

UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2009

 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")

• Revenue up **23.6%**
• NPAT up **21.4%**
• EPS up **21.5%**
• Interim dividend declared up **25%**
• Cash positive **R106.3 million**

COMMENTARY

INTRODUCTION

The directors of B&W are pleased to present the unaudited consolidated interim results ("interim results") which, in view of the current global financial climate, reflect commendable growth in revenue, profit, earnings per share ("EPS") and dividends.

Revenue increased to R271 million from the previous comparative period, resulting in an increase in net profit after tax ("NPAT") and EPS of 21.4% and 21.5%, respectively.

During the interim period B&W secured a number of significant new contracts both in South Africa and cross-border, which offset to an extent certain other contracts on which execution had already begun but which have now been delayed or had the original programme extended due to the current financial crisis. As a result it is anticipated that target revenue and returns will be achieved for the full financial year ending August 2009.

The new contracts, together with the revival of those that have been delayed, are further anticipated to position B&W to achieve target revenue and returns for the financial year to August 2010.

BASIS OF PREPARATION

The accounting policies applied in the preparation of these unaudited condensed 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 2008. The condensed 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 interim results have not been audited or reviewed by the group's auditors.

GROUP PROFILE

B&W is a leading provider of electrical and instrumentation ("E&I") services to the oil & gas, industrial, utilities, mining, chemical and food & beverage industries. Services include equipment procurement, project supervision, installation, post-installation commissioning and ongoing maintenance.

FINANCIAL RESULTS

Revenue increased by 23.6% from the previous comparative period to R271 million. Gross profit margins remained constant at 22% in the interim period. Operating expenses amounted to R15.6 million, which equates to 5.8% of revenue (2008: 6.4%).

Together these factors resulted in NPAT of R34.1 million (2008: R28.1 million) with EPS of 17.1 cents (2008: 14.1 cents).

In anticipation of the economic downturn, B&W has for the past 12 months focused on debt collection in order to preserve its cash balance. The increase in debtors' days which is currently being experienced as a result of economic conditions and despite B&W's client base comprising mainly blue-chip clients, will therefore not materially hamper operations.

B&W has maintained a commendably positive cash balance, reflecting R106.3 million cash on hand at the end of the interim period despite operating cash flow having been negatively affected by an increase in book debts. However, additional measures have been implemented to improve the collection of outstanding funds.

It is B&W's policy to take forward cover on the Rand costs associated with US Dollar-denominated contracts. Delays in a limited number of these contracts have necessitated the extension of the forward cover contracts. While this will ultimately have no effect on returns, the funding of such extensions has a negative effect on cash flows in the interim.

PROSPECTS

Despite the significant deterioration in market conditions during the interim period due to the global financial meltdown, contracts with an aggregate value of R272 million (2008: R214 million) were secured and additional work to the value of R31.1 million was negotiated on existing contracts. 57% of new contracts relate to projects outside of South Africa.

B&W is confident that it has a sufficiently strong order book to enable it to grow organically, albeit at a more modest pace through 2009 and until August 2010, despite a number of projects having been postponed or cancelled. This is further supported by a number of additional contracts identified by B&W in its traditional markets that are likely to be awarded to the group.

During the period to August 2010 it is anticipated that tender margins will come under pressure. Every effort will be made to maintain current levels by increasing operational efficiencies.

One positive effect of weakened market conditions is an elimination of the skills shortage, which just 12 months ago posed a barrier to growth. B&W is therefore seizing the opportunity at present to recruit and incentivise qualified staff to remain with the group once market conditions improve.

The depth of the market downturn and its duration, neither of which can be estimated with any confidence at this stage, will determine prospects beyond 2010. However, there are certain markets (differentiated either by geography or sector from B&W's traditional markets) which will be less affected. B&W is currently implementing contingency plans to access these markets.

DIVIDEND POLICY

Company policy dictates the declaration of an annual dividend equating to 25% of annual NPAT. In light of the excellent performance and cash-positive position, it has been decided that an interim dividend of 2.5 cents per share (2008: 2.0 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, 15 May 2009
shares cum dividend	Friday, 15 May 2009
Shares trade	Monday, 18 May 2009
ex dividend	Friday, 22 May 2009
Record date	Friday, 22 May 2009
Payment date	Monday, 25 May 2009

No share certificates may be dematerialised or rematerialised between Monday, 18 May 2009 and Friday, 22 May 2009, both dates inclusive.

