

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 2009

### HIGHLIGHTS

- Revenues up 1,8% to R2,27 billion (H1 2009: R2,23billion)
- Operating profit up 10,6% to R440,2 million (H1 2009: R398 million)
- HEPS up 10,2% to 159,4 cents per share (H1 2009: 144,6 cents per share)
- Strong cash flow from operations up 40% to R466,6 million (H1 2009: R333,3 million)
- Capex spend of R164,6 million ( H1 2009: R232 million)
- Stable order book of R 5,2 billion (H1 2009: 4,9 billion)
- Interim dividend of 35 cents per share

Francois Diedrehsen, Financial and Commercial Director of Raubex Group, said: *"Notwithstanding challenging conditions in the first half of the year, we have delivered a satisfactory performance and grown the business.*

*"Our international expansion is progressing well following the successful establishment of our footprint in Namibia and this has already led to further work being awarded to Raubex in that country. In addition, a number of new projects were secured locally following the interim period.*

*"We expect the performance of the second half of the year to improve and remain confident that our strong financial and operational position will allow the Group to maintain its performance in the medium-term."*

9 November 2009

### ENQUIRIES

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## **COMMENTARY**

### **FINANCIAL OVERVIEW**

Revenue increased 1,8% to R2,27 billion and operating profit increased 10,6% to R440,2 million from the corresponding prior period.

Profit before tax increased 11,4% to R429 million.

Earnings per share increased 10,4% to 161,3 cents with headline earnings per share increasing 10,2% to 159,4 cents.

Group operating margin increased 9% from 17,8% to 19,4% compared to the corresponding prior year period.

The Group generated strong operating cashflows of R466,6 million before finance charges and taxation.

Capital expenditure on fixed assets to the value of R164,6 million was incurred during the period under review.

The Group's depreciation charge for the period increased 45,2% from the corresponding prior period as a result of the increased level of capital expenditure incurred in the prior year and a change in accounting estimate of the useful economic lives of plant and equipment. This change in accounting estimate has given rise to an additional depreciation charge of R17 million during the period.

Net cash outflow for the six months ended 31 August 2009 was R3 million with total cash and cash equivalents at the end of the period amounting to R573,4 million. Net cash outflow on acquisition of subsidiaries and business combinations amounted to R40,4 million.

Expenses related to the share incentive scheme amounted to R7,8 million during the period.

### **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 remains the largest contributor to Group revenue although performance for the period was impacted by the increased competition in the light rehabilitation segment of the business resulting in a slight decrease in margins. The division continues to be supported by a healthy order book and the demand for Asphalt in the Gauteng market remains strong. The new Olifansfontein plant was commissioned in September 2009 with an initial production capacity of 14 000 tons per month, bringing the total current annual capacity for the three plants to around 968 000 tons. It is envisaged that the asphalt manufacturing facilities will be transferred under Raumix's management during the second half of the year to improve efficiencies.

In line with the Group's SADC expansion strategy and following the awarding of a R1 billion contract in Namibia earlier this year, Roadmac was awarded a R120 million contract for the upgrading and resurfacing of Windhoek's Hosea Kutako International Airport.

Revenue for the division decreased 19,9% to R943,6 million (H1 2009: R1,18 billion) and operating profit by 9,8% to R198,2 million (H1 2009: R219,9 million). The decline in revenue is attributed to a change in the segmental mix as Roadmac's resources are being deployed on various contracts in Namibia and Zambia, increased competition resulting in a lower rate of tender successes during the earlier part of the period as well as the effect of rise and fall clauses as declining input costs were passed on to the clients.

The divisional margins increased to 21% (H1 2009: 18,7%) as the margins achieved on the asphalt manufacturing improved.

The division incurred capital expenditure of R42,7 million during the period (H1 2009: R42 million).

## **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.

Whilst good progress is being made on the Gauteng Freeway Improvement Project National Route 21 (R21) work package, a number of large contracts were awarded during the first half of the year and have secured the division's local order book well into the 2011 financial year.

Internationally, the construction of the TR10 contract in Namibia between Elundu and Rundu is well underway with the base camp now fully established and the initial phases of the contract, including some earthwork and the commissioning of quarrying operations, already completed.

