

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")

The background of the cover features a collage of images related to construction and infrastructure. In the upper left, two construction workers in safety gear (hard hats and high-visibility vests) are looking at a clipboard on a construction site. In the center, there are several large, modern buildings with grey tiled roofs. In the lower left, a close-up shows hands planting a green seedling into the soil. The entire scene is framed by large, overlapping, semi-transparent circular arcs in shades of orange, yellow, and green, creating a sense of movement and progress.

UNAUDITED INTERIM RESULTS

for the six months
ended 31 August 2022

FINANCIAL HIGHLIGHTS



REVENUE increased
↑ **23.2%** to **R7.38 billion**
(H1 2022: R5.99 billion)



OPERATING PROFIT increased
↑ **26.4%** to **R550.3 million**
(H1 2022: R435.2 million)



HEADLINE EARNINGS PER SHARE increased
↑ **16.1%** to **159.0 cents per share**
(H1 2022: 137.0 cents per share)



EARNINGS PER SHARE increased
↑ **15.1%** to **161.8 cents per share**
(H1 2022: 140.6 cents per share)



CASH GENERATED FROM OPERATIONS
increased ↑ **145.7%** to **R589.3 million**
(H1 2022: R239.9 million)



↑ **NET ASSET VALUE** of **R5.41 billion**
(2022: R5.22 billion)



↑ **CAPITAL EXPENDITURE**
of **R394.5 million**
(H1 2022: R287.3 million)



↑ **ORDER BOOK** of **R16.40 billion**
(2022: R17.13 billion)



↑ **INTERIM DIVIDEND** of
53 cents per share declared
(H1 2022: 47 cents per share)

FELICIA MSIZA

*CEO of Raubex Group,
commented:*

“Our teams navigated tough macroeconomic and inflationary pressures as well as supply chain constraints to achieve a pleasing Group performance, supported by all four divisions.

“The Group strategy to diversify into Australia, PPP’s and mining is proving successful. These initiatives were key contributors to the robust results with Australia continuing its solid performance from last year.

“Our talented teams and strength in leadership underpin our ability to extract further value from the portfolio, as we deliver on our secured order book and leverage our healthy balance sheet to build on our diversification efforts.”

COMMENTARY

FINANCIAL OVERVIEW

Compared with the prior period, revenue was 23.2% higher at R7.38 billion, supported mainly by increased activity on the SANRAL projects in KwaZulu-Natal ("KZN"), the Beitbridge Border Post project and recently acquired Bauba Resources (Pty) Ltd ("Bauba"). Operating profit increased 26.4% to R550.3 million and the Group operating margin was 7.5% (H1 2022: 7.3%), with the main contributors to the increase being the Beitbridge Border Post project and Bauba.

Profit before tax increased 24.8% to R525.4 million (H1 2022: R420.9 million).

Earnings per share was 15.1% higher at 161.8 cents (H1 2022: 140.6 cents) and headline earnings per share increased 16.1% to 159.0 cents (H1 2022: 137.0 cents).

Net finance costs increased to R25.4 million (H1 2022: R10.6 million). Finance costs include R16.8 million (H1 2022: R14.6 million) interest attributable to lease payments accounted for in terms of IFRS 16: *Leases*.

Included in the net impairment gains/(losses) on financial and contract assets is R36.5 million bad debt recovery received from the Zambia Roads Authority.

Cash generated from operations before finance charges and taxation was strong at R589.3 million (H1 2022: R239.9 million). The inflow for the period was mainly attributable to the increased profits generated at Bauba and the Beitbridge Border Post project in Zimbabwe. Working capital demand also reduced compared to the previous period.

The Group had a net cash outflow for the period of R170.4 million. The largest contributors to the outflow were the acquisition of interest in subsidiaries of R136.3 million and the capitalisation of mine infrastructure and stripping cost at Bauba totalling R115.4 million. Cash and cash equivalents ended the period at R1.35 billion (2022: R1.50 billion).

Trade and other receivables increased by 10.4% to R2.2 billion (2022: R1.99 billion) as a result of the increase in turnover for the period, while the average debt collection days improved to 47 days (2022: 54 days).

Inventories were 28.1% higher at R1.29 billion (2022: R1.01 billion) owing mainly to the increase in development land as well as greater ore levels at Bauba.

Trade and other payables increased by 23.6% to R2.31 billion (2022: R1.87 billion).

Capital expenditure on property, plant and equipment grew to R394.5 million (H1 2022: R287.3 million). The increased capex requirements are mainly due to the capitalisation of mining infrastructure development and stripping cost of R115.4 million required at Bauba during the period.

Borrowings increased by 16.6% to R1.12 billion (2022: R959.9 million), largely to support financing requirements at Bauba.

OPERATIONAL OVERVIEW

In the prior year, the Group reported three operating segments, being Materials, Roads and Earthworks and Infrastructure. During the current year, the information reported to the Group's chief operating decision-maker (Exco) was amended in line with the restructuring of the executive committee to better reflect the increasing scale and complexity of the Group. Accordingly, the Group now reports four operating segments with the aggregation of segments based on the nature of services and products provided to the market, production processes, and type of customer for the products and services.

The four operating divisions are therefore as follows:

- Materials Handling and Mining;
- Construction Materials;
- Roads and Earthworks; and
- Infrastructure.

MATERIALS HANDLING AND MINING DIVISION

This division comprises four main disciplines including: (i) contract crushing; (ii) materials handling and processing services for the mining industry; (iii) contract mining; and (iv) specialised resource ownership. Results from the operations of newly acquired Bauba are reported under this division.

