Annual Report 2010

Powerfully **ahead**

B&W Instrumentation and Electrical Limited

Contents

Definitions

"AltX"	The Alternative Exchange of the JSE
"B&W" or "the company"	B & W Instrumentation and Electrical Limited
"BBBEE"	Broad-based black economic empowerment
"the board"	The board of directors of B&W
"CIDB"	Construction Industry Development Board
"the current year"	The year ending 31 August 2011
"Designated Adviser" or "DA"	Merchantec Capital
"E&I"	Electrical and Instrumentation
"the group"	B&W and its subsidiaries and associates
"IFRS"	International Financial Reporting Standards
"IoDSA"	Institute of Directors South Africa
"JSE"	JSE Limited
"King II Report"	King Report on corporate governance for South Africa 2002
"King III Report"	King Report on corporate governance for South Africa 2009
"Listings Requirements"	Listings Requirements of the JSE
"Pontins"	Pontins (Pty) Ltd
"the previous year"	The year ended 31 August 2009
"SA"	The Republic of South Africa
"SENS"	Securities Exchange News Service of the JSE
"the year" or "the year under review"	The year ended 31 August 2010
"y-o-y"	year-on-year

Financial highlights

Group profile

One of SA's top three E&I construction groups, B&W listed on AltX in July 2007 and less than a year later was one of the top five share performers of newly listed companies.

- Revenue up **19,6%** y-o-y
- Order book **R523 million**
- Net profit margin **9,6%**
- Cash positive **R71,1 million**
- No interest-bearing debt

Powerfully ahead

The group has a well-established almost 40-year track record of successful delivery in the E&I industry. The commitment to delivering a professional service consistently, economically and timeously is the key to B&W's enviable growth record.

Specifically, B&W provides specialist construction to build and ensure the functioning of the E&I infrastructure in a plant in accordance with design specifications. Services include:

- plant erection;
- equipment procurement;
- material supply;
- testing;
- commissioning;
- post-commissioning plant optimisation; and
- earthing, lightning and surge protection services and products (enhanced by the recent acquisition of specialist Pontins).

The group is active in the infrastructure, mining, chemical, oil and gas, industrial and utilities industries. In addition, B&W is currently developing its capability in the nuclear construction sector.

The group's wide footprint stretches the whole of SA as well as across sub-Saharan Africa, with its head office based in Alberton, Gauteng.

B&W is ISO 9001:2008 accredited, a strong competitive advantage distinguishing the group from a number of its peers. The group further holds a 9EB CIDB rating, which enables B&W to tender on government projects of unlimited size and value. B&W's head office and Trichardt office each hold five-star NOSA safety ratings.

Despite its relative size, B&W featured strongly in eight of the performance ranking tables in the 2010 Finweek Top 200 – A Review of Business Achievement as follows:

Rank	Performance table
11th	Interest Cover
60th	Return on Equity to Cost of Equity
65th	Return on Average Total Assets (%)
100th	Quick Ratio
96th	Dividend Yield
27th	Director Shareholding as % of Shares Issued
185th	Earnings Per Share
173rd	Cash and Near Cash

Chairman's and Chief Executive Officer's Report

Brian Harley
Chief Executive Officer

John Barrow
Chairman

OPERATIONAL OVERVIEW

In light of subdued levels of activity in the construction industry, we are satisfied that B&W performed commendably during the year.

A significant proportion of the work that had been previously postponed due to the economic downturn was brought to account during the year, which positively impacted the group's results. In addition, initial recovery in construction activity in B&W's operating sectors further boosted performance.

Notwithstanding pressure on margins in the wake of the recession, we maintained a substantial positive cash balance and assumed no long-term debt.

The order book at year-end was also satisfactory and bodes well for prospects in the current year.

OPERATIONAL REVIEW

A strategic focus on marketing during the year saw new orders secured totalling R279 million despite the economic downturn. Growth and extensions and additions to existing orders accounted for a further R161 million.

These factors and the reinstatement of certain contracts that had been postponed, bolstered workload to generate higher year-on-year revenue of R601,3 million (2009: R502,8 million).

At year-end field staff amounted to 2 700.

At gross profit level, market conditions resulted in tight margins at tender stage and less favourable payment terms than in the preceding three financial years. The reinstatement of projects, while a benefit for the group, came at some cost. Again market conditions influenced re-negotiations with clients with the result that final agreements were not always as favourable as the original contracts.

During the year, the acquisition of earthing and lightning protection specialist Pontins was finalised, and has been included in these results. Numerous synergies have been realised and the acquisition should have an increasingly beneficial effect on B&W's growth.

Marketing efforts outside South Africa continued to pay off with cross-border work accounting for 46,8% of total group turnover and 54,0% of gross profit. It is anticipated that the trend of increasing mining work in countries other than South Africa will continue in the foreseeable future.

Still-to-be-filled orders carried over to the new financial year total R433 million and annuity income from two permanent sites is estimated at R90 million, which translates into a total carry over of R523 million.

HEALTH AND SAFETY

Many clients used the lull in workload to further enforce more stringent health and safety procedures.

We pride ourselves on our health and safety standards. Increased training and emphasis on safety procedures during the year saw milestone achievements including:

- a Lost Time Injury Frequency Rate (LTIFR) of 0,001 per 2 000 manhours;

- a company record of 1 000 000 accident-free manhours on at least one of the group's sites; and
- NOSCAR safety award at the group's Secunda establishment.