In Zambia, conditions were more challenging due to exceptionally high rainfalls impacting on the re-gravel contracts. Rehabilitation contracts with a high content of cement and bitumen were also negatively affected by supply issues. The strength of the South African Rand against the Zambian Kwacha resulted in increased input costs having a negative effect on operating margins. The Group is evaluating various currency hedging options to mitigate this risk going forward.

Revenue for the division increased 46,4% to R748,3 million (H1 2009: R511 million) whilst operating profit increased 68,4% to R105,5 million (H1 2009: R62,6 million).

The divisional margins increased to 14,1% (H1 2009: 12,3%).

The division incurred capital expenditure of R67,8 million during the period (H1 2009: R47,9 million); as more capital equipment was purchased to effectively move into new geographies.

## **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.

Contract crushing operations continued to perform well with B&E International delivering a particularly strong first half performance. Whilst operating conditions in the commercial quarrying environment remain under pressure, the geographical location of quarries in Gauteng has allowed the division to mitigate the impact of the weak residential market with infrastructure project related spend.

Revenue for the division increased 6,8% to R581,4 million (H1 2009: R544,5 million) and operating profit by 18,1% to R136,4 million (H1 2009: R115,5 million).

The divisional margins increased to 23,5% (H1 2009: 21,2%) as a result of the completion of some higher margin contracts combined with an increased amount of inter-group revenue between B&E International and Raubex Construction compared to the prior period.

The division incurred capital expenditure of R54,2 million during the period (H1 2009: R142,1 million).

## **PROSPECTS**

Despite the adverse conditions experienced in the first half of the year, the Group has been able to grow and maintain a stable order book at R5,2 billion (H1 2009: R4,9 billion).

The healthy demand for the Group's services continues to be driven by government infrastructure spend both locally and abroad. However, recent tender results indicate that in order to secure new work locally, current operating margins in the Roadmac and Raubex Construction divisions will continue to be adjusted to account for the increased competition, particularly in the light road surfacing sector.

Internationally, the Group will continue to make good progress and new opportunities are constantly being evaluated whilst maintaining a cautious risk management approach.

Based on current trading conditions, order book strength and the contracts awarded following the interim period, it is expected that the Group will deliver a strong performance in the second half of the year.

## **DIVIDEND DECLARATION**

The directors have declared an interim cash dividend of 35 cents per share on 9 November 2009. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 27 November 2009
Commence trading ex dividend	Monday, 30 November 2009
Record date	Friday, 4 December 2009
Payment date	Monday, 7 December 2009

No share certificates may be dematerialised or rematerialised between Monday, 30 November 2009 and Friday, 4 December 2009, both dates inclusive.

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>Unaudited 6 months 31 August 2009 R'000</b>	<b>Unaudited 6 months 31 August 2008 R'000</b>	<b>Audited 12 months 28 February 2009 R'000</b>
Revenue	2,273,345	2,232,676	4,162,780
Cost of sales	(1,738,795)	(1,754,348)	(3,148,561)
<b>Gross profit</b>	<b>534,550</b>	<b>478,328</b>	<b>1,014,219</b>
- Other income	3,070	6,233	8,024
- Other gains/(losses) - net	5,044	2,924	(24,448)
- Administrative expenses	(102,481)	(89,517)	(203,201)
<b>Operating profit</b>	<b>440,183</b>	<b>397,968</b>	<b>794,594</b>
- Finance income	21,710	20,722	42,630
- Finance costs	(32,947)	(33,807)	(79,841)
- Share of profit of associate	-	50	84
<b>Profit before income tax</b>	<b>428,946</b>	<b>384,933</b>	<b>757,467</b>
- Income tax expense	(133,683)	(116,699)	(228,613)
<b>Profit for the period</b>	<b>295,263</b>	<b>268,234</b>	<b>528,854</b>

**Profit for the period attributable to:**

Equity holders of the company	294,490	266,810	525,852
Minority interest	773	1,424	3,002
Basic earnings per share (cents)	161,3	146,1	289,2
Diluted earnings per share (cents)	159,2	144,4	285,8

