

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

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2012

### HIGHLIGHTS

- Revenues up 7,7% to R2,81 billion (H1 2012: R2,61 billion)
- Operating profit up 3,1% to R290,8 million (H1 2012: R282,1 million)
- HEPS up 3,0% to 95,7 cents per share (H1 2012: 92,9 cents per share)
- Cash flow from operations up 68,6% to R443,8 million (H1 2012: R263,3 million)
- Capex spend of R280,9 million ( H1 2012: R88,3 million)
- Stable order book of R5,0 billion (H1 2012: R4,6 billion)
- Interim dividend of 30 cents per share

Francois Diedrechsens, Financial and Commercial Director of Raubex Group, said:

***"Although the operating environment remained challenging during the period, we have continued to grow revenue and maintained a stable order book through a steady flow of new tender work."***

***"The roads division is beginning to show signs of stabilising, supported by a relative easing of competitive pressures. This positive development is being monitored against the impact of the tolling dispute on our client as well as the impact of the labour unrest across our operations."***

***"The group's healthy balance sheet and strong cash position maintained through difficult times allows us to take advantage of opportunities arising from a more stable competitive environment locally but also internationally as we grow our portfolio of African projects across all three divisions."***

5 November 2012

### ENQUIRIES

Raubex Group                    +27 (0) 12 665 3226  
Francois Diedrechsens

College Hill                    +27 (0) 11 447 3030  
Frédéric Cornet                +27 (0) 83 307 8286  
Lexi Ball                         +27 (0) 82 815 1821

## **COMMENTARY**

### **FINANCIAL OVERVIEW**

Revenue increased 7,7% to R2,81 billion and operating profit increased 3,1% to R290,8 million from the corresponding prior period.

Profit before tax increased 2,3% to R283,7 million.

The effective tax rate decreased to 31,6% from 36,3% in the corresponding prior period due to the reversal of a deferred tax asset in the prior period and Secondary Tax on Companies ("STC") being replaced by Dividends Tax in the current period.

Earnings per share increased 5,1% to 98,8 cents with headline earnings per share increasing 3,0% to 95,7 cents.

Group operating margin decreased slightly from 10,8% to 10,3% compared to the corresponding prior period.

The Group generated strong operating cash flows up 68,6% from R263,3 million to R443,8 million before finance charges and taxation.

Trade and other receivables decreased by 2,3% to R1,09 billion.

A settlement has been reached with the Free State Provincial Government and a revised payment plan negotiated. In terms of the settlement R130 million was outstanding at 31 August 2012 and is payable in two instalments with R97,5 million payable in November 2012 and R32,5 million payable in April 2013. Despite the slight improvement in trade receivables, slow payments continue to be experienced from a number of public and private customer accounts.

Capital expenditure on fixed assets to the value of R280,9 million was incurred during the period under review with R41,8 million relating to the purchase of administrative land and buildings.

Net cash inflow for the six months ended 31 August 2012 was R124,1 million with total cash and cash equivalents at the end of the period of R749,1 million.

### **OPERATIONAL REVIEW**

#### **Roadmac**

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

Roadmac is the largest contributor to Group revenue, contributing 50,2% of total revenue. The division's performance continues to be impacted by strong competition in the light rehabilitation market. A steady volume of work out for tender has enabled the division to secure a healthy order book. Margins continue to be under pressure but are showing signs of stabilising at current levels.

A re-occurring short supply of bitumen is anticipated in the country during the summer months ahead and the group has various strategies in place, including importation and storage solutions, to mitigate any potential supply disruptions from the national refineries.

Revenue for the division increased 5,5% to R1,41 billion (H1 2012: R1,34 billion) and operating profit decreased 14,0% to R112,6 million (H1 2012: R130,9 million).

The divisional operating margins decreased to 8,0% (H1 2012: 9,8%).

The division incurred capital expenditure of R55 million during the period (H1 2012: R22,6 million) with R12 million of this relating to bitumen storage containers. A further R8 million will be incurred on Bitutainers before year end.

### **Raubex Construction**

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

This division continues to feel the effect of pricing pressures despite an increase in competitor attrition in recent months. The division has secured a satisfactory order book but conditions will remain challenging for this division in the period ahead.

A cautious revenue recognition policy was applied for the Free State Province contracts in the prior period. A final settlement was reached since then and the recognition of revenues supported the division's earnings for the period.

