



Preliminary condensed audited financial results

for the year ended 31 August 2008

- All key indicators ahead of pre-listing forecasts**
- HEPS up 104% y-o-y to 29.02 cents**
- Cash generated R77 million**
- Revenue up 53% y-o-y**
- Cash balance up 230% y-o-y**
- Total dividend of 7 cents (2007: 3.5 cents)**

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")

Commentary

Introduction

The annual financial results for the year ended 31 August 2008 ("the year") reflect a strong performance for B&W's first full 12 months trading as a listed entity. Key performance indicators significantly exceeded both the prior year's performance and the forecasts set out in the prospectus issued on 27 June 2007 ("the prospectus").

Growth was primarily attributable to continued development in the mining industry in and across the borders of South Africa.

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these preliminary condensed audited annual financial statements for the year, 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 year ended 31 August 2007. These preliminary condensed audited annual financial statements as set out in this report have been prepared in terms of IAS 34 - Interim Financial Reporting, the Companies Act (Act 61 of 1973), as amended and the Listings Requirements of the JSE Limited ("JSE").

Group profile

Boasting a 34-year track record, B&W is one of the three largest electrical & instrumentation ("E&I") contractors in South Africa. The group's services include installing and commissioning infrastructure for process plants and ensuring functionality in accordance with design specifications. This spans equipment procurement, project supervision, installation, post-installation calibration, commissioning and ongoing maintenance. B&W currently services the industrial utilities, mining, chemical, oil and gas and food and beverage industries.

Review of operations

During the year B&W secured orders to the aggregate value of R474 million in open tender, and negotiated a further R163 million on the basis of orders received.

The mining industry remains a core revenue generator for the group. The local power crisis has resulted in numerous coal mine projects as Eskom's demand for coal soars to increase capacity. B&W secured two such projects during the year. However, there was some negative impact on the group as a number of projects were cancelled and others deferred pending adequate power supply. In order to counter this B&W's management has intensified the marketing of projects to clients outside the borders of South Africa.

This strategy is proving successful and resulted in the receipt of orders for cross-border projects to the value of R207 million (43% of total) during the year. These included the early works and E&I installation for a nickel concentrator in Madagascar. Due to the size of these and possible future projects, B&W has established subsidiaries in Madagascar and Mozambique to assist in facilitation.

During the year the group also carried out a number of contracts at petrochemical plants increasing its presence in the high-growth "energy" industries. Further, B&W was successful in securing infrastructure work for Transnet Limited ("Transnet").

Financial results

Revenue grew year-on-year by 53%, generating net profit after tax ("NPAT") and earnings per share ("EPS") of R58 million and 28.9 cents, respectively, equating to increases of 133% and 104% year-on-year.

Notably revenue, NPAT and EPS were ahead of the forecasts set out in the prospectus by 34%, 75% and 75%, respectively.

B&W's NPAT margin of 12.8% compares favourably with the weighted average of 6.5% for companies listed on the 'Heavy Contracting' sector of the JSE.

A number of B&W's cross-border contracts are US Dollar-denominated. Although the group has hedged the South African cost portion of these contracts, the non-South African cost portion which is largely denominated in the currency of the country in which the installation is being built, is not hedged. The gain resulting from the foreign exchange fluctuation impact on these costs amounted to R4.7 million.

Positive cash flow of R77 million was recorded with R111 million cash on hand at year-end.

Prospects

Work in hand for the current year to August 2009 amounts to R428 million, and targeted projects that are either in progress or have been confirmed indicate that B&W will continue improving on results.

B&W has active and bankable projects identified to 2013 in the group's traditional markets. While the current global financial crisis has not yet affected these prospects, the sharp fall in the price of resources and in particular metals, is expected to impact

negatively in the medium-term. The group is therefore actively targeting an increased presence in the high-growth "energy" industries including oil and gas and power generation where considerable construction activity is anticipated from 2010. A greater presence in these markets is expected to help mitigate against a possible slowdown in the long-term in the mining industry which currently generates the majority of revenue for B&W.

In addressing the shortage of refining capacity, two new refineries are being considered - one by The Petroleum Oil and Gas Corporation of South Africa (Proprietary) Limited ("PetroSA") and another by Sasol Limited. B&W is well-positioned to benefit from these projects through established relationships with both entities as well as most of the leading engineering, procurement, construction and management ("EPCM") contractors who would be involved. In addition the group has a proven track record of successful prior projects in related sectors.

A further potential revenue stream for the group will be government's continued spend on infrastructure development. B&W will build on the two substantial contracts from Transnet during the year as management is satisfied that further work can be sourced from this sector.

Skills remain a significant constraint to future growth. In an effort to counter this, the group invests substantially in skills training. As the learners complete their courses they are being fed into the lower levels of B&W's management structure to alleviate staff shortages in critical areas.

B&W is confident that the current local and African markets offer sufficient scope for the group to grow organically at a rate of 20% year-on-year in the short-term. As a result, B&W will pursue only select acquisitions according to strict criteria, which will enable diversification into complementary niche areas in the broader construction industry and have synergistic culture and management.