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

	<b>Unaudited 6 months 31 August 2009 R'000</b>	<b>Unaudited 6 months 31 August 2008 R'000</b>	<b>Audited 12 months 28 February 2009 R'000</b>
<b>Profit for the period</b>	<b>295,263</b>	<b>268,234</b>	<b>528,854</b>
<b>Other comprehensive income for the period, net of tax</b>			
- Movement in foreign currency translation reserve	(4,135)	1,816	(6,541)
<b>Total comprehensive income for the period</b>	<b>291,128</b>	<b>270,050</b>	<b>522,313</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the company	290,355	268,626	519,311
Minority interest	773	1,424	3,002
	<b>291,128</b>	<b>270,050</b>	<b>522,313</b>

<b>CALCULATION OF DILUTED EARNINGS PER SHARE</b>	<b>Unaudited 6 months 31 August 2009 R'000</b>	Unaudited 6 months 31 August 2008 R'000	Audited 12 months 28 February 2009 R'000
Profit attributable to equity holders of the company	<b>294,490</b>	266,810	525,852
Weighted average number of ordinary shares in issue ('000)	<b>182,624</b>	182,624	181,825
<i>Adjustments for:</i>			
- Share options ('000)	<b>2,367</b>	2,200	2,200
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>184,991</b>	184,824	184,025
Diluted earnings per share (cents)	<b>159,2</b>	144,4	285,8

<b>CALCULATION OF HEADLINE EARNINGS PER SHARE</b>	<b>Unaudited 6 months 31 August 2009 R'000</b>	Unaudited 6 months 31 August 2008 R'000	Audited 12 months 28 February 2009 R'000
Profit attributable to equity holders of the company	<b>294,490</b>	266,810	525,852
<i>Adjustments for:</i>			
- (Profit)/loss on sale of fixed assets after tax	<b>(3,338)</b>	(2,648)	1,291
- Impairment of asset held for sale	-	-	3,237
Basic headline earnings	<b>291,152</b>	264,162	530,380
Weighted average number of shares ('000)	<b>182,624</b>	182,624	181,825
Headline earnings per share (cents)	<b>159,4</b>	144,6	291,7
Diluted headline earnings per share (cents)	<b>157,4</b>	142,9	288,2

<b>CONSOLIDATED 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>28 February</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
- Property, plant & equipment	1,264,648	1,159,040	1,212,941
- Intangible assets	727,464	771,535	724,289
- Investments in associate	354	8,121	6,854
- Deferred income tax assets	49,349	32,125	28,398
- Trade and other receivables	612	348	728
<b>Total non-current assets</b>	<b>2,042,427</b>	<b>1,971,169</b>	<b>1,973,210</b>
<b>Current assets</b>			
- Inventories	123,951	120,596	123,074
- Construction contracts in progress	222,564	115,283	171,232
- Trade and other receivables	776,578	792,456	589,823
- Current income tax receivable	5,212	2,283	3,285
- Derivative financial instruments	-	-	1,167
- Cash & cash equivalents	583,650	366,337	588,345
<b>Total current assets</b>	<b>1,711,955</b>	<b>1,396,955</b>	<b>1,476,926</b>
Assets of disposal group classified as held for sale	-	-	3,000
<b>Total assets</b>	<b>3,754,382</b>	<b>3,368,124</b>	<b>3,453,136</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
- Share capital	1,826	1,826	1,826
- Share premium	2,139,632	2,164,773	2,139,632
- Other reserves	(1,144,823)	(1,147,260)	(1,148,471)
- Retained earnings	1,022,648	651,740	855,995
<b>Equity attributable to equity holders of the company</b>	<b>2,019,283</b>	<b>1,671,079</b>	<b>1,848,982</b>
Minority interest in equity	7,730	5,639	6,957
<b>Total equity</b>	<b>2,027,013</b>	<b>1,676,718</b>	<b>1,855,939</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
- Borrowings	317,890	414,998	394,060
- Provisions for liabilities and charges	14,135	12,533	14,215
- Deferred income tax liability	214,369	195,312	207,999
<b>Total non-current liabilities</b>	<b>546,394</b>	<b>622,843</b>	<b>616,274</b>
<b>Current liabilities</b>			
- Trade and other payables	771,988	646,227	624,636
- Borrowings	315,940	248,689	256,887
- Current income tax liabilities	82,760	165,863	87,444
- Bank overdrafts	10,287	7,784	11,956
<b>Total current liabilities</b>	<b>1,180,975</b>	<b>1,068,563</b>	<b>980,923</b>
<b>Total liabilities</b>	<b>1,727,369</b>	<b>1,691,406</b>	<b>1,597,197</b>
<b>Total equity &amp; liabilities</b>	<b>3,754,382</b>	<b>3,368,124</b>	<b>3,453,136</b>