Revenue for the division increased 9,4% to R629,9 million (H1 2012: R575,9 million) and operating profit increased 176,3% to R69,2 million (H1 2012: R25,0 million).

The divisional margins increased to 11,0% (H1 2012: 4,3%).

The division incurred capital expenditure of R26,1 million during the period (H1 2012: R16,2 million).

### **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 have reported satisfactory results for the period supported by an increase in volumes from the Gauteng based quarries.

Contract crushing operations have maintained a stable order book during the period while margins continue to be under pressure in this sector.

The mining and material handling operations of the division have continued to report good results and increased tonnages for the period.

Revenue for the division increased 10,4% to R769,2 million (H1 2012: R696,5 million) whilst operating profit decreased by 13,5% to R109,1 million (H1 2012: R126,1 million).

The divisional margins decreased to 14,2% (H1 2012: 18,1%).

The division incurred capital expenditure of R158 million during the period (H1 2012: R49,5 million).

### **International**

The large road contract between Nkurenkuru and Elundu in the Kavango region of northern Namibia was completed during the period and a three year maintenance contract for the reseal of roads in the Otjiwarango and Otshakati regions is in progress.

A low level of activity and tender success was reported in Zambia during the period.

The road contract in Malawi is progressing well with completion anticipated before year end.

The mining related activities of B&E have made an increased contribution to the results of the group's international operations.

International revenue decreased 45,8% to R224,2 million (H1 2012: R413,9 million) mainly as a result of the completion of the Namibian road contract.

Operating profit increased by 17,9% to R43,0 million (H1 2012: R36,4 million).

The international margins increased to 19,2% (H1 2012: 8,8%)

## **PROSPECTS**

Trading conditions in the road construction industry are expected to remain challenging in the short term and the impact of the lower margin work in the current order book will continue to be felt for the remainder of the year. The volume of work in the road construction and maintenance industry is sufficient but pricing pressures persist.

The results reported from the group's mining related activities are encouraging and new opportunities continue to be explored in this area.

The recent strikes experienced in the mining and transport sectors will have a negative effect on the performance of the Materials division for the second half of the year. The operations of SPH Kundalila and B&E International have experienced disruptions, whilst the transport strikes affected the supply of bitumen to sites. Management continues to monitor the situation closely.

The group has maintained a stable order book of R5,0 billion (H1 2012: R4,6 billion) and will continue to adopt a cautious approach to tendering for new work in the current low margin environment.

Further expansion into Africa remains a priority as the group continues to look for growth in other geographies. The group has maintained a healthy balance sheet and strong cash position together with a stable order book during this challenging period. The group is well positioned to take advantage of opportunities that may arise from improved pricing and competitor attrition.

## **DIVIDEND DECLARATION**

The directors have declared a gross interim cash dividend from income reserves of 30 cents per share on 5 November 2012. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 23 November 2012
Commence trading ex dividend	Monday, 26 November 2012
Record date	Friday, 30 November 2012
Payment date	Monday, 3 December 2012

No share certificates may be dematerialised or rematerialised between Monday, 26 November 2012 and Friday, 30 November 2012, both dates inclusive.

In terms of the new Dividends Tax ("DT") effective 1 April 2012, the following additional information is disclosed:

- The local DT rate is 15%.
- The company has no STC credits to utilise as part of this declaration.
- The number of ordinary shares in issue at the date of this declaration is 184 535 946.
- The dividend to utilise for determining the DT due is 30 cents per share.
- The DT amounts to 4.50 cents per share.
- The net local dividend amount is 25.50 cents per share for shareholders liable to pay the new DT and 30 cents per share for shareholders exempt from paying the new DT.
- Raubex Group Limited's income tax reference number is 9370/905/151.