B&E International's margins reflect continued weak demand experienced by contract crushing operations for the construction sector. The recent award of a 60-month contract with Namdeb Diamond Corporation (Pty) Ltd for the provision of mining services at Southern Coastal Mines in Namibia secures a good base load of work over the medium term.

Work in Mozambique which was suspended in the previous financial year due to terrorist insurgency remained suspended throughout the current period. At Pemba's quarry operations, holding costs of around a R1 million per month are being incurred in anticipation of work restarting in the area.

At SPH Kundalila ("SPH"), materials handling operations had a slow start to the year and projects at Kloof and Driefontein came to an end, while strike action at Sibanye negatively affected the results for the period. Material handling operations at Bauba's Kookfontein mine are performing well and SPH is exploring various specialised resource opportunities which should contribute positively in future.

At OMV, extraordinary increases in fuel and energy-related expenses placed pressure on margins and sales prices have been increased in an attempt to compensate for the increased cost. The diversification into bentonite through the acquisition of Attaclay is expected to support an increase in turnover and profitability during the second half of the financial year.

The bulk of the division's profit for the period was generated by Bauba, supported by the successful turnaround strategy and working capital injection by the Group which had a positive impact on production at both the Moeijelijk and Kookfontein mines. Bauba continues to explore various opportunities to increase its mineral resources and improve production efficiencies.

Revenue for the division increased 52.9% to R1.23 billion (H1 2022: R801.0 million) while operating profit decreased by 2.3% to R104.4 million (H1 2022: R106.9 million) and the operating profit margin was 8.5% (H1 2022: 13.3%).

The division incurred capital expenditure of R221.8 million during the period (H1 2022: R141.1 million) and has secured an order book of R2.67 billion (2022: R1.89 billion). Included in the R221.8 million capital expenditure is the capitalisation of mining infrastructure development and stripping cost of R115.4 million at Bauba.

CONSTRUCTION MATERIALS DIVISION

This division specialises in the production and supply of materials to the construction market, including aggregates from commercial quarries, asphalt and value-added bituminous products.

The fuel price increase and continued loadshedding during the period had a negative impact on production and profit margins across the whole division. Initiatives aimed at expanding volumes and reducing costs remain a key focus in all operations.

The commercial quarry operations in South Africa performed well with increased volumes in the Northern and Southern region and delivered strong operating cash flows despite the lower margins.

The Transkei quarry operations returned to profitability following the completion of the plant upgrade in Mthatha during March this year. Quarry operations in Botswana were challenged by margin pressures and lower sales volumes in the region due to a slowdown in demand and increased competition.

The outlook for the commercial quarry business for the second half of the year is in line with budget expectations. The December/January construction break as well as the start of the summer rainy season has been factored into the forecast and will result in lower production and sales volumes than the first half of the year.

The floods in April and May as well as a slower-than-expected take-off on the N3 road construction projects negatively impacted the KZN asphalt operations in the reporting period. The demand for asphalt products is heavily dependent on the award of SANRAL tenders which are pending adjudication.

Due to a shortage of bitumen in South Africa, Tosas had to resort to imports during the reporting period. Securing a supplier with good quality and reliable delivery time was a challenge but was successfully managed. Volumes in the bitumen supply operations at Tosas were enough to sustain breakeven results for the period. The outlook for the next six months is positive with increased demand for the supply and application of bitumen products anticipated in the summer months. This should assist in reducing elevated stock levels and support an improvement in working capital requirements.

Revenue for the division increased 7.3% to R1.05 billion (H1 2022: R978.8 million) and operating profit decreased by 27.0% to R64.9 million (H1 2022: R89.0 million) while the operating profit margin was 6.2% (H1 2022: 9.1%).

The division incurred capital expenditure of R73.7 million during the period (H1 2022: R46.7 million) and has a secured order book of R1.12 billion (2022: R0.87 billion).

ROADS AND EARTHWORKS DIVISION

This division specialises in road construction and earthworks as well as road surfacing and rehabilitation. This includes the laying of asphalt, chip and spray, surface dressing, enrichments, and slurry seals.

The division is primarily dependent on the South African road construction sector through its construction capacity and is directly and indirectly exposed to government expenditure on road construction and maintenance in the country.

Most of the major SANRAL projects in KZN are running at full capacity and are performing well. The division was also well supported by various concession projects (N3TC, Bakwena and TRAC) throughout South Africa during the reporting period.

In addition, this division participates in the upgrade and expansion of the Beitbridge Border Post in Zimbabwe which contributed to the results for the period.

COMMENTARY CONTINUED

Looking ahead, margins in this sector remain under pressure, however the secured order book provides a solid base load of work over the medium term, enabling the division to seek higher margin opportunities.

Revenue for the division increased 31.6% to R2.94 billion (H1 2022: R2.24 billion) and operating profit rose 59.5% to R174.6 million (H1 2022: R109.5 million), while the operating profit margin was 5.9% (H1 2022: 4.9%).

The division incurred capital expenditure of R47.8 million during the period (H1 2022: R44.7 million) and has a secured order book of R7.31 billion (2022: R9.74 billion).

INFRASTRUCTURE DIVISION

This division specialises in disciplines outside of the road construction sector, including energy (with a specific focus on renewable energy), facilities management, telecommunications, housing infrastructure projects and commercial building refurbishment and construction.

Global economic conditions continue to place pressure on margins in the commercial building and housing operation, however the secured order book is encouraging with several new projects awarded for housing developments in the Orlando and New Modder (Benoni) areas. Residential development projects in Gauteng and the Western Cape are progressing well and the focus remains on affordable housing projects given the current economic climate.

