



# Unaudited interim results

FOR THE SIX MONTHS ENDED 31 AUGUST 2008

## Highlights

- Revenues up 131,7% to R2,23 billion (H1 2008: R963,5 million)
- Operating profit up 108,1% to R398 million (H1 2008: R191,2 million)
- HEPS up 80,5% to 144,6 cents per share (H1 2008: 80,1 cents per share)
- Strong cash flow from operations up 88,3% to R333,3 million (H1 2008: R177 million)
- Capex spend of R232 million
- Order book up 113% to R4,9 billion
- Interim dividend of 30 cents per share declared

## Director's note:

**Francois Diedrehsen**, Financial and Commercial Director of Raubex Group, said: "The Group's performance for the first half of the year has been extremely healthy and in-line with our expectations. We are delighted to have yet again delivered on our operational and financial strategy which was highlighted ahead of our listing.

"During the period, we also successfully bedded down a number of acquisitions, the financial effects of which are included in this set of results. These acquisitions have proved to be value-enhancing and are performing well. Importantly, the depth and breadth of skills and capacity that they've brought to the Group positioned us well to continue taking full advantage of the spend driven by the government and private sector.

"We look forward to another strong performance in the second half of the year."

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### CONSOLIDATED INCOME STATEMENT

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
Revenue	2 232 675 952	963 498 214	2 135 778 031
Cost of sales	(1 754 348 393)	(728 590 078)	(1 616 112 151)
<b>Gross profit</b>	<b>478 327 559</b>	234 908 136	519 665 880
– Other income	6 232 918	3 941 601	18 979 346
– Other gains/(losses) – net	2 924 760	(2 567 864)	3 075 679
– Administrative expenses	(89 517 218)	(45 057 756)	(110 438 956)
<b>Operating profit</b>	<b>397 968 019</b>	191 224 117	431 281 949
– Finance income	20 722 156	5 097 029	12 996 916
– Finance costs	(33 807 510)	(13 107 719)	(27 986 271)
– Share of profit of associate	50 021	386 180	478 480
<b>Profit before tax</b>	<b>384 932 686</b>	183 599 607	416 771 074
– Taxation expense	(116 698 764)	(53 305 184)	(121 152 553)
<b>Profit for the period</b>	<b>268 233 922</b>	130 294 423	295 618 521
<b>Attributable to:</b>			
Equity holders of the Company	266 810 257	129 364 324	294 150 140
Minority interest	1 423 665	930 099	1 468 381
Weighted average number of shares	182 623 583	162 129 832	162 641 151
Basic earnings per share (cents)	146,1	79,8	180,9

### CALCULATION OF DILUTED EARNINGS PER SHARE

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
Weighted average number of ordinary shares in issue	182 623 583	162 129 832	162 641 151
Adjustments for:			
– Share options	2 200 000	–	2 200 000
Weighted average number of ordinary shares for diluted earnings per share	184 823 583	162 129 832	164 841 151
Earnings attributable to equity holders of the Company	266 810 257	129 364 324	294 150 140
Diluted earnings per share (cents)	144,4	79,8	178,4

### CALCULATION OF HEADLINE EARNINGS PER SHARE

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
Net profit after tax attributable to equity holders	266 810 257	129 364 324	294 150 140
Adjustments for:			
– (Profit)/loss on sale of fixed assets after tax	(2 648 412)	528 601	(555 060)
– Excess from fair value of assets acquired over purchase price	–	–	(682 427)
Basic headline earnings	264 161 845	129 892 925	292 912 653
Weighted average number of shares	182 623 583	162 129 832	162 641 151
Headline earnings per share (cents)	144,6	80,1	180,1
Diluted headline earnings per share (cents)	142,9	80,1	177,7