Cash dividends

Notice is given that, in line with B&W's policy, a final cash dividend of 5 cents per share is hereby declared. Together with the interim dividend of 2 cents per share paid on 19 May 2008, the total dividend for the year amounts to 25% of NPAT. 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 shares <i>cum</i> dividend	Friday, 5 December 2008
Shares trade ex dividend	Monday, 8 December 2008
Record date	Friday, 12 December 2008
Payment date	Monday, 15 December 2008

No share certificates may be dematerialised or rematerialised between Monday, 8 December 2008 and Friday, 12 December 2008, both dates inclusive.

Audit opinion

The preliminary condensed annual financial statements for the year have been audited by B&W's auditors, Certified Master Auditors Inc. Their unqualified audit report is available for inspection at the company's registered office.

Appreciation

We thank our employees without whose hard work and dedication these results could not have been achieved. We also thank our fellow directors for their wise counsel and our business partners and advisors for their ongoing support. Finally, thank you to our clients and shareholders for their loyal faith in the group.

John Barrow Chairman
Brian Harley Managing Director

On behalf of the board.
17 November 2008

Directors

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

Registered office

Master Business Associates VII, 139 Everfair Avenue, Randjesfontein, Midrand, 1685 (Private Bag X168, Halfway House, 1685)

Designated Adviser

Merchantec (Proprietary) Limited, 2nd Floor North Block, Hyde Park Office Tower, Cnr 6th Road and Jan Smuts Avenue, Hyde Park (PO Box 41480 Craighall 2024)

Auditors

Certified Master Auditors Inc., 139 Everfair Avenue, Randjesfontein, Midrand, 1685 (PO Box 2506, Rivonia, 2128)

Transfer secretaries

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

Company secretary

Master Business Associates VII, 139 Everfair Avenue, Randjesfontein, Midrand, 1685 (Private Bag X168, Halfway House, 1685)

Balance sheet

	Audited 31 August 2008 R'000	Audited 31 August 2007 R'000
Assets		
Non-current assets	10 561	6 486
Property, plant and equipment	10 561	6 486
Current assets	203 185	126 356
Inventories	4 690	10 929
Loans to group companies	940	6 034
Trade and other receivables	86 928	75 407
Foreign exchange contract asset	-	433
Cash and cash equivalents	110 627	33 553
Total assets	213 746	132 842
Equity and liabilities		
Equity	111 779	64 944
Share capital	32 285	32 285
Retained income	79 494	32 659
Minority interest	*	*
Non-current liabilities	11 608	8 124
Deferred tax	11 608	8 124
Current liabilities	90 359	59 774
Loans from group companies	1 185	-
Current tax payable	18 130	7 387
Trade and other payables	71 044	52 387
Total equity and liabilities	213 746	132 842
Number of ordinary shares in issue	200 000 000	200 000 000
Net asset value per share (cents)	55.9	32.5
Net tangible asset value per share (cents)	55.9	32.5

Net asset value per ordinary share is based on the 200 000 000 shares in issue at 31 August 2008 and 31 August 2007.

*Less than R1 000

Income statement

	% change	Audited year to 31 August 2008 R'000	Audited year to 31 August 2007 R'000
Revenue	53	450 333	294 042
Cost of sales		(350 731)	(239 583)
Gross profit	83	99 602	54 459
Other income		4 262	433
Operating expenses		(28 509)	(19 819)
Operating profit	115	75 355	35 073
Investment revenue		7 368	1 682
Finance costs		(432)	(875)
Profit before taxation	129	82 291	35 880
Taxation		(24 456)	(11 089)
Profit for the year	133	57 835	24 791
Adjustment for headline earnings - loss on sale of property, plant and equipment		207	161
Headline earnings attributable to ordinary shareholders	133	58 042	24 952
Weighted average number of ordinary shares in issue		200 000 000	175 000 000
Earnings per ordinary share (cents)	104	28.92	14.17
Headline earnings per ordinary share (cents)	104	29.02	14.26

Statement of changes in equity

	Share capital	Share premium	Retained income	Total equity
Balance at 1 September 2006	*	*	7 868	7 868
Changes in equity				
Profit for the year	-	-	24 791	24 791
Issue of share capital	2	32 283	-	32 285
Balance at 31 August 2007	2	32 283	32 659	64 944
Changes in equity				
Profit for the year	-	-	57 835	57 835
Dividends	-	-	(11 000)	(11 000)
Balance at 31 August 2008	2	32 283	79 494	111 779

*Less than R1 000

Cash flow statement

	Audited year to 31 August 2008 R'000	Audited year to 31 August 2007 R'000
Cash from operating activities	87 133	10 397
Net cash from investing activities	941	(7 686)
Net cash from financing activities	(11 000)	20 246
Total cash movement for the year	77 074	22 957
Cash at beginning of the year	33 553	10 596
Total cash at end of the year	110 627	33 553