Due to delays in the award of the South African Government's IPP programmes, the renewable energy segment did not contribute to the current results and none of the IPP programme prospects are included in the current order book. Increased activity was experienced in the private renewable energy space and focus has therefore shifted to concentrate on this market, with some negotiations at advanced stages and expected to be finalised soon. In anticipation of renewable energy sector awards, holding costs have been avoided by utilising resources on alternative projects.

The division's results were supported by a strong performance from the operations in Western Australia as well as the upgrade and expansion of the Beitbridge Border Post in Zimbabwe, a project the division jointly participates in.

Revenue for the division increased 9.5% to R2.16 billion (H1 2022: R1.97 billion) and operating profit rose to R206.3 million (H1 2022: R129.8 million) while the operating profit margin was 9.6% (H1 2022: 6.6%).

The division incurred capital expenditure of R51.2 million during the period (H1 2022: R54.8 million) and has a secured order book of R5.30 billion (2022: R4.63 billion).

INTERNATIONAL

The Group's international operations consist of materials supply and mining services as well as construction activities. These operations are located in the African jurisdictions of Botswana, Mozambique, Namibia, Zambia, Lesotho, Swaziland and Zimbabwe ("Rest of Africa") as well as Western Australia.

The Group's flagship project relating to the EPC contract for the expansion and upgrade of the Beitbridge Border Post in Zimbabwe is progressing well and nearing practical completion scheduled for early 2023. After completion of the EPC contract, Raubex will participate in a 17-year maintenance project for the border post.

The WRES Senqu Bridge JV in which the Group has a 21% stake, was recently awarded the construction of the Senqu bridge in Lesotho to the value of R2.4 billion. The recent award of the Namdeb project in Namibia for the provision of mining services to Southern Coastal Mines also contributed to the increased order book in Africa.

In the Rest of Africa, revenue increased 54.5% to R1.00 billion (H1 2022: R649.8 million) and operating profit almost doubled to R252.2 million (H1 2022: R126.7 million), while the operating profit margin improved to 25.1% (H1 2022: 19.5%).

In Western Australia, all operations performed well as the Group continues to gain market share in this region. The order book increased to record levels following various contract awards, especially in the wheatbelt of Western Australia and the mining epicentres. During the period, Westforce Construction was awarded its first wind farm project to the value of AUD38 million, having leveraged experience gained in the South African renewable energy market to enhance competitiveness in the country.

In Australia, revenue increased 15.7% to R1.07 billion (H1 2022: R926.0 million) while operating profit was 7.1% higher at R80.2 million (H1 2022: R74.9 million) and the operating profit margin decreased to 7.5% (H1 2022: 8.1%).

The Rest of Africa secured order book totals R4.04 billion (2022: R3.05 billion) and Australia has a secured order book of R1.52 billion (2022: R1.03 billion).

PROSPECTS

The secured order book of R16.40 billion (2022: R17.13 billion) is indicative of future prospects for the Group. The current unsecured contract opportunities tendered on by the Group are still pending adjudication but are both significant in value and encouraging from a market perspective.

The Infrastructure division is well positioned to participate in Government's drive to increase power generation capacity. The amendment of Schedule 2 of the Electricity Regulation Act to increase the NERSA licensing threshold for embedded generation projects from 1 MW to 100 MW is encouraging, with the division already having submitted several proposals for such projects.

The Infrastructure division has also continued to establish itself in the affordable housing and commercial building sector with participation in the Lufhereng Integrated Housing Development in Soweto ongoing. A number of student accommodation and affordable housing development projects are being matured which will provide a pipeline of work to be executed over the medium to long term.

The Roads and Earthworks division, having secured a significant base load of work, will continue to focus on the efficient execution of these contracts while looking for higher margin opportunities to supplement the current order book. Tender activity remains encouraging and numerous contract opportunities have been tendered by the Group but are pending adjudication. Award of these projects should benefit the production and supply of aggregates from the commercial quarry operations and will lead to increased asphalt and bitumen supply in the Construction Materials division.

In the Materials Handling and Mining division, the Group has increased its stake in Bauba to 74.9% and has made some small acquisitions in line with its strategy to explore opportunities for strategic partnerships with resource owners in the mining sector. This strategy continues to be progressed in order to unlock opportunities for other divisions to participate in various materials handling and processing activities over the medium to long term.

The Group also continues to explore opportunities to selectively participate in Public Private Partnership ("PPP") projects. These projects are often complex and entail lengthy development life cycles before financial closure can be reached.

COMMENTARY CONTINUED

In the Rest of Africa, focus will remain on the efficient execution of the Beitbridge Border Post project, a key national project and an integral part of Zimbabwe's economic and social development goals. The Group continues to adopt a more conservative strategy to working in the Rest of Africa and will only consider projects with suitable risk and reward profiles. The mining services project for Namdeb Diamond Corporation (Pty) Ltd in Namibia and the Senqu bridge joint venture in Lesotho for LHDA are two such projects.

The outlook for Western Australia is positive, with the construction sector continuing to show high levels of activity across the country. The mining sector remains the main contributor to economic growth and the Government continues to implement its infrastructure development stimulus programme. Wind and solar produced energy are also gaining momentum in Western Australia, representing an opportunity for the Group to capture further growth at a measured pace.

Underpinned by its diversified business model, talented workforce, strength in leadership, and healthy balance sheet, Raubex is well-positioned to take advantage of the various opportunities across the sectors it services and build on its positive first half performance.

