date	Friday, 11 June 2010
Payment date	Monday, 14 June 2010

No share certificates may be dematerialised or rematerialised between Monday, 7 June 2010 and Friday, 11 June 2010, both dates inclusive.

GROUP INCOME STATEMENT	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Revenue	4,582,883	4,162,780
Cost of sales	(3,508,522)	(3,148,561)
Gross profit	1,074,361	1,014,219
Other income	27,327	8,024
Other gains/(losses) - net	3,902	(24,448)
Administrative expenses	(218,327)	(203,201)
Operating profit	887,263	794,594
Finance income	36,837	42,630
Finance costs	(65,544)	(79,841)
Share of profit of associate	20	84
Profit before income tax	858,576	757,467
Income tax expense	(266,269)	(228,613)
Profit for the year	592,307	528,854
Profit for the year attributable to:		
Owners of the parent	594,643	525,852
Minority interest	(2,336)	3,002
Basic earnings per share (cents)	325,6	289,2
Diluted earnings per share (cents)	323,6	285,8

GROUP STATEMENT OF COMPREHENSIVE INCOME	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Profit for the year	592,307	528,854
Other comprehensive income for the year, net of tax		
Currency translation differences	(3,813)	(6,541)
Total comprehensive income for the year	588,494	522,313
Comprehensive income for the year attributable to:		
Owners of the parent	590,830	519,311
Minority interest	(2,336)	3,002
Total comprehensive income for the year	588,494	522,313

CALCULATION OF DILUTED EARNINGS PER SHARE	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Profit attributable to equity holders of the parent	594,643	525,852
Weighted average number of ordinary shares in issue ('000)	182,624	181,825
<i>Adjustments for:</i>		
Shares deemed issued for no consideration (share options) ('000)	1,144	2,200
Weighted average number of ordinary shares for diluted earnings per share	183,768	184,025
Diluted earnings per share (cents)	323,6	285,8

CALCULATION OF HEADLINE EARNINGS PER SHARE	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Profit attributable to equity holders of the parent	594,643	525,852
<i>Adjustments for:</i>		
(Gain)/loss on sale of plant and equipment	(7,635)	1,793
Impairment of asset held for sale	-	3,237
Impairment of goodwill	2,271	-
Total tax effects of adjustments	2,138	(502)
Basic headline earnings	591,417	530,380
Weighted average number of shares ('000)	182,624	181,825
Headline earnings per share (cents)	323,8	291,7
Diluted headline earnings per share (cents)	321,8	288,2

GROUP STATEMENT OF FINANCIAL POSITION	Audited 28 February 2010 R'000	Audited 28 February 2009 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,243,360	1,212,941
Intangible assets	723,824	724,289
Investments in associate	324	6,854
Deferred income tax assets	35,569	28,398
Trade and other receivables	496	728
Total non-current assets	2,003,573	1,973,210
Current assets		
Inventories	123,983	123,074
Construction contracts in progress and retentions	220,098	171,232
Trade and other receivables	977,675	589,823
Current income tax receivable	6,412	3,285
Derivative financial instruments	-	1,167
Cash and cash equivalents	494,669	588,345
Total current assets	1,822,837	1,476,926
Assets of disposal group classified as held for sale	-	3,000
Total assets	3,826,410	3,453,136
EQUITY		
Share capital	1,826	1,826
Share premium	2,139,632	2,139,632
Other reserves	(1,139,446)	(1,148,471)
Retained earnings	1,263,340	855,995
Equity attributable to equity holders of the parent	2,265,352	1,848,982
Minority interest in equity	4,344	6,957
Total equity	2,269,696	1,855,939
LIABILITIES		
Non-current liabilities		
Borrowings	263,906	394,060
Provisions for liabilities and charges	12,624	14,215
Deferred income tax liabilities	206,268	207,999
Total non-current liabilities	482,798	616,274
Current liabilities		
Trade and other payables	736,315	624,636
Borrowings	269,672	256,887
Current income tax liabilities	67,929	87,444
Bank overdrafts	-	11,956
Total current liabilities	1,073,916	980,923
Total liabilities	1,556,714	1,597,197
Total equity and liabilities	3,826,410	3,453,136

