

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 Diedrehsen, 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."

GROUP INCOME STATEMENT

	Unaudited Six months 31 August 2012 R'000	Unaudited Six months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
Revenue	2 810 013	2 609 998	5 032 625
Cost of sales	(2 394 391)	(2 206 542)	(4 257 404)
Gross profit	415 622	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)
Operating profit	290 833	282 052	531 462
Finance income	14 342	13 986	29 353
Finance costs	(21 518)	(18 647)	(41 388)
Profit before income tax	283 657	277 391	519 427
Income tax expense	(89 733)	(100 647)	(178 230)
Profit for the period	193 924	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

GROUP STATEMENT OF COMPREHENSIVE INCOME

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

CALCULATION OF DILUTED EARNINGS PER SHARE

	Unaudited Six months 31 August 2012 R'000	Unaudited Six months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
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
Adjustments for:			
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

CALCULATION OF HEADLINE EARNINGS PER SHARE

	Unaudited Six months 31 August 2012 R'000	Unaudited Six months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
Profit attributable to owners of the parent entity	182 331	173 496	331 247
Adjustments for:			
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

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Six months 31 August 2012 R'000	Unaudited Six months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
ASSETS			
Non-current assets			
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
Total non-current assets	2 318 028	2 095 121	2 129 726
Current assets			
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	624 914
Total current assets	2 360 745	2 076 518	2 256 828
Total assets	4 678 773	4 171 639	4 386 554
EQUITY			
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
Equity attributable to owners of the parent	2 844 092	2 592 474	2 709 412
Non-controlling interest	34 500	10 212	19 468
Total equity	2 878 592	2 602 686	2 728 880
LIABILITIES			
Non-current liabilities			
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
Total non-current liabilities	609 914	491 956	515 790
Current liabilities			
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	–
Total current liabilities	1 190 267	1 076 997	1 141 884
Total liabilities	1 800 181	1 568 953	1 657 674
Total equity and liabilities	4 678 773	4 171 639	4 386 554

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 owners of the parent company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 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
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)
Balance at 29 February 2012	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)
Balance at 31 August 2012	1 845	2 179 613	(1 125 464)	1 788 098	2 844 092	34 500	2 878 592

GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months 31 August 2012 R'000	Unaudited Six months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
Cash flows from operating activities			
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)
Net cash generated from operating activities	371 781	174 147	500 756
Cash flows from investing activities			
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)
Net cash used in investing activities	(269 172)	(82 580)	(260 075)
Cash flows from financing activities			
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)
Net cash used in financing activities	21 533	(207 453)	(210 676)
Net increase/(decrease) in cash and cash equivalents	124 142	(115 886)	30 005
Cash and cash equivalents at the beginning of the year	624 919	594 914	594 914
Cash and cash equivalents at the end of the year	749 061	479 028	624 919

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				
31 August 2012				
Segment revenue	769 217	1 410 901	629 895	2 810 013
Segment result (operating profit)	109 076	112 569	69 188	290 833
31 August 2011				
Segment revenue	696 510	1 337 594	575 894	2 609 998
Segment result (operating profit)	126 076	130 938	25 038	282 052
29 February 2012				
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
Geographical information			
31 August 2012			
Segment revenue	2 585 834	224 179	2 810 013
Segment result (operating profit)	247 875	42 958	290 833
31 August 2011			
Segment revenue	2 196 068	413 930	2 609 998
Segment result (operating profit)	245 630	36 422	282 052
29 February 2012			
Segment revenue	4 142 221	890 404	5 032 625
Segment result (operating profit)	415 357	116 105	531 462

EMPLOYEE BENEFIT EXPENSE

	Unaudited Six months 31 August 2012 R'000	Unaudited Six 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	567 004	529 334	1 028 195
Share options granted to employees	12 443	8 799	13 488
Total employee benefit expense	579 447	538 133	1 041 683

CAPITAL EXPENDITURE AND DEPRECIATION

	Unaudited Six months 31 August 2012 R'000	Unaudited Six months 31 August 2011 R'000	Audited 12 months 29 February 2012 R'000
Capital expenditure for the period	280 928	88 274	286 594
Depreciation for the period	123 773	110 134	228 366
Amortisation of intangible assets for the period	1 387	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"), IAS 34 "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) Limited
On 1 July 2012 the group acquired 80% of the share capital of L&R Civils (Pty) Limited, including Mpiho 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 this 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.

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