



RAUBEX GROUP LIMITED

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2011

"We have delivered a satisfactory performance for the six month period given the extremely difficult and highly competitive market in which the Group is currently operating.
 "Our revenues have grown and we have maintained a stable order book supported by a good performance from the materials division. Although anticipated, the decrease in operating profit and cash flows was compounded by the bitumen supply problems and delays on certain provincial work.
 "Whilst the long-term outlook for the South African road construction remains positive, we will continue to monitor the effects of the tolling controversy on the Group and on our clients closely whilst growing our portfolio of African projects.
 "We are confident that the Group will maintain a healthy financial position and stable order book of profitable work for the remainder of the year."

FRANCOIS DIEDRECHSEN, FINANCIAL AND COMMERCIAL DIRECTOR OF RAUBEX GROUP

- > Revenues up 3,7% to **R2,61 billion** (H1 2011: R2,52 billion)
- > Operating profit down 31,4% to **R282 million** (H1 2011: R411,2 million)
- > HEPS down 37,1% to **92,9 cents** per share (H1 2011: 147,6 cents per share)
- > Cash flow from operations down 34,8% to **R263,3 million** (H1 2011: R403,8 million)
- > Capex spend of **R88,3 million** (H1 2011: R119,7 million)
- > Stable order book of **R4,6 billion** (H1 2011: R4,7 billion)
- > Interim dividend of **25 cents** per share

GROUP INCOME STATEMENT	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Revenue	2 609 998	2 516 208	4 545 974
Cost of sales	(2 206 542)	(1 981 992)	(3 645 552)
Gross profit	403 456	534 216	900 422
Other income	7 572	20 355	27 665
Other gains/(losses) – net	(443)	(19 555)	(18 934)
Administrative expenses	(128 533)	(123 787)	(246 595)
Operating profit	282 052	411 229	662 558
Finance income	13 966	16 569	30 422
Finance costs	(18 647)	(23 781)	(43 875)
Profit before income tax	277 391	404 017	649 105
Income tax expense	(100 647)	(128 161)	(202 096)
Profit for the period	176 744	275 856	447 009
Profit for the period attributable to:			
Owners of the parent	173 496	273 037	443 405
Non-controlling interest	3 248	2 819	2 604
Basic earnings per share (cents)	94,0	148,0	241,5
Diluted earnings per share (cents)	93,6	148,0	240,3

GROUP STATEMENT OF COMPREHENSIVE INCOME	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Profit for the period	176 744	275 856	447 009
Other comprehensive income for the period, net of tax			
Currency translation differences	370	(1 203)	(1 739)
Total comprehensive income for the period	177 070	274 653	445 270
Comprehensive income for the period attributable to:			
Owners of the parent	173 822	271 834	442 126
Non-controlling interest	3 248	2 819	3 604
Total comprehensive income for the period	177 070	274 653	445 270

CALCULATION OF DILUTED EARNINGS PER SHARE	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Profit attributable to equity holders of the parent entity	173 496	273 037	443 405
Weighted average number of ordinary shares in issue ('000)	184 536	184 536	183 572
Adjustments deemed issued for no consideration ('000)	848	–	–
Contingently issuable shares ('000)	–	–	964
Weighted average number of ordinary shares for diluted earnings per share ('000)	185 384	184 536	184 536
Diluted earnings per share (cents)	93,6	148,0	240,3

CALCULATION OF HEADLINE EARNINGS PER SHARE	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Profit attributable to equity holders of the parent entity	173 496	273 037	443 405
<i>Adjustments for:</i>			
Profit on sale of plant and equipment	(2 843)	(858)	(3 313)
Total tax effect of adjustments	796	240	928
Basic headline earnings	171 449	272 419	441 020
Weighted average number of shares ('000)	184 536	184 536	183 572
Headline earnings per share (cents)	92,9	147,6	240,2
Diluted headline earnings per share (cents)	92,5	147,6	239,0