DIVIDEND DECLARATION

The directors declared a gross interim cash dividend from income reserves of 53 cents per share for the period ended 31 August 2022. The salient dates for the payment of the dividend are as follows:

Last day to trade <i>cum</i> dividend	Tuesday, 29 November 2022
Commence trading <i>ex</i> dividend	Wednesday, 30 November 2022
Record date	Friday, 2 December 2022
Payment date	Monday, 5 December 2022

No share certificates may be dematerialised or rematerialised between Wednesday, 30 November 2022 and Friday, 2 December 2022, 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 53 cents per share.
- The DT amounts to 10.6 cents per share.
- The net local dividend amount is 42.4 cents per share for shareholders liable to pay the DT.
- Raubex Group Limited's income tax reference number is 9370/905/151.

In terms of the DT legislation, the DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (collectively "Regulated Intermediary") on behalf of shareholders. All shareholders should declare their status to their Regulated Intermediary, as they may qualify for a reduced DT rate or exemption.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3 175 714	2 374 534	3 043 285
Investment property	114 427	–	114 495
Right-of-use assets	354 012	288 397	377 188
Intangible assets	1 036 718	1 021 344	999 984
Investment in associates and joint ventures	17 159	96 474	12 359
Investment in service concessions	25 318	22 755	23 153
Deferred income tax assets	179 695	186 809	115 415
Inventories	30 278	41 806	31 726
Trade and other receivables	17 910	13 475	13 516
Other financial assets – debt	269 089	212 203	224 269
Other financial assets – equity	110 617	49 297	90 977
Total non-current assets	5 330 937	4 307 094	5 046 367
Current assets			
Inventories	1 259 942	766 069	975 461
Contract assets	682 933	382 041	461 158
Trade and other receivables	2 184 693	1 908 341	1 981 991
Other financial assets – debt	10 811	6 950	17 938
Current income tax receivable	9 688	6 489	11 844
Cash and cash equivalents (excluding bank overdrafts)	1 349 551	1 549 544	1 504 801
Total current assets	5 497 618	4 619 434	4 953 193
Total assets	10 828 555	8 926 528	9 999 560
EQUITY			
Share capital	1 817	1 817	1 817
Share premium	2 059 688	2 059 688	2 059 688
Treasury shares	(17 051)	(47 077)	(47 077)
Other reserves	(1 078 081)	(1 095 127)	(1 096 014)
Retained earnings	4 039 390	3 665 304	3 877 700
Equity attributable to owners of the parent	5 005 763	4 584 605	4 796 114
Non-controlling interest	408 773	288 502	421 857
Total equity	5 414 536	4 873 107	5 217 971
LIABILITIES			
Non-current liabilities			
Borrowings	516 003	420 778	557 578
Lease liabilities	371 785	341 286	392 719
Provisions for liabilities and charges	148 945	112 261	134 876
Deferred income tax liabilities	269 381	270 398	244 568
Other financial liabilities	53 557	90 312	74 775
Total non-current liabilities	1 359 671	1 235 035	1 404 516
Current liabilities			
Trade and other payables	2 308 425	1 681 923	1 867 002
Contract liabilities	950 406	714 326	937 858
Borrowings	603 456	268 983	402 313
Lease liabilities	57 897	35 084	63 003
Current income tax liabilities	102 451	99 541	67 842
Provisions for liabilities and charges	2 331	3 529	3 012
Other financial liabilities	29 382	15 000	36 043
Total current liabilities	4 054 348	2 818 386	3 377 073
Total liabilities	5 414 019	4 053 421	4 781 589
Total equity and liabilities	10 828 555	8 926 528	9 999 560

CONDENSED GROUP INCOME STATEMENT

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Revenue	7 376 859	5 987 384	11 577 951
Cost of sales	(6 455 197)	(5 258 630)	(9 985 567)
Gross profit	921 662	728 754	1 592 384
Other income	15 397	6 668	13 783
Other gains/(losses) – net	16 422	8 246	35 987
Administrative expenses	(429 016)	(330 258)	(672 702)
Net impairment gains/(losses) on financial and contract assets	25 789	21 770	(24 136)
Operating profit	550 254	435 180	945 316
Finance income	28 311	30 076	60 323
Finance costs	(53 690)	(40 711)	(84 407)
Share of profit/(loss) of equity-accounted investments	573	(3 644)	(7 954)
Profit before income tax	525 448	420 901	913 278
Income tax expense	(157 036)	(127 689)	(287 845)
Profit for the period	368 412	293 212	625 433
Profit for the period attributable to:			
Owners of the parent	291 652	254 109	551 955
Non-controlling interest	76 760	39 103	73 478
	368 412	293 212	625 433
Basic earnings per share (cents)	161.8	140.6	305.9
Diluted earnings per share (cents)	161.4	139.8	303.7

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Profit for the period	368 412	293 212	625 433
Other comprehensive income for the period, net of tax			
<i>Items that may be subsequently reclassified to profit and loss</i>			
Currency translation differences	9 644	(9 207)	(320)
<i>Items that will not be reclassified to profit and loss</i>			
Change in fair value of investments held at FV through OCI	14 779	33 983	15 274
Actuarial loss on post-employment benefit obligations	-	-	(826)
Total comprehensive income for the period	392 835	317 988	639 561
Comprehensive income for the period attributable to:			
Owners of the parent	313 464	281 767	566 668
Non-controlling interest	79 371	36 221	72 893
Total comprehensive income for the period	392 835	317 988	639 561