<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>Unaudited 6 months 31 August 2009 R'000</b>	<b>Unaudited 6 months 31 August 2008 R'000</b>	<b>Audited 12 months 28 February 2009 R'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	466,573	333,288	964,405
Interest received	21,710	20,722	42,630
Interest paid	(32,947)	(33,808)	(79,841)
Income tax paid	(154,794)	(30,172)	(200,026)
<b>Net cash from operating activities</b>	<b>300,542</b>	<b>290,030</b>	<b>727,168</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(164,631)	(231,990)	(382,781)
Proceeds from sale of property, plant and equipment	41,078	13,672	37,296
Acquisition of subsidiaries	(40,438)	(384,057)	(384,376)
Loans to associates repaid/(advanced)	6,500	(5,400)	(4,100)
<b>Net cash used in investing activities</b>	<b>(157,491)</b>	<b>(607,775)</b>	<b>(733,961)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings	(18,240)	90,241	52,173
Share issue expenses	-	(1,107)	(1,107)
Dividends paid to company's shareholders	(127,837)	(73,049)	(127,837)
Dividends paid to minorities	-	-	(260)
<b>Net cash used in financing activities</b>	<b>(146,077)</b>	<b>16,085</b>	<b>(77,031)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,026)</b>	<b>(301,660)</b>	<b>(83,824)</b>
Cash and cash equivalents at the beginning of the year	576,389	660,213	660,213
<b>Cash and cash equivalents at the end of the period</b>	<b>573,363</b>	<b>358,553</b>	<b>576,389</b>

CONSOLIDATED 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	Minority interest R'000	Total equity R'000
					R'000		
<b>Balance at 1 March 2008</b>	1,725	1,830,853	(1,156,814)	457,979	1,133,743	2,785	1,136,528
Issue of share capital and share premium	101	335,027	-	-	335,128	-	335,128
Share issue expenses	-	(1,107)	-	-	(1,107)	-	(1,107)
Currency translation reserve	-	-	1,816	-	1,816	-	1,816
Share option reserve	-	-	7,738	-	7,738	-	7,738
Minorities interest in acquired company	-	-	-	-	-	1,430	1,430
Profit for the period	-	-	-	266,810	266,810	1,424	268,234
Dividends paid	-	-	-	(73,049)	(73,049)	-	(73,049)
<b>Balance at 31 August 2008</b>	1,826	2,164,773	(1,147,260)	651,740	1,671,079	5,639	1,676,718
Share based payment adjustment on acquisition	-	(25,141)	-	-	(25,141)	-	(25,141)
Currency translation reserve	-	-	(8,357)	-	(8,357)	-	(8,357)
Share option reserve	-	-	7,146	-	7,146	-	7,146
Profit for the period	-	-	-	259,042	259,042	1,578	260,620
Dividends paid	-	-	-	(54,787)	(54,787)	(260)	(55,047)
<b>Balance at 28 February 2009</b>	1,826	2,139,632	(1,148,471)	855,995	1,848,982	6,957	1,855,939
Currency translation reserve	-	-	(4,135)	-	(4,135)	-	(4,135)
Share option reserve	-	-	7,783	-	7,783	-	7,783
Profit for the period	-	-	-	294,490	294,490	773	295,263
Dividends paid	-	-	-	(127,837)	(127,837)	-	(127,837)
<b>Balance at 31 August 2009</b>	1,826	2,139,632	(1,144,823)	1,022,648	2,019,283	7,730	2,027,013