GROUP STATEMENT OF FINANCIAL POSITION	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1 294 874	1 236 262	1 276 133
Intangible assets	760 046	762 626	761 445
Deferred income tax assets	39 681	34 401	45 047
Trade and other receivables	520	639	585
Total non-current assets	2 095 121	2 033 928	2 083 210
Current assets			
Inventories	150 891	115 508	126 333
Construction contracts in progress and retentions	312 212	244 994	244 116
Trade and other receivables	1 115 359	1 045 021	948 367
Current income tax receivable	19 028	14 434	14 192
Cash and cash equivalents	479 028	473 926	594 914
Total current assets	2 076 518	1 893 883	1 927 922
Total assets	4 171 639	3 927 811	4 011 132
EQUITY			
Share capital	1 845	1 845	1 845
Share premium	2 179 613	2 179 613	2 179 613
Other reserves	(1 147 722)	(1 156 772)	(1 156 847)
Retained earnings	1 558 738	1 399 409	1 510 726
Equity attributable to equity holders of the parent	2 592 474	2 424 095	2 535 337
Non-controlling interest	10 212	8 819	9 276
Total equity	2 602 686	2 432 914	2 544 613
LIABILITIES			
Non-current liabilities			
Borrowings	215 168	215 805	231 905
Provisions for liabilities and charges	15 420	13 614	18 058
Deferred income tax liabilities	261 368	222 356	236 038
Total non-current liabilities	491 956	451 775	486 001
Current liabilities			
Trade and other payables	838 394	707 980	712 789
Borrowings	220 645	252 143	245 654
Current income tax liabilities	13 751	72 752	17 498
Provisions for other liabilities and charges	4 207	10 247	4 577
Total current liabilities	1 076 997	1 043 122	980 518
Total liabilities	1 568 953	1 494 897	1 466 519
Total equity and liabilities	4 171 639	3 927 811	4 011 132

GROUP STATEMENT OF CHANGES IN EQUITY	Share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	Total attributable to equity holders of the parent company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2010	1 826	2 139 632	(1 139 446)	1 263 340	2 265 352	4 344	2 269 696
Shares issued	19	39 981	–	–	40 000	–	40 000
Share option reserve	–	–	(16 123)	–	(16 123)	–	(16 123)
Non-controlling interest on acquisition of subsidiary	–	–	–	–	–	1 656	1 656
Total comprehensive income for the period	–	–	(1 203)	273 037	271 834	2 819	274 653
Dividends paid	–	–	–	(136 968)	(136 968)	–	(136 968)
Balance at 31 August 2010	1 845	2 179 613	(1 156 772)	1 399 409	2 424 095	8 819	2 432 914
Shares issued	–	–	–	–	–	70	70
Non-controlling interest on acquisition of subsidiary	–	–	–	–	–	202	202
Total comprehensive income for the period	–	–	(75)	170 368	170 293	786	171 079
Dividends paid	–	–	–	(59 051)	(59 051)	(601)	(59 652)
Balance at 28 February 2011	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)
Balance at 31 August 2011	1 845	2 179 613	(1 147 722)	1 558 738	2 592 474	10 212	2 602 686

GROUP STATEMENT OF CASH FLOWS	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Cash flows from operating activities			
Cash generated from operations	263 269	403 840	853 013
Finance income	13 966	16 569	30 422
Finance costs	(18 647)	(23 781)	(43 875)
Dividend received	2 552	3 107	5 476
Income tax paid	(87 013)	(114 105)	(241 159)
Net cash generated from operating activities	174 147	285 630	603 877
Cash flows from investing activities			
Purchases of property, plant and equipment	(88 274)	(119 725)	(292 490)
Proceeds from sale of property, plant and equipment	13 454	15 949	42 110
Acquisition of subsidiaries	(7 760)	–	141
Repayment of loan from associate	–	–	(750)
Net cash used in investing activities	(82 580)	(103 776)	(250 989)
Cash flows from financing activities			
Proceeds from borrowings	66 438	102 049	246 699
Repayment of borrowings	(146 095)	(167 678)	(302 722)
Dividends paid to owners of the parent	(125 484)	(136 968)	(196 019)
Dividends paid to non-controlling interests	(2 312)	–	(601)
Net cash used in financing activities	(207 453)	(202 597)	(252 643)
Net (decrease)/increase in cash and cash equivalents	(115 886)	(20 743)	100 245
Cash and cash equivalents at the beginning of the year	594 914	494 669	494 669
Cash and cash equivalents at the end of the period	479 028	473 926	594 914

