

# REVIEWED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2010

B & W Instrumentation and Electrical Limited Incorporated in the Republic of South Africa (Registration number 2001/008548/06)  
Share code: BWI ISIN: ZAE000098687 ("B&W" or "the company" or "the group")

■ Gross profit margin **23.0%** ■ NPAT **R30.9 million** ■ Revenue **R248.6 million** ■ NAV **88.5 cents** ■ EPS **15.5 cents** ■ Interim dividend declared **2.5 cents**

## COMMENTARY

### INTRODUCTION

The directors of B&W are pleased to present the reviewed consolidated interim results for the six months ended 28 February 2010 ("the interim period"), which reflect growth on the prior six-month period ended 31 August 2009. This is a satisfactory achievement taking into account the tough economic and market conditions during the interim period.

However, relative to the prior comparative period ended 28 February 2009 ("the prior comparative period") revenue decreased to R248.6 million. This resulted in a decrease in net profit after tax ("NPAT") and earnings per share ("EPS"), respectively. The decline in these key performance indicators is largely attributable to delays in a number of major projects in the wake of the economic downturn.

The delayed projects are now scheduled for substantial completion prior to B&W's August 2010 year-end.

### BASIS OF PREPARATION

The accounting policies applied in the preparation of these reviewed consolidated interim financial statements, which are based on reasonable judgments and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 31 August 2009. The consolidated interim financial statements as set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited.

The reviewed consolidated interim results for the period have been reviewed by B&W's auditors, Certified Master Auditors Inc. Their unqualified review opinion is available for inspection at the company's registered office.

### SUBSEQUENT EVENTS

The board of directors is not aware of any material matters or circumstances arising since the end of the interim period and up to the date of this report.

### COMPARATIVE FIGURES

Certain comparative figures relating to the interim results of the prior comparative period, have been reclassified to better comply with IFRS disclosure requirements.

The reclassifications have either increased or (decreased) the line items previously reported, and the impact is as follows:

	Unaudited 28 February 2009 R'000
<b>Statement of financial position</b>	
Deferred tax – non-current asset	1 937
Retention debtors – non-current asset	16 497
Trade and other receivables – current asset	13 837
Deferred tax – non-current liability	(10 566)
Other financial liabilities – current asset	61 666
Trade and other payables – current asset	(35 088)
Deferred tax – current liability	12 503
Provisions – current liability	3 756
Retained income	156
Foreign currency translation reserve	(156)
<b>Statement of comprehensive income</b>	
Investment revenue	156
<b>Statement in changes in equity</b>	
Net profit for the period	156

### GROUP PROFILE

B&W is one of South Africa's three leading niche providers of electrical and instrumentation ("E&I") as well as specialist earthing, lightning and surge protection services to the oil & gas, infrastructure, industrial, utilities, mining, chemical and food & beverage industries across sub-Saharan Africa. Services include equipment procurement, project supervision, installation, post-installation commissioning and ongoing maintenance.

### FINANCIAL RESULTS

Revenue decreased from the prior comparative period by 8.3%. Gross profit margins increased to 23.0%. Operating expenses amounted to R18.5 million (which equates to 7.5% of revenue (February 2009: 5.8%) largely as a result of the once-off costs of R3 million relating to the acquisition of the business of Pontins (Proprietary) Limited ("Pontins").

Together these factors resulted in NPAT of R30.9 million (February 2009: R34.3 million) with EPS of 15.5 cents (February 2009: 17.1 cents).

B&W maintained a positive cash balance of R69.7 million at the end of the interim period, despite operating cash flow having been negatively affected by an increase in book debts.

### ACQUISITION

As previously announced, during the interim period B&W acquired the business of Pontins, which specialises in the provision of earthing, lightning and surge protection services and products to the industrial and commercial sectors. Numerous synergies between the companies have already resulted in significant benefits for the group, including complementary project participation by Pontins who is generally involved towards the start, and B&W towards the end, of a project.

The diluted EPS detailed in the consolidated statement of comprehensive income is as a result of 4 373 959 B&W ordinary shares still to be issued at a price of R1.44 per ordinary share, (being the closing price on the effective date of 30 June 2009), which shares are the remaining portion of the purchase consideration.

Pontins' results have been incorporated into these reviewed consolidated interim financial results from the date of acquisition.

### PROSPECTS

It is anticipated that the second half of the financial year should be markedly stronger than the first half, with certain significant delayed contracts having been re-activated and expected to be substantially completed by August 2010.