<b>CONSOLIDATED SEGMENTAL ANALYSIS</b>	<b>Aggregate and crusher R'000</b>	<b>Road surfacing and rehabilitation R'000</b>	<b>Road construction and earthworks R'000</b>	<b>Consolidated R'000</b>
<b>Business segments</b>				
<b>At 31 August 2009</b>				
Segment revenue	581,431	943,593	748,321	2,273,345
Segment result (operating profit)	136,421	198,248	105,514	440,183
<b>At 31 August 2008</b>				
Segment revenue	544,447	1,177,227	511,002	2,232,676
Segment result (operating profit)	115,469	219,855	62,644	397,968
<b>At 28 February 2009</b>				
Segment revenue	1,022,455	2,045,908	1,094,417	4,162,780
Segment result (operating profit)	220,886	430,998	142,710	794,594
<b>Geographical segments</b>				
<b>At 31 August 2009</b>				
Segment revenue		2,067,554	205,791	2,273,345
Segment result (operating profit)		429,928	10,255	440,183
<b>At 31 August 2008</b>				
Segment revenue		2,083,192	149,484	2,232,676
Segment result (operating profit)		374,664	23,304	397,968
<b>At 28 February 2009</b>				
Segment revenue		3,841,120	321,660	4,162,780
Segment result (operating profit)		763,630	30,964	794,594

<b>EMPLOYEE BENEFIT EXPENSE</b>	<b>Unaudited 6 months 31 August 2009 R'000</b>	<b>Unaudited 6 months 31 August 2008 R'000</b>	<b>Audited 12 months 28 February 2009 R'000</b>
Employee benefit expense in the income statement consists of:			
- Salaries, wages and contributions	<b>406,347</b>	364,371	688,198
- Share options granted to employees	<b>7,783</b>	7,738	14,884
<b>Total employee benefit expense</b>	<b>414,130</b>	<b>372,109</b>	<b>703,082</b>

<b>CAPITAL EXPENDITURE AND DEPRECIATION</b>	<b>Unaudited 6 months 31 August 2009 R'000</b>	<b>Unaudited 6 months 31 August 2008 R'000</b>	<b>Audited 12 months 28 February 2009 R'000</b>
Capital expenditure for the period	<b>164,631</b>	231,990	382,781
Depreciation for the period	<b>111,834</b>	77,014	155,186
Amortisation of intangible assets for the period	<b>1,148</b>	1,154	2,285

## NOTES

### **Basis of preparation:**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS34: “Interim Financial Reporting”, the South African Companies Act, 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 2009 are consistent with those applied for the year ended 28 February 2009 and for the unaudited results for the six months ended 31 August 2008 in terms of IFRS.

The following new amendment to “IFRS” is relevant to the Group and is mandatory for the first time for the financial year beginning 1 March 2009.

*IAS 1 (revised)*, ‘Presentation of financial statements’. The revised standard prohibits the presentation of items of income and expense (that is ‘non-owner’ changes in equity) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner’ changes in equity are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

### **Changes in estimates**

#### **Useful economic lives of tangible assets**

In terms of IAS 16, *Property Plant and Equipment*, the residual value and the useful life of an asset shall be reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

A review of the useful economic lives of tangible assets was performed during the period ended 31 August 2009. This review has resulted in an additional depreciation charge of R17 million for the six months ended 31 August 2009, which is expected to recur over the remaining useful life of the assets.

### **Business combinations**

The Group made the following acquisitions during the period.

#### *Anchor Park Investments 71 (Pty) Ltd*

On 1 March 2009, the Group acquired 100% of the share capital of Anchor Park Investments 71 (Pty) Ltd for R35 million cash, the company owns a Pilatus PC12 aircraft which will provide flight services to the Group and facilitate the Group’s SADC expansion.

Anchor Park Investments 71 (Pty) Ltd was acquired from Raubenbel (Pty) Ltd, a company controlled by Mr J E Raubenheimer.

#### *The businesses of Ianrob CC trading as Conspec and Posi Traffic Safety Products CC*

On 1 March 2009 the Group acquired the business of Ianrob CC trading as Conspec and the business of Posi Traffic Safety products CC as a going concern for R5 million cash. The acquired businesses specialise in road marking and the supply of road studs in the KwaZulu Natal region.

On behalf of the Board:

M C Matjila  
Chairman

J E Raubenheimer  
Chief Executive Officer

F Diedrehsen  
Group Financial & Commercial Director

9 November 2009

Directors:

M C Matjila (Chairman)<sup>#</sup>, J E Raubenheimer, RJ Fourie, F Diedrehsen, F Kenney<sup>#</sup>, M B Swana<sup>#</sup>, L Maxwell\*

<sup>#</sup> *Non-executive* \* *Independent non-executive*

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Mrs H E Ernst

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PricewaterhouseCoopers Inc.

Sponsor:

Investec Bank Limited

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