### CONSOLIDATED CASH FLOW STATEMENT

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
<b>Cash flows from operating activities</b>	<b>333 287 669</b>	177 045 002	448 814 702
Cash generated from operations	20 722 156	5 097 029	12 996 916
Finance income	(33 807 510)	(13 107 719)	(27 986 271)
Finance costs	(30 172 216)	(10 474 666)	(43 777 166)
Taxation paid			
<b>Net cash from operating activities</b>	<b>290 030 099</b>	158 559 646	390 048 181
<b>Cash flows from investing activities</b>	<b>(231 990 454)</b>	(130 073 537)	(244 584 549)
Additions of property, plant and equipment			
Proceeds from sale of property, plant and equipment	13 672 129	16 662 757	22 758 994
Acquisition of subsidiaries (net)	(384 056 666)	5 994 560	(57 143 171)
Associates' dividends received	–	–	24 000
Loans associates	(5 400 000)	–	5 707 408
<b>Net cash from investing activities</b>	<b>(607 774 991)</b>	(107 416 220)	(273 237 318)
<b>Cash flows from financing activities</b>	<b>90 240 447</b>	49 522 758	119 169 200
Proceeds from borrowings (net)	(1 106 507)	(19 755 679)	379 530 744
Proceeds from shares issued (net)	(73 049 433)	–	(32 425 966)
Dividends paid to company's shareholders	–	–	(200 000)
Dividends paid to minority interests	–	–	–
<b>Net cash from financing activities</b>	<b>16 084 507</b>	29 767 079	466 073 978
<b>Total cash movement for the period</b>	<b>(301 660 385)</b>	80 910 505	582 884 841
Cash at the beginning of the period	660 213 417	77 328 576	77 328 576
<b>Total cash at end of the period</b>	<b>358 553 032</b>	158 239 081	660 213 417

### SEGMENTAL ANALYSIS

	Aggregate and crusher R	Road surfacing and rehabilitation R	Road construction and earthworks R	Consolidated R
<b>Business segments</b>				
<b>At 31 August 2008</b>				
Segment revenue	544 446 842	1 177 227 346	511 001 764	2 232 675 952
Segmental operating profit	115 469 355	219 854 748	62 643 916	397 968 019
<b>At 31 August 2007</b>				
Segment revenue	174 038 319	566 097 763	223 362 132	963 498 214
Segmental operating profit	50 127 812	114 228 493	26 867 812	191 224 117
<b>At 29 February 2008</b>				
Segment revenue	362 915 556	1 252 901 822	519 960 653	2 135 778 031
Segmental operating profit	102 240 357	233 921 754	95 119 838	431 281 949
<b>Geographical segments</b>				
<b>At 31 August 2008</b>				
Segment revenue	2 083 192 430	149 483 522	2 232 675 952	
Segmental operating profit	374 664 357	23 303 662	397 968 019	
<b>At 31 August 2007</b>				
Segment revenue	889 709 888	73 788 326	963 498 214	
Segmental operating profit	180 113 136	11 110 981	191 224 117	
<b>At 29 February 2008</b>				
Segment revenue	1 990 906 264	144 871 767	2 135 778 031	
Segmental operating profit	407 733 525	23 548 424	431 281 949	

### EMPLOYEE BENEFIT EXPENSE

### COMMENTARY

#### FINANCIAL OVERVIEW

Revenue increased 131,7% to R2,23 billion and operating profit increased 108,1% to R398 million from the corresponding prior period.

Profit before tax increased 109,7% to R384,9 million.

Earnings per share increased 83,1% to 146,1 cents with headline earnings per share increasing 80,5% to 144,6 cents.

Group operating margin decreased 10,1% from 19,8% to 17,8% compared to the corresponding prior year period as a result of the acquisitions concluded towards the end of last year.

The group generated operating cashflows of R333,3 million before finance charges and taxation.

Capital expenditure on fixed assets to the value of R232 million was incurred during the six months ended 31 August 2008.

Net cash outflow for the six months ended 31 August 2008 was R301,7 million with total cash and cash equivalents at the end of the period amounting to R358,6 million. Net cash outflow on acquisition of subsidiaries amounted to R384 million.

Expenses related to the share incentive scheme amounted to R7,7 million during the period.

#### OPERATIONAL OVERVIEW

The above financial performance includes the first set of earnings from the acquisitions completed last year and which allowed Raubex to position itself as a sizeable and credible industry player with the capacity and depth of skills to take full advantage of the accelerated demand for its line of work.

#### Roadmac

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

Roadmac is the largest contributor to Group revenue and performance for the period came in above expectations due to generally clement weather allowing for increased productivity and a positive geographical mix during the winter months. The division is operating in a very favourable environment supported by a healthy order book.

The business of Bonn Plant Hire and Akasia Road Surfacing was integrated during the period although only three months of earnings are included in these results. Through Akasia Road Surfacing and National Asphalt, we expect the division to benefit substantially from the high demand for asphalt required by the Gauteng Freeway Improvement Project.