GROUP STATEMENT OF CASH FLOWS	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Cash flows from operating activities		
Cash generated from operations	793,099	964,405
Finance income	36,837	42,630
Finance costs	(65,544)	(79,841)
Dividend received	4,139	-
Income tax paid	(300,122)	(200,026)
Net cash generated from operating activities	468,409	727,168
Cash flows from investing activities		
Purchases of property, plant and equipment	(252,357)	(382,781)
Proceeds from sale of property, plant and equipment	49,693	37,296
Acquisition of subsidiaries	(49,887)	(384,376)
Loans granted to associates	-	(4,100)
Loan repayments received from associates	6,550	-
Net cash used in investing activities	(246,001)	(733,961)
Cash flows from financing activities		
Proceeds from borrowings	186,060	375,648
Repayment of borrowings	(303,429)	(323,475)
Share issue expenses	-	(1,107)
Proceeds on disposal of investment to minority	6,000	-
Dividends paid to company's shareholders	(191,755)	(127,837)
Dividends paid to minority interests	(1,004)	(260)
Net cash used in financing activities	(304,128)	(77,031)
Net decrease in cash and cash equivalents	(81,720)	(83,824)
Cash and cash equivalents at the beginning of the year	576,389	660,213
Cash and cash equivalents at the end of the year	494,669	576,389

GROUP STATEMENT OF CHANGES IN EQUITY	Total attributable to equity holders of the parent company						
	Share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	company R'000	Minority interest R'000	Total equity R'000
Balance at 1 March 2008	1,725	1,830,853	(1,156,814)	457,979	1,133,743	2,785	1,136,528
Issue of share capital and share premium	101	309,886	-	-	309,987	-	309,987
Share issue expenses	-	(1,107)	-	-	(1,107)	-	(1,107)
Share option reserve	-	-	14,884	-	14,884	-	14,884
Minority interest in acquired company	-	-	-	-	-	1,430	1,430
Total comprehensive income for the year	-	-	(6,541)	525,852	519,311	3,002	522,313
Dividends paid	-	-	-	(127,836)	(127,836)	(260)	(128,096)
Balance at 28 February 2009	1,826	2,139,632	(1,148,471)	855,995	1,848,982	6,957	1,855,939
Share option reserve	-	-	12,838	-	12,838	-	12,838
Disposal of interest to minorities	-	-	-	4,457	4,457	727	5,184
Total comprehensive income for the year	-	-	(3,813)	594,643	590,830	(2,336)	588,494
Dividends paid	-	-	-	(191,755)	(191,755)	(1,004)	(192,759)
Balance at 28 February 2010	1,826	2,139,632	(1,139,446)	1,263,340	2,265,352	4,344	2,269,696

GROUP SEGMENTAL ANALYSIS	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
Reportable segments				
28 February 2010				
Segment revenue	1,020,927	1,976,883	1,585,073	4,582,883
Segment result (operating profit)	218,698	405,414	263,151	887,263
28 February 2009				
Segment revenue	1,022,455	2,045,908	1,094,417	4,162,780
Segment result (operating profit)	220,886	430,998	142,710	794,594
Geographical information				
28 February 2010				
Segment revenue		4,075,849	507,034	4,582,883
Segment result (operating profit)		851,625	35,638	887,263
28 February 2009				
Segment revenue		3,841,120	321,660	4,162,780
Segment result (operating profit)		763,630	30,964	794,594

EMPLOYEE BENEFIT EXPENSE	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Employee benefit expense in the income statement consists of:		
- Salaries, wages and contributions	783,023	688,198
- Share options granted to employees	12,838	14,884
Total employee benefit expense	795,861	703,082