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Cash flows from operating activities			
Cash generated from operations	589 286	239 869	800 090
Interest received	19 330	22 231	43 923
Interest paid	(47 628)	(32 304)	(65 249)
Income tax paid	(170 419)	(75 071)	(212 635)
Net cash generated from operating activities	390 569	154 725	566 129
Cash flows from investing activities			
Purchases of property, plant and equipment	(394 523)	(287 296)	(695 874)
Purchases of investment property	–	–	(5 110)
Proceeds from sale of property, plant and equipment	25 704	109 753	171 348
Acquisition of subsidiaries	(19 618)	2 151	(63 817)
Acquisition of associates	–	(54 690)	(71 441)
Acquisition of equity instruments (other financial assets)	–	(14 404)	(64 379)
Disposal of subsidiaries	–	–	15 185
Loan repayments from associates and joint ventures	12 210	–	33 679
Loans granted to associates and joint ventures	(51 996)	(9 692)	(2 844)
Net cash used in investing activities	(428 223)	(254 178)	(683 253)
Cash flows from financing activities			
Proceeds from borrowings	405 259	242 042	546 127
Repayment of borrowings	(262 547)	(342 494)	(531 174)
Repayment of lease liabilities (capital repayments)	(34 975)	(17 195)	(38 344)
Acquisition of non-controlling interest	(116 701)	(17 325)	(20 242)
Dividends paid to owners of the parent	(97 227)	(52 445)	(137 069)
Dividends paid to non-controlling interests	(14 017)	(10 589)	(36 229)
Contingent consideration settled	(12 587)	–	–
Acquisition of treasury shares	–	(41 790)	(41 790)
Net cash used in financing activities	(132 795)	(239 796)	(258 721)
Net decrease in cash and cash equivalents	(170 449)	(339 249)	(375 845)
Cash and cash equivalents at the beginning of the period	1 504 799	1 883 691	1 883 691
Effects of exchange rates on cash and cash equivalents	15 197	(2 589)	(3 047)
Cash and cash equivalents at the end of the period	1 349 547	1 541 853	1 504 799

CONDENSED 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 28 February 2021	1 817	2 059 688	(16 002)	(1 120 424)	3 478 306	4 403 385	270 839	4 674 224
Share option reserve	-	-	-	6 016	-	6 016	-	6 016
Share option reserve utilised during the period	-	-	-	(9 286)	9 286	-	-	-
Treasury shares issued in terms of equity-settled share scheme	-	-	10 715	-	(10 715)	-	-	-
Acquisition of treasury shares	-	-	(41 790)	-	-	(41 790)	-	(41 790)
Acquisition of shares of non-controlling interest	-	-	-	909	(13 237)	(12 328)	(7 914)	(20 242)
Acquisition of subsidiary	-	-	-	-	-	-	(55)	(55)
Profit for the period	-	-	-	-	254 109	254 109	39 103	293 212
Other comprehensive income for the period	-	-	-	27 658	-	27 658	(2 882)	24 776
Dividends paid	-	-	-	-	(52 445)	(52 445)	(10 589)	(63 034)
Balance at 31 August 2021	1 817	2 059 688	(47 077)	(1 095 127)	3 665 304	4 584 605	288 502	4 873 107
Share option reserve	-	-	-	11 232	-	11 232	-	11 232
Acquisition of subsidiary	-	-	-	-	-	-	127 160	127 160
Disposal of subsidiary	-	-	-	-	-	-	(4 837)	(4 837)
Profit for the period	-	-	-	-	297 846	297 846	34 375	332 221
Other comprehensive income for the period	-	-	-	(12 119)	(826)	(12 945)	2 297	(10 648)
Dividends paid	-	-	-	-	(84 624)	(84 624)	(25 640)	(110 264)
Balance at 28 February 2022	1 817	2 059 688	(47 077)	(1 096 014)	3 877 700	4 796 114	421 857	5 217 971
Share option reserve	-	-	-	12 438	-	12 438	-	12 438
Share option reserve utilised during the period	-	-	-	(16 317)	16 317	-	-	-
Treasury shares issued in terms of equity-settled share scheme	-	-	30 026	-	(30 026)	-	-	-
Acquisition of shares from non-controlling interest	-	-	-	-	(19 026)	(19 026)	(97 675)	(116 701)
Acquisition of subsidiaries	-	-	-	-	-	-	19 237	19 237
Profit for the period	-	-	-	-	291 652	291 652	76 760	368 412
Other comprehensive income for the period	-	-	-	21 812	-	21 812	2 611	24 423
Dividends paid	-	-	-	-	(97 227)	(97 227)	(14 017)	(111 244)
Balance at 31 August 2022	1 817	2 059 688	(17 051)	(1 078 081)	4 039 390	5 005 763	408 773	5 414 536

NOTES

BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared under the supervision of the Financial Director, SJ Odendaal CA(SA), in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, 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 2022 are consistent with those applied for the year ended 28 February 2022 and for the unaudited results for the six months ended 31 August 2021 in terms of IFRS.

CONDENSED SEGMENTAL ANALYSIS

	Materials Handling and Mining R'000	Construction Materials R'000	Roads and Earthworks R'000	Infrastructure R'000	Consolidated R'000
Operating segments					
31 August 2022					
Segment revenue	1 225 052	1 050 330	2 944 162	2 157 315	7 376 859
Operating profit	104 445	64 914	174 585	206 310	550 254
Margin	8.5%	6.2%	5.9%	9.6%	7.5%
31 August 2021					
Segment revenue	800 950	978 760	2 238 013	1 969 661	5 987 384
Operating profit	106 890	88 968	109 487	129 835	435 180
Margin	13.3%	9.1%	4.9%	6.6%	7.3%
28 February 2022					
Segment revenue	1 611 100	1 842 024	4 576 198	3 548 629	11 577 951
Operating profit	124 124	178 720	267 205	375 267	945 316
Margin	7.7%	9.7%	5.8%	10.6%	8.2%