Revenue for the division increased 108% to R1,18 billion (H1 2008: R566,1 million) and operating profit by 92,5% to R219,9 million (H1 2008: R114,2 million).

The divisional margins decreased to 18,7% (H1 2008: 20,2%). This margin has now stabilised and is expected to remain at the current levels.

The division incurred capital expenditure of R42 million during the period (H1 2008: R39,2 million).

#### Raubex Construction

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

The acquisition of Thaba Bosiu Construction, Zamori Construction and Space Construction were successfully integrated during the period and are performing in line with expectations.

During the period under review, the Gauteng Freeway Improvement Project began and Raubex Construction was awarded a significant contract worth some R720 million for the upgrading of National Route 21 (R21).

Internationally, the division has increased its activities in Zambia where eight contracts are currently in progress including three major rehabilitation contracts.

Revenue for the division increased 128,8% to R511 million (H1 2008: R223,4 million) whilst operating profit increased 133,2% to R62,6 million (H1 2008: R26,9 million).

The divisional margins increased slightly to 12,3% (H1 2008: 12%).

The division incurred capital expenditure of R47,9 million during the period (H1 2008: R26 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.

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Basic headline earnings	264 161 845	129 892 925	292 912 653		
Weighted average number of shares	182 623 583	162 129 832	162 641 151		
Headline earnings per share (cents)	144,6	80,1	180,1		
Diluted headline earnings per share (cents)	142,9	80,1	177,7		

## CONSOLIDATED BALANCE SHEET

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
– Property, plant and equipment	1 159 040 396	556 221 005	668 364 912
– Intangible assets	771 535 437	161 466 680	198 939 016
– Investment in associate	8 120 780	635 924	2 670 759
– Deferred income tax assets	32 124 767	1 532 701	9 283 041
– Trade and other receivables	348 102	–	401 787
<b>Total non-current assets</b>	<b>1 971 169 482</b>	<b>719 856 310</b>	<b>879 659 515</b>
<b>Current assets</b>			
– Inventories	120 596 302	37 373 450	50 439 686
– Construction contracts in progress	115 282 302	69 599 239	73 644 341
– Trade and other receivables	792 456 451	328 172 302	368 676 796
– Current income tax receivable	2 282 855	12 022 070	12 054 823
– Cash and cash equivalents	366 336 781	164 436 148	660 233 434
<b>Total current assets</b>	<b>1 396 954 691</b>	<b>611 603 209</b>	<b>1 165 049 080</b>
<b>Non-current assets held for sale</b>	<b>–</b>	<b>–</b>	<b>2 472 076</b>
<b>Total assets</b>	<b>3 368 124 173</b>	<b>1 331 459 519</b>	<b>2 047 180 671</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
– Share capital	1 826 237	1 621 299	1 725 268
– Share premium	2 164 772 700	1 431 670 229	1 830 852 682
– Other reserves	(1 147 259 516)	(1 174 048 277)	(1 156 813 647)
– Retained earnings	651 739 976	325 619 302	457 979 152
<b>Equity attributable to equity holders of the company</b>	<b>1 671 079 397</b>	<b>584 862 553</b>	<b>1 133 743 455</b>
Minority interest in equity	5 639 426	2 447 372	2 785 655
<b>Total equity</b>	<b>1 676 718 823</b>	<b>587 309 925</b>	<b>1 136 529 110</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
– Borrowings	414 998 388	215 664 250	249 069 699
– Provisions for liabilities and charges	12 532 488	3 636 150	7 954 770
– Deferred income tax liability	195 311 808	78 993 358	113 897 357
<b>Total non-current liabilities</b>	<b>622 842 684</b>	<b>298 293 758</b>	<b>370 921 826</b>
<b>Current liabilities</b>			
– Trade and other payables	646 227 138	280 530 207	318 623 885
– Borrowings	248 688 779	105 890 936	143 856 259
– Current income tax liabilities	165 863 000	53 237 627	77 229 574
– Bank overdrafts	7 783 749	6 197 066	20 017
<b>Total current liabilities</b>	<b>1 068 562 666</b>	<b>445 855 836</b>	<b>539 729 735</b>
<b>Total liabilities</b>	<b>1 691 405 350</b>	<b>744 149 594</b>	<b>910 651 561</b>
<b>Total equity and liabilities</b>	<b>3 368 124 173</b>	<b>1 331 459 519</b>	<b>2 047 180 671</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R	Share premium R	Other reserves R	Retained earnings R	Total attributable to equity holders of the parent company R	Minority interest R	Total equity R
<b>Balance at 1 March 2007</b>	1 432 782	1 282 167 325	(1 174 084 740)	196 254 978	305 770 345	1 517 273	307 287 618
Issue of share capital and share premium	292 486	574 630 944	–	–	574 923 430	–	574 923 430
Share issue expenses	–	(25 945 587)	–	–	(25 945 587)	–	(25 945 587)
Currency translation reserve	–	–	2 909 913	–	2 909 913	–	2 909 913
Share option reserve	–	–	14 361 180	–	14 361 180	–	14 361 180
Profit for the year	–	–	–	294 150 140	294 150 140	1 468 382	295 618 522
Dividends paid	–	–	–	(32 425 966)	(32 425 966)	(200 000)	(32 625 966)
<b>Balance at 29 February 2008</b>	<b>1 725 268</b>	<b>1 830 852 682</b>	<b>(1 156 813 647)</b>	<b>457 979 152</b>	<b>1 133 743 455</b>	<b>2 785 655</b>	<b>1 136 529 110</b>
Issue of share capital and share premium	100 969	335 026 525	–	–	335 127 494	–	335 127 494
Share issue expenses	–	(1 106 507)	–	–	(1 106 507)	–	(1 106 507)
Currency translation reserve	–	–	1 815 743	–	1 815 743	–	1 815 743
Share option reserve	–	–	7 738 388	–	7 738 388	–	7 738 388
Minority interest in acquired company	–	–	–	–	–	1 430 106	1 430 106
Profit for the year	–	–	–	266 810 257	266 810 257	1 423 665	268 233 922
Dividends paid	–	–	–	(73 049 433)	(73 049 433)	–	(73 049 433)
<b>Balance at 31 August 2008</b>	<b>1 826 237</b>	<b>2 164 772 700</b>	<b>(1 147 259 516)</b>	<b>651 739 976</b>	<b>1 671 079 397</b>	<b>5 639 426</b>	<b>1 676 718 823</b>