GROUP SEGMENTAL ANALYSIS	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
Reportable segments				
At 31 August 2011				
Segment revenue – external	696 510	1 337 594	575 894	2 609 998
Segment result (operating profit)	126 076	130 938	25 038	282 052
At 31 August 2010				
Segment revenue – external	517 662	1 294 267	704 279	2 516 208
Segment result (operating profit)	102 745	202 125	106 359	411 229
At 28 February 2011				
Segment revenue – external	1 040 247	2 178 339	1 324 488	4 545 974
Segment result (operating profit)	178 103	300 187	184 168	662 558
		Local R'000	International R'000	Consolidated R'000
Geographical information				
At 31 August 2011				
Segment revenue – external	2 196 068	413 930	2 609 998	
Segment result (operating profit)	245 630	36 422	282 052	
At 31 August 2010				
Segment revenue – external	2 234 103	282 105	2 516 208	
Segment result (operating profit)	392 512	18 717	411 229	
At 28 February 2011				
Segment revenue – external	3 932 876	613 098	4 545 974	
Segment result (operating profit)	583 669	78 889	662 558	

Additional information

EMPLOYEE BENEFIT EXPENSE	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Employee benefit expense in the income statement consists of:			
– Salaries, wages and contributions	529 334	474 780	893 407
– Share options granted to employees	8 799	1 411	(5 280)
Total employee benefit expense	538 133	476 191	888 127

CAPITAL EXPENDITURE AND DEPRECIATION

	Unaudited 6 months 31 August 2011 R'000	Unaudited 6 months 31 August 2010 R'000	Audited 12 months 28 February 2011 R'000
Capital expenditure for the period	88 274	119 725	292 490
Depreciation for the period	110 134	111 091	220 184
Amortisation of intangible assets for the period	1 398	1 198	2 380

NOTES

Basis of preparation
 These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: "Interim Financial Reporting", the South African Companies Act 71 of 2008, as amended, and the JSE Listings Requirements. The principal accounting policies used in the preparation of the unaudited results for the period ended 31 August 2011 are consistent with those applied for the year ended 28 February 2011 and for the unaudited results for the six months ended 31 August 2010 in terms of IFRS.

Business combinations
Burma Plant Hire (Pty) Ltd
 On 1 July 2011, the Group acquired 51% of the share capital and related sale claims of Burma Plant Hire (Pty) Ltd for R4,04 million cash. The acquired company specialises in plant hire to the broader construction industry.

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 transactions were not covered by liability 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 currently 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 2011.

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.

COMMENTARY

FINANCIAL OVERVIEW

Revenue increased 3,7% to R2,61 billion whilst operating profit decreased 31,4% to R282 million from the corresponding prior period as a result of the declining margins and extremely competitive conditions being experienced in the road construction industry.

Profit before tax decreased 31,3% to R277,4 million.

The effective tax rate increased to 36,3% from 31,7% in the corresponding prior period due to the reversal of a previously recognised deferred tax asset against the Group's share incentive scheme.

Earnings per share decreased 36,5% to 94 cents with headline earnings per share decreasing 37,1% to 92,9 cents.

Group operating margin decreased 33,7% from 16,3% to 10,8% compared to the corresponding prior period.

The Group generated operating cash flows of R263,3 million before finance charges and taxation.

Trade and other receivables increased by 6,7% to R1,1 billion due to payment delays from the Free State Provincial Government which continue to have a negative impact on the Group's working capital as well as an increasing number of public and private customers settling outside of standard terms.

Capital expenditure on fixed assets to the value of R88,3 million was incurred during the period under review.

Net cash outflow for the six months ended 31 August 2011 was R115,9 million, with total cash and cash equivalents at the end of the period amounting to R479 million.

OPERATIONAL OVERVIEW

Roadmac