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

<b>GROUP INCOME STATEMENT</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	<b>Unaudited 6 months 31 August 2011 R'000</b>	<b>Audited 12 months 29 February 2012 R'000</b>
Revenue	2 810 013	2 609 998	5 032 625
Cost of sales	(2 394 391)	(2 206 542)	(4 257 404)
<b>Gross profit</b>	<b>415 622</b>	403 456	775 221
Other income	3 167	7 572	14 429
Other gains/(losses) - net	9 357	(443)	4 818
Administrative expenses	(137 313)	(128 533)	(263 006)
<b>Operating profit</b>	<b>290 833</b>	282 052	531 462
Finance income	14 342	13 986	29 353
Finance costs	(21 518)	(18 647)	(41 388)
<b>Profit before income tax</b>	<b>283 657</b>	277 391	519 427
Income tax expense	(89 733)	(100 647)	(178 230)
<b>Profit for the period</b>	<b>193 924</b>	176 744	341 197

**Profit for the period attributable to:**

Owners of the parent	182 331	173 496	331 247
Non-controlling interest	11 593	3 248	9 950
Basic earnings per share (cents)	98,8	94,0	179,5
Diluted earnings per share (cents)	98,0	93,6	178,5

<b>GROUP STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	<b>Unaudited 6 months 31 August 2011 R'000</b>	<b>Audited 12 months 29 February 2012 R'000</b>
<b>Profit for the period</b>	<b>193 924</b>	176 744	341 197
<b>Other comprehensive income for the period, net of tax</b>			
Currency translation differences	4 494	326	(323)
<b>Total comprehensive income for the period</b>	<b>198 418</b>	177 070	340 874
<b>Comprehensive income for the period attributable to:</b>			
Owners of the parent	186 825	173 822	330 924
Non-controlling interest	11 593	3 248	9 950
<b>Total comprehensive income for the period</b>	<b>198 418</b>	177 070	340 874

<b>CALCULATION OF DILUTED EARNINGS PER SHARE</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	<b>Unaudited 6 months 31 August 2011 R'000</b>	<b>Audited 12 months 29 February 2012 R'000</b>
Profit attributable to owners of the parent entity	182 331	173 496	331 247
Weighted average number of ordinary shares in issue ('000)	184 536	184 536	184 536
<i>Adjustments for:</i>			
Shares deemed issued for no consideration ('000)	1 560	848	1 079
Weighted average number of ordinary shares for diluted earnings per share ('000)	186 096	185 384	185 615
Diluted earnings per share (cents)	98,0	93,6	178,5

<b>CALCULATION OF HEADLINE EARNINGS PER SHARE</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	<b>Unaudited 6 months 31 August 2011 R'000</b>	<b>Audited 12 months 29 February 2012 R'000</b>
Profit attributable to owners of the parent entity	182 331	173 496	331 247
<i>Adjustments for:</i>			
Profit on sale of property, plant and equipment	(8 066)	(2 843)	(3 365)
Impairment of goodwill	-	-	1 030
Excess from fair value of assets acquired over purchase price	-	-	(2 813)
Total tax effects of adjustments	2 258	796	942
Basic headline earnings	176 523	171 449	327 041
Weighted average number of shares ('000)	184 536	184 536	184 536
Headline earnings per share (cents)	95,7	92,9	177,2
Diluted headline earnings per share (cents)	94,9	92,5	176,2

<b>GROUP STATEMENT OF FINANCIAL POSITION</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>31 August</b>	<b>31 August</b>	<b>29 February</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 535 344	1 294 874	1 353 753
Intangible assets	766 209	760 046	757 629
Deferred income tax assets	16 449	39 681	17 940
Trade and other receivables	26	520	404
<b>Total non-current assets</b>	<b>2 318 028</b>	<b>2 095 121</b>	<b>2 129 726</b>
<b>Current assets</b>			
Inventories	201 821	152 891	153 157
Construction contracts in progress and retentions	308 118	310 212	296 382
Trade and other receivables	1 089 329	1 115 359	1 164 508
Current income tax receivable	12 416	19 028	17 862
Cash and cash equivalents	749 061	479 028	624 919
<b>Total current assets</b>	<b>2 360 745</b>	<b>2 076 518</b>	<b>2 256 828</b>
<b>Total assets</b>	<b>4 678 773</b>	<b>4 171 639</b>	<b>4 386 554</b>
<b>EQUITY</b>			
Share capital	1 845	1 845	1 845
Share premium	2 179 613	2 179 613	2 179 613
Other reserves	(1 125 464)	(1 147 722)	(1 142 401)
Retained earnings	1 788 098	1 558 738	1 670 355
<b>Equity attributable to owners of the parent</b>	<b>2 844 092</b>	<b>2 592 474</b>	<b>2 709 412</b>
Non-controlling interest	34 500	10 212	19 468
<b>Total equity</b>	<b>2 878 592</b>	<b>2 602 686</b>	<b>2 728 880</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	349 990	215 168	263 112
Provisions for liabilities and charges	24 579	15 420	23 066
Deferred income tax liabilities	235 345	261 368	229 612
<b>Total non-current liabilities</b>	<b>609 914</b>	<b>491 956</b>	<b>515 790</b>
<b>Current liabilities</b>			
Trade and other payables	913 191	838 394	899 807
Borrowings	235 548	220 645	215 690
Current income tax liabilities	41 528	13 751	26 387
Provisions for liabilities and charges	-	4 207	-
<b>Total current liabilities</b>	<b>1 190 267</b>	<b>1 076 997</b>	<b>1 141 884</b>
<b>Total liabilities</b>	<b>1 800 181</b>	<b>1 568 953</b>	<b>1 657 674</b>
<b>Total equity and liabilities</b>	<b>4 678 773</b>	<b>4 171 639</b>	<b>4 386 554</b>