	South Africa R'000	Rest of Africa R'000	Australia R'000	Consolidated R'000
Geographical information				
31 August 2022				
Segment revenue	5 301 792	1 003 902	1 071 165	7 376 859
Operating profit	217 833	252 178	80 243	550 254
Margin	4.1%	25.1%	7.5%	7.5%
31 August 2021				
Segment revenue	4 411 610	649 799	925 975	5 987 384
Operating profit	233 518	126 726	74 936	435 180
Margin	5.3%	19.5%	8.1%	7.3%
28 February 2022				
Segment revenue	8 401 483	1 536 389	1 640 079	11 577 951
Operating profit	479 679	288 169	177 468	945 316
Margin	5.7%	18.8%	10.8%	8.2%

CALCULATION OF DILUTED EARNINGS PER SHARE

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Profit attributable to owners of the parent entity	291 652	254 109	551 955
Weighted average number of ordinary shares in issue ('000)	180 201	180 788	180 422
<i>Adjustments for:</i>			
Shares deemed issued for no consideration (share options) ('000)	549	976	1 293
Weighted average number of ordinary shares for diluted earnings per share ('000)	180 750	181 764	181 715
Diluted earnings per share (cents)	161.4	139.8	303.7

CALCULATION OF HEADLINE EARNINGS PER SHARE

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Profit attributable to owners of the parent entity	291 652	254 109	551 955
<i>Adjustments for:</i>			
Profit on sale of property, plant and equipment	(7 485)	(9 508)	(14 538)
Bargain purchase on acquisition of joint venture	–	–	(6 173)
Profit on remeasurement of associate	–	–	(9 451)
Goodwill and intangible asset impairment	–	–	5 400
Profit on disposal of joint venture	–	–	(84)
Loss on disposal of subsidiary	–	–	4 524
<i>Add back: Non-controlling interests' portion of profit on sale of property, plant and equipment</i>	499	508	470
Total tax effects of adjustments	1 935	2 507	4 535
Basic headline earnings	286 601	247 616	536 638
Weighted average number of shares ('000)	180 201	180 788	180 422
Headline earnings per share (cents)	159.0	137.0	297.4
Diluted headline earnings per share (cents)	158.6	136.2	295.3

REVENUE DISAGGREGATION

The following disclosures are provided in terms of IAS 34.16A(l) and IFRS 15.114:

Disaggregation of revenue by activity and segment	Materials Handling and Mining R'000	Construction Materials R'000	Roads and Earthworks R'000	Infrastructure R'000	Consolidated R'000
31 August 2022					
Contracting revenue	569 423	19 366	2 944 162	2 136 249	5 669 200
Sale of ore	468 048	–	–	–	468 048
Commercial quarry aggregates and gypsum revenue	186 687	453 444	–	–	640 131
Bitumen and emulsion products and services	–	294 322	–	–	294 322
Asphalt supply revenue	–	283 198	–	–	283 198
Plant hire revenue	–	–	–	–	–
Property sales, property rentals and development fees	894	–	–	21 066	21 960
Total revenue	1 225 052	1 050 330	2 944 162	2 157 315	7 376 859
31 August 2021					
Contracting revenue	516 987	1 765	2 238 013	1 917 791	4 674 556
Sale of ore	–	–	–	–	–
Commercial quarry aggregates and gypsum revenue	242 308	475 275	–	–	717 583
Bitumen and emulsion products and services	–	237 789	–	–	237 789
Asphalt supply revenue	–	263 931	–	–	263 931
Plant hire revenue	41 655	–	–	–	41 655
Property sales, property rentals and development fees	–	–	–	51 870	51 870
Total revenue	800 950	978 760	2 238 013	1 969 661	5 987 384
28 February 2022					
Contracting revenue	1 114 360	40 557	4 576 198	3 477 619	9 208 734
Sale of ore	21 569	–	–	–	21 569
Commercial quarry aggregates and gypsum revenue	433 359	878 980	–	–	1 312 339
Bitumen and emulsion products and services	–	521 630	–	–	521 630
Asphalt supply revenue	–	400 857	–	–	400 857
Plant hire revenue	41 537	–	–	–	41 537
Property sales, property rentals and development fees	275	–	–	71 010	71 285
Total revenue	1 611 100	1 842 024	4 576 198	3 548 629	11 577 951

NOTES CONTINUED

Disaggregation of revenue by activity and geography	South Africa R'000	Rest of Africa R'000	Australia R'000	Consolidated R'000
31 August 2022				
Contracting revenue	3 721 743	876 292	1 071 165	5 669 200
Sale of ore	468 048	–	–	468 048
Commercial quarry aggregates and gypsum revenue	587 568	52 563	–	640 131
Bitumen and emulsion products and services	219 275	75 047	–	294 322
Asphalt supply revenue	283 198	–	–	283 198
Plant hire revenue	–	–	–	–
Property sales, property rentals and development fees	21 960	–	–	21 960
Total revenue	5 301 792	1 003 902	1 071 165	7 376 859
31 August 2021				
Contracting revenue	3 296 414	452 167	925 975	4 674 556
Sale of ore	–	–	–	–
Commercial quarry aggregates and gypsum revenue	594 845	122 738	–	717 583
Bitumen and emulsion products and services	169 450	68 339	–	237 789
Asphalt supply revenue	257 376	6 555	–	263 931
Plant hire revenue	41 655	–	–	41 655
Property sales, property rentals and development fees	51 870	–	–	51 870
Total revenue	4 411 610	649 799	925 975	5 987 384
28 February 2022				
Contracting revenue	6 361 819	1 206 836	1 640 079	9 208 734
Sale of ore	21 569	–	–	21 569
Commercial quarry aggregates and gypsum revenue	1 111 463	200 876	–	1 312 339
Bitumen and emulsion products and services	399 524	122 106	–	521 630
Asphalt supply revenue	394 286	6 571	–	400 857
Plant hire revenue	41 537	–	–	41 537
Property sales, property rentals and development fees	71 285	–	–	71 285
Total revenue	8 401 483	1 536 389	1 640 079	11 577 951