B&W is therefore optimistic that targeted revenue and earnings for the full financial year should be achieved.

Further supporting this, a notable improvement in sentiment during the latter half of the interim period boosted market conditions and new orders to the value of R180 million were secured by B&W. These contributed to an order book of R595 million at the end of the interim period.

Analysis of the order pipeline shows that even though the effects of the economic downturn are diminishing, it will be some time before the value of industry contracts return to the levels seen in 2007/2008. B&W is proactively taking steps to maintain its long-term growth strategy in the face of continued contraction in the market.

### DIVIDENDS

Company policy dictates the declaration of an annual dividend equating to 25% of annual NPAT. In light of the cash-positive position, it has been decided that an interim dividend of 2.5 cents per share (February 2009: 2.5 cents) be declared. From time to time the board of directors will consider dividend cover based on B&W's cash flow, gearing and capital requirements. The dividend will be financed out of B&W's free cash flow.

The salient dates for the dividend are as follows:

Last day to trade	Friday, 14 May 2010
shares <i>cum</i> dividend	Friday, 14 May 2010
Shares trade <i>ex</i> dividend	Monday, 17 May 2010
Record date	Friday, 21 May 2010
Payment date	Monday, 24 May 2010

No share certificates may be dematerialised or rematerialised between Monday, 17 May 2010 and Friday, 21 May 2010, both dates inclusive.

<b>John Barrow</b>	<b>Brian Harley</b>
Chairman	Managing Director

On behalf of the board

20 April 2010

### DIRECTORS:

John Barrow (Chairman); Brian Harley (Managing Director); Danie Evert (Financial Director); Johan Breedt; Tom Lombard; Ken Nel; Dean Nevay; Gary Swanepoel; Sam Vlakazi; Wolf Wassermeier\*^; Jimmy Oosthuizen\*^; Unati Mabandla\*^.

\*Non-executive director  
^Independent

### REGISTERED OFFICE:

139 Everfair Avenue, Randjesfontein, Midrand, 1685  
PO Box 2506, Rivonia, 2128

### AUDITORS:

Certified Master Auditors Inc.

### DESIGNATED ADVISER:

Merchantec Capital

### TRANSFER SECRETARIES:

Computershare Investor Services (Proprietary) Limited  
70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

### COMPANY SECRETARY:

CIS Company Secretaries (Proprietary) Limited  
70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

### INVESTOR RELATIONS:

Envisage Investor & Corporate Relations

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 28 February 2010 R'000	Unaudited 28 February 2009 R'000	Audited 31 August 2009 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>61 179</b>	<b>31 338</b>	<b>50 580</b>
Property, plant and equipment	31 853	12 904	27 362
Deferred tax	1 492	1 937	3 041
Goodwill	6 854	–	–
Intangible assets	3 829	–	–
Retention debtors	17 151	16 497	20 177
<b>Current assets</b>	<b>276 879</b>	<b>297 909</b>	<b>331 442</b>
Inventories	1 828	6 027	2 084
Loans to related parties	–	111	–
Trade and other receivables	205 378	185 489	189 594
Cash and cash equivalents	69 673	106 282	139 764
<b>Total assets</b>	<b>338 058</b>	<b>329 247</b>	<b>382 022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>177 021</b>	<b>136 068</b>	<b>156 064</b>
Share capital	32 285	32 285	32 285
Retained income	144 653	103 783	123 771
Minority interest	83	–	8
<b>Non-current liabilities</b>	<b>988</b>	<b>804</b>	<b>682</b>
Deferred tax	817	804	682
Finance lease obligation	171	–	–
<b>Current liabilities</b>	<b>160 049</b>	<b>192 375</b>	<b>225 276</b>
Loans from related parties	18	4 753	1 030
Other financial liabilities	18 515	61 666	78 017
Current tax payable	1 819	13 001	6 065
Finance lease obligation	171	–	–
Trade and other payables	127 387	96 696	126 295
Deferred tax	10 528	12 503	9 967
Provisions	1 611	3 756	3 902
<b>Total equity and liabilities</b>	<b>338 058</b>	<b>329 247</b>	<b>382 022</b>
Number of ordinary shares in issue	200 000 000	200 000 000	200 000 000
Net asset value per ordinary share (cents)	88.5	68.0	78.0
Net tangible asset value per ordinary share (cents)	83.2	68.0	78.0