<b>GROUP STATEMENT OF CASH FLOWS</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	<b>Unaudited 6 months 31 August 2011 R'000</b>	<b>Audited 12 months 29 February 2012 R'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	443 781	263 269	663 228
Finance income	14 342	13 986	29 353
Finance costs	(21 518)	(18 647)	(41 388)
Dividend received	1 037	2 552	4 264
Income tax paid	(65 861)	(87 013)	(154 701)
<b>Net cash generated from operating activities</b>	<b>371 781</b>	<b>174 147</b>	<b>500 756</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(280 928)	(88 274)	(286 594)
Proceeds from sale of property, plant and equipment	26 866	13 454	37 340
Acquisition of subsidiaries	(15 110)	(7 760)	(10 821)
<b>Net cash used in investing activities</b>	<b>(269 172)</b>	<b>(82 580)</b>	<b>(260 075)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	241 690	66 438	257 512
Repayment of borrowings	(154 295)	(146 095)	(294 180)
Dividends paid to owners of the parent	(64 588)	(125 484)	(171 618)
Dividends paid to non-controlling interests	(1 274)	(2 312)	(2 390)
<b>Net cash used in financing activities</b>	<b>21 533</b>	<b>(207 453)</b>	<b>(210 676)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>124 142</b>	<b>(115 886)</b>	<b>30 005</b>
Cash and cash equivalents at the beginning of the year	624 919	594 914	594 914
<b>Cash and cash equivalents at the end of the period</b>	<b>749 061</b>	<b>479 028</b>	<b>624 919</b>

<b>GROUP STATEMENT OF CHANGES IN EQUITY</b>	Share capital R	Share premium R	Other reserves R	Retained earnings R	Total attributable to owners of the parent company R	Non-controlling interest R	Total equity R
<b>Balance at 1 March 2011</b>	1 845	2 179 613	(1 156 847)	1 510 726	2 535 337	9 276	2 544 613
Share option reserve	-	-	8 799	-	8 799	-	8 799
Total comprehensive income for the period	-	-	326	173 496	173 822	3 248	177 070
Dividends paid	-	-	-	(125 484)	(125 484)	(2 312)	(127 796)
<b>Balance at 31 August 2011</b>	1 845	2 179 613	(1 147 722)	1 558 738	2 592 474	10 212	2 602 686
Share capital repaid	-	-	-	-	-	(70)	(70)
Share option reserve	-	-	5 971	-	5 971	-	5 971
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	2 703	2 703
Total comprehensive income for the period	-	-	(650)	157 751	157 101	6 701	163 802
Dividends paid	-	-	-	(46 134)	(46 134)	(78)	(46 212)
<b>Balance at 28 February 2012</b>	1 845	2 179 613	(1 142 401)	1 670 355	2 709 412	19 468	2 728 880
Share option reserve	-	-	12 443	-	12 443	-	12 443
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	4 713	4 713
Total comprehensive income for the period	-	-	4 494	182 331	186 825	11 593	198 418
Dividends paid	-	-	-	(64 588)	(64 588)	(1 274)	(65 862)
<b>Balance at 31 August 2012</b>	1 845	2 179 613	(1 125 464)	1 788 098	2 844 092	34 500	2 878 592