Segment revenue	1 990 906 264	144 871 767	2 135 778 031
Segment operating profit	407 733 525	23 548 424	431 281 949

## EMPLOYEE BENEFIT EXPENSE

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
Employee benefit expense in the income statement consists of:			
– Salaries, wages and contributions	364 371 423	151 873 396	304 051 406
– Share options granted to employees	7 738 388	–	14 361 180
<b>Total employee benefit expense</b>	<b>372 109 811</b>	<b>151 873 396</b>	<b>318 412 586</b>

## CAPITAL EXPENDITURE AND DEPRECIATION

	Interim 31 August 2008 R	Interim 31 August 2007 R	Audited Annual 29 February 2008 R
Capital expenditure	231 990 454	130 073 537	244 584 549
Depreciation	77 014 477	28 556 854	62 257 886
Amortisation of intangible assets	1 153 707	–	1 135 011

## NOTES

### Accounting policies

The abridged consolidated financial information ("financial information") for the six months ended 31 August 2008 has been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard 34, the Listing Requirements of the JSE Limited and the South African Companies Act 61 of 1973 as amended, on a consistent basis with that of the prior period.

### Acquisition of subsidiaries

The Group made the following acquisitions during the period.

#### B&E International Holdings (Pty) Limited

On 1 March 2008, the Group acquired 100% of the share capital of B&E International Holdings (Pty) Limited, a group of companies specialising in contract crushing and mineral processing operations at a cost of R513 million. The purchase consideration was settled by the issuance of 9 029 677 ordinary shares at a fair value of R295 million and cash of R218 million. The acquired business contributed revenues of R291 million and net profit of R42,1 million to the Group for the period 1 March 2008 to 31 August 2008.

#### Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited

On 1 March 2008, the Group acquired 100% of the share capital of Space Construction (Pty) Limited and Space Indlela Construction (Pty) Limited, a group of companies specialising in road construction at a cost of R50 million. The purchase consideration was settled by the issuance of 277 771 ordinary shares at a fair value of R10 million and cash of R40 million. The acquired businesses contributed revenues of R72,6 million and net profit of R8 million to the Group for the period 1 March 2008 to 31 August 2008.