Disaggregation of revenue by customer sector and geography	South Africa R'000	Rest of Africa R'000	Australia R'000	Consolidated R'000
31 August 2022				
Public sector	2 178 924	28 138	280 050	2 487 112
Private sector	3 122 868	975 764	791 115	4 889 747
Total revenue	5 301 792	1 003 902	1 071 165	7 376 859
31 August 2021				
Public sector	1 518 272	6 522	530 376	2 055 170
Private sector	2 893 338	643 277	395 599	3 932 214
Total revenue	4 411 610	649 799	925 975	5 987 384
28 February 2022				
Public sector	3 222 527	7 001	813 606	4 043 134
Private sector	5 178 956	1 529 388	826 473	7 534 817
Total revenue	8 401 483	1 536 389	1 640 079	11 577 951

FINANCE INCOME AND COSTS

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Finance income:			
<i>Cash finance income</i>			
Interest income on cash resources	18 253	21 131	39 913
Other interest	1 077	1 100	4 010
<i>Non-cash finance income</i>			
Accrued interest	8 981	7 845	16 400
Total finance income	28 311	30 076	60 323
Finance costs:			
<i>Cash finance costs</i>			
Bank borrowings	(30 448)	(16 587)	(34 325)
Interest expense on lease liabilities	(16 788)	(14 626)	(29 443)
Other interest	(392)	(1 091)	(1 481)
<i>Non-cash finance costs</i>			
Unwinding of discount – rehabilitation provision	–	–	(2 622)
Unwinding of discount – voluntary rebuilding programme	(2 760)	(3 150)	(6 301)
Significant financing component on advance payment	(3 302)	(5 257)	(10 235)
Total finance costs	(53 690)	(40 711)	(84 407)
Net finance costs	(25 379)	(10 635)	(24 084)

CASH AND CASH EQUIVALENTS

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
For purposes of the consolidated cash flow, cash and cash equivalents consists of:			
Cash on hand	1 349 551	1 549 544	1 504 801
Bank overdrafts	(4)	(7 691)	(2)
Total cash and cash equivalents as stated on the statement of cash flows	1 349 547	1 541 853	1 504 799

CAPITAL EXPENDITURE AND DEPRECIATION

	Unaudited six months 31 August 2022 R'000	Unaudited six months 31 August 2021 R'000	Audited 12 months 28 February 2022 R'000
Capital expenditure for the period	394 523	287 296	695 874
Depreciation for the period on property, plant and equipment	254 316	182 184	375 419
Depreciation for the period on right-of-use assets	25 933	20 198	43 668
Amortisation of intangible assets for the period	8 075	4 271	15 367

BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

The following acquisitions were made during the period:

ATTACLAY (PTY) LTD ("ATTACLAY")

On 1 July 2022, the Group, through its subsidiary OMV (Pty) Ltd, acquired 49% of Stopetek Properties ("Stopetek") for R18 million. The Group has assessed that in terms of IFRS 10 it controls Stopetek. Stopetek holds 51.8% in Attaclay which produces bentonite and attapulgit through its open cast mining operations.

The goodwill is attributable to the business diversification opportunities Attaclay presents to the Group synergies that are expected to arise from integrating Attaclay into the Materials Handling and Mining division and the nature of the mineral reserves under licence.

The revenue included in the condensed consolidated income statement since 1 July 2022 contributed by Attaclay was R4.5 million with a net profit contribution of R0.6 million over the same period. Had Attaclay been consolidated from the beginning of the period, Attaclay would have contributed revenue of R14.9 million and a net profit of R1.8 million.

	Total R'000
Consideration	
Cash consideration	18 000
Recognised amounts of identifiable assets and acquired liabilities assumed	
Property, plant and equipment	1 000
Intangible assets	33 820
Inventories	5 034
Trade and other receivables	7 733
Current tax receivable	1 279
Cash and cash equivalents	5 282
Deferred tax asset	1 596
Deferred tax liability	(9 516)
Provisions	(8 537)
Trade and other payables	(3 339)
Total identifiable net assets	34 352
Non-controlling interest	(17 520)
Goodwill attributable to owners of the parent	1 168
Total	18 000
Purchase consideration settled in cash	18 000
Less: Cash and cash equivalents in the business combination acquired	(5 282)
Cash outflow on acquisition for cash flow statement	12 718

DUNE RESOURCES (PTY) LTD (“DUNE RESOURCES”)

Effective 1 April 2022, the Group, through its subsidiary SPH Kundalila (Pty) Ltd, acquired 61.8% of Dune Resources for a total cost of R6.9 million. R3.9 million was paid in cash, while the other R3 million was for exploration costs incurred on behalf of Dune Resources. The Group has assessed that in terms of IFRS 10 it controls Dune Resources. Dune resources owns 55% of Namli Exploration and Mining (Pty) Ltd (“Namli Exploration”), which holds an exploration right.

In terms of IFRS 3 it was determined that the operations of Dune Resources and Namli Exploration did not meet the definition of a business and therefore the acquisition constituted an asset acquisition.

	R'000
Consideration	
Cash consideration paid	3 900
Exploration costs incurred for shares	3 000
Total consideration	6 900
Exploration right acquired	9 821
Other liabilities	(1 203)
Total assets	8 618
Non-controlling interest	(1 718)
Total	6 900

NOTES CONTINUED

Dune Resources and Namli Exploration have been consolidated into the Group effective 1 April 2022, neither have contributed any revenue or net profit to date.

