

## **SOLID INTERIMS PUT B&W ON TRACK FOR YEAR-END GROWTH**

**AltX-listed B & W Instrumentation and Electrical Limited (“B&W”) secured a number of significant new projects during the six months to 28 February 2009 despite weak economic conditions, putting the group firmly on track to achieve its targeted organic growth rate of 20% year-on-year.** All key performance indicators for the interim period showed commendable double digit growth from the same period in 2008.

Revenue increased 23,6% to R271 million from R219 million. Gross profit margins remained constant at 22% and operating expenses were cut to only 5,8% of revenue from 6,4% in the previous comparative period, which generated net profit after tax of R34 million. Earnings per share of 17,1 cents outstripped the 14,1 cents reported at February 2008.

During the period B&W managed to overcome challenging debt collections as a result of the economic crisis to maintain a substantial cash balance of R106,3 million. Executive Chairman John Barrow says the increase in debtors days and book debts was anticipated, and has been addressed by the introduction of improved collection measures. “We do not expect delays in payment to have a serious impact on operations as we provided for the eventuality in view of deteriorating market conditions, and payment remains ultimately reliable with the majority of our clients being stable blue-chips.”

The declaration of an interim dividend of 2,5 cents a share reflects the group’s solid performance and cash-flush position.

Barrow is confident that as one of the three largest electrical and instrumentation (“E&I”) contractors in South Africa, the group should weather the current tough economic climate. “During the period we won new contracts worth R272 million, more than we had secured at this time last year. These included large projects in South Africa at Anglo Platinum’s Amandebult Platinum operation and Anglo Coal’s Phola Coal as well as significant contracts in Madagascar and Mozambique.” In addition new work to the value of R31,1 million was negotiated on existing contracts.

The group’s shift in focus to cross-border contracts in order to counter the contraction in the South African market is proving successful, with 57% of new contracts located outside of South Africa. Barrow says: “During the period we secured our biggest single order to date - for the electrification and control portion of a coal mine in Mozambique’s Tete Province in a joint venture with a foreign engineering group.” B&W has established formal operations in Madagascar and Mozambique to facilitate projects in these countries.

CEO Brian Harley says the group is not concerned at this stage by the delays in certain of its contracts already underway, due to the new contracts in hand. “The existing order book is sufficiently strong for B&W to achieve our target revenue for the full year to August 2009 notwithstanding a small number of our projects having been put on hold.” Further, he is positive with regard to the 2010 financial year. “The new projects will carry over into 2010 and, combined with the revival of the

delayed projects, should ensure steady albeit conservative growth for the year to August 2010.”

He says that while tender margins are expected to come under fire in the period ahead, the group will make every effort to mitigate this by improving and honing operational efficiencies. Harley adds that B&W will turn the depressed economy to its advantage where possible and capture highly skilled talent now open to job opportunities, in order to ensure a superior team once the economy kicks up.

Barrow concludes that in addition to B&W’s healthy order book on hand, there is a further R400 million worth of projects in the E&I pipeline in South Africa over the next 18 months. He points out that this relates to B&W’s traditional markets of operation and adds: “Further growth is expected in previously untapped but related markets which will be less affected by the global financial meltdown. B&W is currently implementing steps to access these new high growth markets to achieve added growth.” He also doesn’t rule out acquisitions, although reinforces the strict vetting criteria the group will continue to apply.

B&W’s share closed Friday at 99 cents.

Ends.

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