\*Less than R1 000

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Reviewed six months to 28 February 2010 R'000	Unaudited six months to 28 February 2009 R'000	Audited 12 months to 31 August 2009 R'000
<b>Contract revenue</b>	(8.3)	<b>248 634</b>	270 993	502 840
Cost of contracts		(191 493)	(211 267)	(397 062)
<b>Gross profit</b>	(4.3)	<b>57 141</b>	59 726	105 778
Other income		3 278	–	1 279
Operating costs		(18 534)	(15 614)	(31 506)
<b>Operating profit</b>	(5.0)	<b>41 885</b>	44 112	75 551
Investment revenue		2 575	4 926	7 750
Finance costs		(21)	(58)	(386)
<b>Profit before taxation</b>	(9.3)	<b>44 439</b>	48 980	82 915
Taxation		(13 482)	(14 691)	(23 631)
<b>Profit after taxation</b>	(9.7)	<b>30 957</b>	34 289	59 284
<b>Equity holders of the parent</b>		<b>30 882</b>	34 289	59 276
Minority interest		75	–	8
Adjustment for headline earnings		–	236	236
<b>Headline earnings attributable to ordinary shareholders</b>		<b>30 882</b>	34 525	59 512
Weighted average number of ordinary shares		200 000 000	200 000 000	200 000 000
Earnings per ordinary share (cents)	(9.7)	15.5	17.1	29.6
Diluted earnings per ordinary share (cents)	(11.6)	15.1	17.1	29.6
Headline earnings per ordinary share (cents)	(10.6)	15.4	17.3	29.8
Dividend per share paid (cents)		5.0	5.0	7.5

\*Less than R1 000

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Treasury shares R'000	Distributable reserve R'000	Minority interest R'000	Total equity R'000
Balance at 1 September 2008	2	38 986	(6 703)	79 494	–	111 779
Net profit for the period	–	–	–	34 289	–	34 289
Dividends paid	–	–	–	(10 000)	–	(10 000)
Balance at 28 February 2009	2	38 986	(6 703)	103 783	–	136 068
Issue of share capital	–	4 566	–	–	–	4 566
Treasury shares	–	–	(4 566)	–	–	(4 566)
Net profit for the period	–	–	–	24 988	8	24 996
Dividends paid	–	–	–	(5 000)	–	(5 000)
Balance at 31 August 2009	2	43 552	(11 269)	123 771	8	156 064
Net profit for the period	–	–	–	30 882	75	30 957
Dividends paid	–	–	–	(10 000)	–	(10 000)
<b>Balance at 28 February 2010</b>	<b>2</b>	<b>43 552</b>	<b>(11 269)</b>	<b>144 653</b>	<b>83</b>	<b>177 021</b>

\*Less than R1 000

## CONSOLIDATED CASH FLOW STATEMENT

	Reviewed six months to 28 February 2010 R'000	Unaudited six months to 28 February 2009 R'000	Audited 12 months to 31 August 2009 R'000
Cash flow from operating activities	7 829	4 766	(14 387)
Cash flow from investing activities	(8 760)	889	(19 493)
Cash flow from financing activities	(69 160)	(10 000)	63 017
(Decrease)/Increase in cash and cash equivalents	(70 091)	(4 345)	29 137
Cash and cash equivalents at the beginning of the period	139 764	110 627	110 627
<b>Cash and cash equivalents at the end of the period</b>	<b>69 673</b>	<b>106 282</b>	<b>139 764</b>

## SEGMENT REPORT

	Group R'000	Madagascar R'000	Mozambique R'000	South Africa & Other R'000
<b>Reviewed six months to 28 February 2010</b>				
Contract revenue	248 634	41 787	70 582	136 265
Cost of contracts	(191 493)	(14 017)	(66 049)	(111 427)
<b>Gross profit</b>	<b>57 141</b>	<b>27 770</b>	<b>4 533</b>	<b>24 838</b>
Other income	3 278	680	–	2 598
Operating expenses	(18 534)	(414)	(86)	(18 034)
<b>Operating profit</b>	<b>41 885</b>	<b>28 036</b>	<b>4 447</b>	<b>9 402</b>
Investment income	2 575	5	–	2 570
Finance costs	(21)	–	–	(21)
<b>Profit before tax</b>	<b>44 439</b>	<b>28 041</b>	<b>4 447</b>	<b>11 951</b>
<b>Total assets</b>	<b>338 058</b>	<b>109 233</b>	<b>83 533</b>	<b>145 292</b>
<b>Total liabilities</b>	<b>(161 037)</b>	<b>(38 651)</b>	<b>(61 693)</b>	<b>(60 693)</b>