The following transactions with non-controlling interests were concluded during the period:

BAUBA RESOURCES (PTY) LTD (“BAUBA”)

The acquisition of Bauba in the prior year triggered a mandatory offer in terms of section 123 of the Companies Act, 71 of 2008 (read together with section 117 of the Companies Act, 71 of 2008 and regulation 86 of the Takeover Regulations), as a result of the Group owning more than 35% of Bauba. On 28 March 2022, the mandatory offer of 42 cents per share was opened to shareholders. After an extension of the original closing date, the mandatory offer closed on 10 June 2022 resulting in the Group acquiring an additional 79 412 185 shares (10.59%) of Bauba for R33.4 million.

On 28 June 2022, the Group opened a general offer to purchase shares from shareholders for 42 cents per share. The general offer closed on 19 August 2022 resulting in an additional 99 637 746 shares (13.29%) of Bauba being acquired by the Group for R41.9 million.

The net effect of the above transactions has resulted in the Group's effective ownership in Bauba increasing to 74.97% as at 31 August 2022.

METADYNAMICS (PTY) LTD (“METADYNAMICS”)

Effective 1 June 2022, the Group, through its subsidiary OMV (Pty) Ltd, acquired an additional 30% of Metadynamics from non-controlling shareholders for R25 million cash. This transaction increased the Group's effective shareholding from 49% to 70%.

DONKERHOEK (PTY) LTD (“DONKERHOEK”)

On 1 August 2022, the Group, through its subsidiary Raumix Aggregates (Pty) Ltd, acquired the remaining 26% of Donkerhoek from a non-controlling shareholder for R16.5 million cash. The Group's effective shareholding increased from 74% to 100%.

RECLASSIFICATION OF COMPARATIVE FIGURES

In the prior year, the Group reported three operating segments, being Materials, Roads and Earthworks and Infrastructure. During the current year, the information reported to the Group's chief operating decision-maker (Exco) was amended in line with the restructuring of the executive committee to better reflect the increasing scale and complexity of the Group. Accordingly, the Group now reports four operating segments with the aggregation of segments based on the nature of services and products provided to the market, production processes, and type of customer for the products and services.

The four operating divisions are therefore as follows:

- Materials Handling and Mining;
- Construction Materials;
- Roads and Earthworks; and
- Infrastructure.

The prior period comparatives have also been amended to reflect the above.

Condensed segment analysis as previously reported:

	Materials R'000	Roads and Earthworks R'000	Infrastructure R'000	Consolidated R'000
Operating segments				
31 August 2021				
Segment revenue	1 277 990	2 739 733	1 969 661	5 987 384
Operating profit	188 805	116 542	129 833	435 180
Margin	14.8%	4.3%	6.6%	7.3%
28 February 2022				
Segment revenue	2 491 841	5 537 481	3 548 629	11 577 951
Operating profit	272 697	297 352	375 267	945 316
Margin	10.9%	5.4%	10.6%	8.2%

Disaggregation of revenue by activity and segment as previously reported:

	Materials R'000	Roads and Earthworks R'000	Infrastructure R'000	Consolidated R'000
31 August 2021				
Contracting revenue	518 752	2 238 013	1 917 791	4 674 556
Commercial quarry aggregates and gypsum revenue	717 583	–	–	717 583
Sale of ore	–	–	–	–
Bitumen and emulsion products and services	–	237 789	–	237 789
Asphalt supply revenue	–	263 931	–	263 931
Plant hire revenue	41 655	–	–	41 655
Property sales, property rentals and development fees	–	–	51 870	51 870
Total revenue	1 277 990	2 739 733	1 969 661	5 987 384
28 February 2022				
Contracting revenue	1 116 121	4 614 994	3 477 619	9 208 734
Commercial quarry aggregates and gypsum revenue	1 312 339	–	–	1 312 339
Sale of ore	21 569	–	–	21 569
Bitumen and emulsion products and services	–	521 630	–	521 630
Asphalt supply revenue	–	400 857	–	400 857
Plant hire revenue	41 537	–	–	41 537
Property sales, property rentals and development fees	275	–	71 010	71 285
Total revenue	2 491 841	5 537 481	3 548 629	11 577 951

EVENTS AFTER THE REPORTING PERIOD
TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Bauba Resources (Pty) Ltd* (“Bauba”)

On 7 October 2022, the Group effectively sold 89.3 million shares in Bauba to a non-controlling shareholder for R37.5 million (42 cents per share). The Group’s effective ownership of Bauba has decreased to 63.06%. The Group is deemed to still exercise control in terms of IFRS 10.

** Bauba, previously known as Bauba Resources Limited, was removed from the JSE as a listed entity on 23 August 2022. Subsequently, the entity filed an amendment of its memorandum of incorporation with CIPC, in terms of section 16 of the Companies Act, 2008, to change its company category to a Private Company and its name to Bauba Resources (Pty) Ltd. This amendment took effect from 7 October 2022.*

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

On behalf of the board:

LA Maxwell
Chairman (Acting)

NF Msiza
Chief Executive Officer

DC Lourens
Chief Operating Officer

SJ Odendaal
Financial Director

7 November 2022

COMPANY INFORMATION

Directors

NF Msiza
DC Lourens
SJ Odendaal
LA Maxwell*
BH Kent*
SR Bogatsu*
RJ Fourie#

* *Independent non-executive*

Non-executive

Company secretary

GM Chemaly

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South Africa

Transfer secretaries

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Rosebank Towers
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Rosebank
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Auditors

PricewaterhouseCoopers Inc.

Sponsor

Investec Bank Limited

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