<b>GROUP SEGMENTAL ANALYSIS</b>	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
<b>Reportable segments</b>				
<b>31 August 2012</b>				
Segment revenue	769 217	1 410 901	629 895	2 810 013
Segment result (operating profit)	109 076	112 569	69 188	290 833
<b>31 August 2011</b>				
Segment revenue	696 510	1 337 594	575 894	2 609 998
Segment result (operating profit)	126 076	130 938	25 038	282 052
<b>29 February 2012</b>				
Segment revenue	1 372 282	2 523 708	1 136 635	5 032 625
Segment result (operating profit)	211 161	229 376	90 925	531 462

	Local R'000	International R'000	Consolidated R'000
<b>Geographical information</b>			
<b>31 August 2012</b>			
Segment revenue	2 585 834	224 179	2 810 013
Segment result (operating profit)	247 875	42 958	290 833
<b>31 August 2011</b>			
Segment revenue	2 196 068	413 930	2 609 998
Segment result (operating profit)	245 630	36 422	282 052
<b>29 February 2012</b>			
Segment revenue	4 142 221	890 404	5 032 625
Segment result (operating profit)	415 357	116 105	531 462

<b>EMPLOYEE BENEFIT EXPENSE</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	Unaudited 6 months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
Employee benefit expense in the income statement consists of:			
Salaries, wages and contributions	<b>567 004</b>	529 334	1 028 195
Share options granted to employees	<b>12 443</b>	8 799	13 488
Total employee benefit expense	<b>579 447</b>	538 133	1 041 683

<b>CAPITAL EXPENDITURE AND DEPRECIATION</b>	<b>Unaudited 6 months 31 August 2012 R'000</b>	Unaudited 6 months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
Capital expenditure for the period	<b>280 928</b>	88 274	286 594
Depreciation for the period	<b>123 773</b>	110 134	228 366
Amortisation of intangible assets for the period	<b>1 387</b>	1 398	2 785

## NOTES

### Basis of preparation:

These condensed consolidated interim financial statements have been prepared by the Group Financial Manager, JF Gibson CA(SA), in accordance with International Financial Reporting Standards ("IFRS"), IAS34 "Interim Financial Reporting", 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 2012 are consistent with those applied for the year ended 29 February 2012 and for the unaudited results for the six months ended 31 August 2011 in terms of IFRS.

### Business combinations

#### L&R Civils (Pty) Ltd

On 1 July 2012 the group acquired 80% of the share capital of L&R Civils (Pty) Ltd, including Mpipho Plant Hire CC for R17,6 million cash. An additional contingent consideration limited to R13,0 million is payable dependent on the company's earnings over a five year period from the effective date of the acquisition. The company specialises in bulk water mains, storm water and sewer reticulation and roads. The acquired company contributed revenues of R8,1 million and made no contribution to net profit for the period from 1 July 2012 to 31 August 2012.

### Contingencies

On 29 April 2011, shareholders were advised that the group had become aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions are not covered by leniency under the Corporate Leniency Provision of the Act. The group filed a Fast Track application to the Competition Commission by the required deadline date of 15 April 2011. The Competition Commission is in the process of assessing this submission and the group remains committed to fully co-operate with the Commission and to ensure that its employees, management and directors do not engage in any conduct which constitutes a prohibited practice. No provision for penalties has been made in the results for the period ended 31 August 2012.

## Events after the reporting period

There were no material events after the reporting period to report up to the date of preparation of these group financial statements.

On behalf of the Board:

J E Raubenheimer  
Chairman

R J Fourie  
Chief Executive Officer

F Diedrechen  
Group Financial & Commercial Director

05 November 2012

Directors:

J E Raubenheimer<sup>#</sup>, R J Fourie, F Diedrechen, F Kenney<sup>#</sup>, L A Maxwell\* B H Kent\*, N F Msiza\*  
<sup>#</sup> *Non-executive* \* *Independent non-executive*

Company secretary:

Mrs H E Ernst

Registered office:

The Highgrove Office Park  
Building No 1  
Tegel Avenue  
Centurion  
South Africa

Transfer secretaries:

Computershare Investor Services (Pty) Ltd  
70 Marshall Street  
Johannesburg  
2001  
South Africa

Auditors:

PricewaterhouseCoopers Inc.

Sponsor:

Investec Bank Limited

[www.raubex.com](http://www.raubex.com)