SUBSEQUENT EVENTS

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

John Barrow Chairman
Brian Harley Managing Director

On behalf of the board
20 April 2009

Directors:

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

Registered office:

234 Alexandra Avenue, Midrand, 1685
(Private Bag X168, Halfway House, 1685)

Designated adviser:

Merchantec (Proprietary) Limited

Transfer secretaries:

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

Company secretary:

Master Business Associates VII (Proprietary) Limited
234 Alexandra Avenue, Midrand, 1685
(Private Bag X168, Halfway House, 1685)

Investor relations:

Envisage Investor & Corporate Relations

CONSOLIDATED BALANCE SHEET

	Unaudited 28 February 2009 R'000	Audited 31 August 2008 R'000
ASSETS		
Non-current assets	12 904	10 561
Property, plant and equipment	12 904	10 561
Current assets	284 072	203 185
Inventories	6 027	4 690
Loans	111	940
Trade and other receivables	171 652	86 928
Cash and cash equivalents	106 282	110 627
Total assets	296 976	213 746
EQUITY AND LIABILITIES		
Capital and reserves	136 068	111 779
Share capital	32 285	32 285
Retained income	103 627	79 494
Foreign currency translation reserve	156	-
Minority interest	*	*
Non-current liabilities	11 370	11 608
Deferred tax	11 370	11 608
Current liabilities	149 538	90 359
Loans	4 753	1 185
Current tax payable	13 001	18 130
Trade and other payables	131 784	71 044
Total equity and liabilities	296 976	213 746
Number of ordinary shares in issue	200 000 000	200 000 000
Net asset value per share (cents)	68.0	55.9
Net tangible asset value per share (cents)	68.0	55.9

*Less than R1 000

CONSOLIDATED INCOME STATEMENT

	% change	Unaudited six months to 28 February 2009 R'000	Reviewed six months to 29 February 2008 R'000
Revenue	23.6	270 993	219 281
Cost of sale		(211 267)	(170 778)
Gross profit	23.1	59 726	48 503
Other income		-	2 013
Operating costs		(15 614)	(13 937)
Operating profit	20.6	44 112	36 579
Investment revenue		4 770	3 303
Finance costs		(58)	(90)
Profit before taxation	22.7	48 824	39 792
Taxation		(14 691)	(11 686)
Profit after taxation	21.4	34 133	28 106
Attributable to:			
Equity holders of the parent		34 133	28 106
Minority interest		*	*
Reconciliation of headline earnings:			
Loss on sale of fixed assets		236	166
Headline earnings attributable to ordinary shareholders	21.6	34 369	28 272
Weighted average number of ordinary shares		200 000 000	200 000 000
Earnings per share (cents)	21.5	17.1	14.1
Headline earnings per share (cents)	22.0	17.2	14.1
Dividend per share paid (cents)	42.9	5.0	3.5

*Less than R1 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Distributable reserve R'000	Foreign currency translation reserve R'000	Minority interest R'000	Total equity R'000
Balance at 1 September 2007	2	32 283	32 659	-	-	64 944
Net profit for the period	-	-	28 106	-	-	28 106
Dividends declared	-	-	(7 000)	-	-	(7 000)
Balance at 29 February 2008	2	32 283	53 765	-	-	86 050
Balance at 1 March 2008	2	32 283	53 765	-	-	86 050
Net profit for the period	-	-	29 729	-	*	29 729
Dividends declared	-	-	(4 000)	-	-	(4 000)
Balance at 31 August 2008	2	32 283	79 494	-	*	111 779
Balance at 1 September 2008	2	32 283	79 494	-	*	111 779
Net profit for the period	-	-	34 133	-	-	34 133
Translation of foreign entities	-	-	-	156	*	156
Dividends declared	-	-	(10 000)	-	-	(10 000)
Balance at 28 February 2009	2	32 283	103 627	156	*	136 068

*Less than R1 000

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months to 28 February 2009 R'000	Reviewed six months to 29 February 2008 R'000
Cash flow from operating activities	4 766	29 933
Cash flow from investing activities	889	(651)
Cash flow from financing activities	(10 000)	5 500
(Decrease)/Increase in cash and cash equivalents	(4 345)	34 782
Cash and cash equivalents at the beginning of the period	110 627	33 553
Cash and cash equivalents at the end of the period	106 282	68 335