CAPITAL EXPENDITURE AND DEPRECIATION	Audited 12 months 28 February 2010 R'000	Audited 12 months 28 February 2009 R'000
Capital expenditure for the year	252,357	382,781
Depreciation for the year	224,959	155,186
Amortisation of intangible assets for the year	2,280	2,285

NOTES

Basis of preparation

The abridged consolidated financial information is based on the audited financial statements of the Group for the year ended 28 February 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard 34, the Listings Requirements of the JSE Limited and the South Africa Companies Act 61 of 1973 as amended, on a consistent basis with that of the prior period.

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

Change in accounting estimate

Useful economic lives of property, plant and equipment

In terms of IAS 16, *Property Plant and Equipment*, the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

A review of the useful economic lives of property, plant and equipment was performed during the year ended 28 February 2010. This review has resulted in a change in estimate and an additional depreciation charge of R39,4 million for the year ended 28 February 2010 which is expected to recur over the remaining useful life of the assets.

Business combinations

The Group made the following acquisitions during the year.

Anchor Park Investments 71 (Pty) Ltd

On 1 March 2009 the group acquired 100% of the share capital and loan account of Anchor Park Investments 71 (Pty) Ltd for R35 million cash. The acquired company owns a Pilatus PC12 aircraft which will provide flight services to the Group and facilitate the Groups SADC expansion. The company's name has subsequently been changed to Raubair (Pty) Ltd.

The business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety Products CC

On 1 September 2009 the Group through its dormant company Forward Infra (Pty) Ltd, acquired the business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety Products CC as a going concern for R6,1 million cash. The acquired businesses specialise in road marking and the supply of road studs in the Kwazulu Natal region. If the acquisition had occurred on 1 March 2009, contributions to Group revenue would have been R17,2 million and net profit of R0,03 million.

The business of Mbogoto Mining CC

On 1 February 2010 the Group through Raumix Aggregates (Pty) Ltd, acquired the business of Mbogoto Mining CC as a going concern for R8,3 million cash. The acquired business consists of a quarrying operation near Harding in Kwazulu Natal. If the acquisition had occurred on 1 March 2009, contributions to Group revenue would have been R14 million and net profit of R1,2 million. It is the Groups intention to erect an asphalt plant on the site and realise the synergies between the supply of aggregates and asphalt production.

Contingencies

On 10 April 2008 the Group acquired 100% of the share capital of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd for R50 million. The purchase price is subject to an adjustment after expiry of a profit warranty period ending 31 August 2010. The total purchase price is limited to a maximum of R90 million. The increased purchase consideration will only be determined once the interim results of the acquired entity for the 6 months ending 31 August 2010 have been audited.

Post balance sheet events

There were no material post balance sheet events to report up to the date of preparation of these Group financial statements.

Restatement of comparative figures

In the prior year financial statements proceeds from borrowings and repayment of borrowings were disclosed net in the group's statement of cash flows. In order to more fairly present the cash flow information, proceeds from borrowings and repayment of borrowings have been separately disclosed in the current year statement of cash flows. This has resulted in the restatement of the prior year figures.

Disclosure as per statement of cash flows for the year ended 28 February 2009.

R'000

Proceeds from borrowings **52,173**

Disclosure of comparative figures as per statement of cash flows for the year ended 28 February 2010.

Proceeds from borrowings **375,648**
Repayment of borrowings **(323,475)**

On behalf of the Board:

M C Matjila
Chairman

R J Fourie
Chief Executive Officer

F Diedrehsen
Group Financial & Commercial Director

19 May 2010

Directors:

M C Matjila (Chairman)[#], J E Raubenheimer[#], R J Fourie, F Diedrehsen, F Kenney[#], M B Swana[#], L Maxwell*

[#] Non-executive * Independent non-executive

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Mrs H E Ernst

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Sponsor:
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