#### Thaba Bosiu Construction (Pty) Limited and Zamori Construction (Pty) Limited

On 1 March 2008, the Group acquired 100% of the share capital of Thaba Bosiu Construction (Pty) Limited and Zamori Construction (Pty) Limited, a group of companies specialising in road construction at a cost of R100 million. The purchase consideration was settled by the issuance of 789 474 ordinary shares at a fair value of R30 million and cash of R70 million. The acquired businesses contributed revenues of R88,3 million and net profit of R13,4 million to the Group for the period 1 March 2008 to 31 August 2008.

#### Akasia Road Surfacing (Pty) Limited

On 1 June 2008, the Group acquired 100% of the share capital of Akasia Road Surfacing (Pty) Limited for R117 million cash. The company specialises in asphalt manufacturing and road surfacing. The acquired business contributed revenues of R77 million and net profit of R9,5 million to the Group for the period 1 June 2008 to 31 August 2008. If the acquisition had occurred on 1 March 2008, the contribution to Group revenue would have been R133,4 million and net profit of R12,2 million.

The divisional margins increased slightly to 12,3% (H1 2008: 12%).

The division incurred capital expenditure of R47,9 million during the period (H1 2008: R26 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.

The acquisition of B&E International was successfully integrated during the period. The contract crushing and material handling operations continue to perform well with both SPH and B&E reporting strong first half results.

Revenue for the division increased 212,8% to R544,5 million (H1 2008: R174 million) and operating profit by 130,4% to R115,5 million (H1 2008: R50,1 million).

The divisional margins decreased to 21,2% (H1 2008: 28,8%) as a result of the acquisition of B&E and lower margins achieved by the commercial quarry operations due to a marked slow-down in the residential building market. It is anticipated that some of the capacity available as a result will be utilised to meet the demand for aggregates by various infrastructure development projects around Gauteng.

Following the acquisitions of SPH and B&E, the division has undergone internal restructuring in order to address the changing business mix and associated management requirements. Going forward, Tobias Wiese of B&E will assume the role of divisional Managing Director.

The division incurred capital expenditure of R142,1 million during the period (H1 2008: R64,8 million).

## PROSPECTS

The Company's order book increased to R4,9 billion (H1 2008: R2,3 billion). This increase was made possible not only through the acquisitions completed since listing but also by the Group's commitment to developing skills and capacity internally.

With all the acquisitions successfully bedded down and performing in-line with expectation, Raubex Group can continue to take advantage of the continuing strong demand for its services.

With the Gauteng Freeway Improvement Project now underway, we expect SANRAL to be announcing a number of reasonably sized contracts to be released for tender in the coming months. It is worth noting that although SANRAL remains our largest client, accounting for some 40% of our revenues, the group now has a broad spread of private and other parastatal customers accounting for the majority of its revenues.

Internationally, Raubex continues to maintain a cautious approach to growth in Africa. In Zambia, the pipeline continues to grow across the country and the division is actively exploring opportunities in Botswana and Namibia.

In the prevailing market conditions, the Group expects to deliver a strong performance in the second half of the year.

## DIVIDEND DECLARATION

The directors have declared an interim cash dividend of 30 cents per share on 10 November 2008. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 28 November 2008
Commence trading ex dividend	Monday, 1 December 2008
Record date	Friday, 5 December 2008
Payment date	Monday, 8 December 2008

No share certificates may be dematerialised or rematerialised between Monday, 1 December and Friday, 5 December 2008, both dates inclusive.

On behalf of the Board

<b>MC Matjila</b> Chairman	<b>JE Raubenheimer</b> Chief Executive Officer	<b>F Diedrehsen</b> Group Financial & Commercial Director
10 November 2008		

## Raubex Group Limited

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

**Directors:** MC Matjila (Chairman)#, JE Raubenheimer, GM Raubenheimer, F Diedrehsen, F Kenney#, MB Swana#, L Maxwell\*  
# Non-executive \* Independent non-executive

**Company Secretary:** Mrs HE Ernst

**Registered office:** 1st Floor Leopard Creek Building, The Greens Office Park, Centurion

**Postal address:** PO Box 66192, Highveld 0169

**Transfer secretaries:** Computershare Investor Services (Pty) Limited  
70 Marshall Street, Johannesburg 2001, PO Box 61051 Marshalltown 2107

**Auditors:** PricewaterhouseCoopers Inc.

**Sponsor:** Investec Bank Limited

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