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	**13 986**	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	3 604
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	**326**	(1 203)	(1 279)
Total comprehensive income for the period	**177 070**	274 653	445 730
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	445 730

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 for:			
Shares 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
Adjustments for:			
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	**152 891**	115 508	126 333
Construction contracts in progress and retentions	**310 212**	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 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	**13 986**	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	1 040 147	2 178 339	1 327 488	4 545 974
Segment result (operating profit)	178 203	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 transgressions were 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 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.

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**

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 arising from 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 R1,11 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

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 51,3% of total revenue. The divisional performance continues to be impacted by strong competition in the light rehabilitation market with the resulting decrease in margins being reflected in the results for the period. The division has been operating near capacity and has maintained a healthy order book with new work being secured at the prevailing lower margins.

A short supply of bitumen in the country has had a negative effect on asphalt production and surfacing operations as sites struggle to achieve efficiencies due to the erratic supply of this key product.

Revenue for the division increased 3,4% to R1,34 billion (H1 2011: R1,29 billion) and operating profit decreased 35,2% to R130,9 million (H1 2011: R202,1 million) as the increased revenues were offset by the lower operating margins of the current contracts.

The divisional operating margins decreased to 9,8% (H1 2011: 15,6%), with margin pressure expected to continue in the second half of the year.

The division incurred capital expenditure of R22,6 million during the period (H1 2011: R29,7 million).

Raubex Construction

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

This division has been affected the most by the pricing pressures of the current operating environment. A stable order book has been maintained while management has adopted a cautious approach to tendering for new work at the current low margins.

Revenue for the division decreased 18,2% to R575,9 million (H1 2011: R704,3 million) whilst operating profit decreased 76,5% to R25 million (H1 2011: R106,4 million).

The divisional margins decreased to 4,3% (H1 2011: 15,1%), as the lower-margin work secured in the current operating environment is realised. A cautious revenue recognition policy has been applied to certain Free State provincial contracts until clarity is obtained regarding the outcome of this work.

The division incurred capital expenditure of R16,2 million during the period (H1 2011: R28 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 stable results for the period, supported by infrastructure projects in the Free State and Eastern Cape regions and encouraging results from the Gauteng area, despite the residential building market remaining depressed.

Contract crushing operations have maintained a stable order book and continue to perform well despite pressure on margins. Whilst the plants have been operating at capacity during the period, new contracts will need to be secured before year-end to maintain the current operating efficiencies.

There has been a noticeable improvement in the mining and material handling operations of the division with increased tonnages being reported and new contracts having been secured. The diamond mining activities of B&E International are particularly encouraging, with two new contracts recently secured with Namdeb in Namibia and ongoing operations at Mbada in Zimbabwe. Increased activity has also been reported by SPH Kundalila in South Africa, with a contract recently secured at a new platinum mine in the Pilanesberg area of the North West province and an iron ore screening contract secured at Thabazimbi in the Limpopo province.

Revenue for the division increased 34,6% to R696,5 million (H1 2011: R517,7 million) and operating profit by 22,7% to R126,1 million (H1 2011: R102,7 million).

The divisional margins decreased to 18,1% (H1 2011: 19,8%).

The division incurred capital expenditure of R49,5 million during the period (H1 2011: R62 million).

International

Internationally, revenue increased 46,7% to R413,9 million (H1 2011: R282,1 million) and operating profit by 94,6% to R36,4 million (H1 2011: R18,7 million).

The international margins increased to 8,8% (H1 2011: 6,6%).

The road contracts in the north of Namibia continue to progress well, while a cautious approach to tendering in Zambia has been maintained with careful consideration given to currency and funding risks. The Group's results from international operations were supplemented by the improvement in mining activities of B&E International.

PROSPECTS

In the short term, trading conditions in the road construction industry will be challenging and the impact of margin pressure will continue to be felt during the remainder of the financial year and into 2013. The Group has adopted a cautious approach to tendering for new work at the prevailing low margins and has maintained a stable order book of R4,6 billion (H1 2011: R4,7 billion).

The improvement in mining activities will continue to benefit the material handling and screening operations of B&E International and SPH Kundalila over the short and medium term.

Whilst management remains optimistic with respect to the long-term outlook for the South African road construction industry, government policy towards future toll roads in South Africa remains uncertain. This uncertainty and potential delays in the award of future toll concessions, including the N1/N2 Winelands project, could retard the industry's recovery. With this in mind, the Group continues to look for growth in other geographies and valuable experience is being gained around the tendering processes in the promising Indian roads sector, whilst the Group's African expansion drive remains a priority.

Despite the current market conditions, the Group has been able to maintain a healthy balance sheet and strong cash position together with a stable order book of profitable work. This, combined with Raubex's considerable industry experience across its management team, sets the Group on a strong footing to navigate the challenging period ahead.

DIVIDEND DECLARATION

The directors have declared an interim cash dividend of 25 cents per share on 7 November 2011. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 25 November 2011
Commence trading ex dividend	Monday, 28 November 2011
Record date	Friday, 2 December 2011
Payment date	Monday, 5 December 2011

No share certificates may be dematerialised or rematerialised between Monday, 28 November 2011, and Friday, 2 December 2011, both dates inclusive.

On behalf of the board:

MC Matjila *Chairman* — **RJ Fourie** *Chief Executive Officer* — **F Diedrechsen** *Group Financial and Commercial Director*

7 November 2011

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")

Directors: MC Matjila (Chairman)#, JE Raubenheimer#, RJ Fourie, F Diedrechsen, F Kenney#, L Maxwell* BH Kent*, NF Msiza*
*#Non-executive *Independent non-executive*

Company secretary: Mrs HE Ernst **Registered office:** The Highgrove Office Park, Building No 1, Tegel Avenue, Centurion, South Africa
Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001
Auditors: PricewaterhouseCoopers Inc. **Sponsor:** Investec Bank Limited

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