ACCREDITATION MILESTONES

Further achievements during the year included:

- achieving a Level 5 BEE status, with full recognition of all expenditure by clients with B&W as expenditure on a black-owned enterprise; and
- a 9EB rating by the CIDB giving the company approval to carry out public works contracts of unlimited size.

FINANCIAL RESULTS

Revenue increased 19,6% to R601,3 million from R502,8 million in the previous year.

At 20,5%, the group gross profit margin was only fractionally lower than in the previous year (21,0%). This was primarily due to the change in market conditions in terms of which both new work and reinstated projects offered lower levels of profitability (see "Operational Review").

Group operating expenses increased to R45,9 million (2009: R31,5 million). These included once-off costs of R3,6 million in respect of the Pontins acquisition and Pontins' operating cost. Excluding these costs the increase is commensurate with the increase in revenue.

Group profit before taxation ("PBT") amounted to R81,6 million (2009: R82,9 million) and net profit after tax attributable to ordinary shareholders totalled R57,3 million (2009: R59,2 million).

Group earnings declined slightly to 28,5 cents per share (2009: 29,6 cents per share) in line with decreased net profit after tax ("NPAT") and the issue of new shares in terms of the Pontins acquisition.

Non-South African contracts accounted for revenue of R281,1 million and a gross profit contribution of R66,5 million, translating to approximately 46,8% and 54,0%, respectively, of the group totals.

Notwithstanding pressure on margins in the wake of the recession, we maintained a substantial positive cash balance and assumed no long-term debt.

> The recent discovery of payable oil and gas reserves in a number of African countries is expected to be a possible source of revenue for B&W going forward.

For segmental reporting purposes it has been decided that reporting along risk profile lines – where South African and non-South African contracts have different markers – provides a more meaningful split than "by subsidiary" or "region".

The cash balance of R139,8 million at the beginning of the year was reduced to R71,1 million at year-end. The decrease was primarily due to increased debtors and work in progress as well as a reduction in upfront payments. Capital expenditure in the ordinary course of business, the acquisition of Pontins and the payment of dividends for the previous year and this year's interim dividend further contributed to the reduction.

DIVIDEND

Group policy is to declare a dividend equal to 25% of NPAT, cash flow permitting.

Although the company's cash flow has deteriorated to some extent, in light of the cash balance on hand at year-end and the company's long-term debt free record, the directors feel that there is no need to deviate from this policy. A final dividend of 4,5 cents per share has been declared.

This, together with the interim dividend of 2,5 cents per share, maintains the company's stated dividend policy.

PROSPECTS

The group believes that the effects of the recession will be felt for at least another 18 months, and that it may take even longer to reach activity levels of late 2007/early 2008. However, recent increases in some commodity pricing may prove this outlook to be too pessimistic.

At year-end the company carried over work in hand to the value of R433 million and an anticipated annuity income contribution of R90 million.

Order intake is recovering, albeit slowly, and is considered likely to at least retain this level for some time.

Profit margins are expected to remain depressed for the foreseeable future. Management is stressing operational efficiencies, which are critical to sustain cash flow and ensure reasonable returns in a lower margin environment.

Looking beyond FY2011 B&W's identified pipeline of projects is substantial. The majority of the projects are in the mining industry and are still in the feasibility stages at present. The speed at which they progress to the construction phase will depend to a considerable extent on global resource prices and risk appetite in the financial sector.

The recent discovery of payable oil and gas reserves in a number of African countries is expected to be a possible source of revenue for B&W going forward. The proposed refineries in South Africa, Angola and Mozambique may also offer opportunities. However, this will most probably be only from 2013 onwards.

Recent encouraging developments in the regulatory environment of the South African power generation industry might mean that this field may finally be open to private industry. Should this materialise it would provide potential opportunities for B&W.

APPRECIATION

We extend our appreciation to our fellow directors, management and staff for their hard work and loyalty over this difficult year, and their dedication which has resulted in the group's results.

We also thank our business partners, suppliers and advisors for the contribution they have made as well as our clients and shareholders for their invaluable support.

John Barrow
Chairman

Brian Harley
Chief Executive Officer

12 November 2010

Directorate

Executive directors

John Barrow (66)

Pr Eng. PrCPM BSc. (Mech. Eng.) B.Com FSAI (Mech. Eng.)

Chairman

John has been actively involved in the construction industry for over 40 years. His previous experience includes Project Manager both in South Africa and abroad for a large American engineering and project management company and subsequently managing its South African contract operations. John has previously served as managing director for a number of subsidiaries of listed South African companies. He has been a director of and shareholder in B&W since 1984.

Brian Harley (54)

PrCPM. MBA Dip (Bus. Man.) NTC6

Chief Executive Officer

Brian has been B&W's CEO since 2002. He has almost 30 years' experience in the E&I industry. Prior to joining B&W he was managing director for a number of subsidiary companies of a major South African listed construction company.

Johan Breedt (50)

NTC4

Logistics Director

Johan has been the Proposals Director of the company since 1996. His previous experience includes an apprenticeship and position as a technical officer at a large cable manufacturer. Johan has worked in the electrical industry for more than 25 years, of which the majority has been spent at B&W.

Danie Evert (47)

B.Com (Acc)

Financial Director

Danie has worked in the construction industry for over 25 years. He was appointed as the company's Financial Director in 2007. Danie previously worked as financial manager and information systems manager in both South Africa and abroad for a major listed South African construction company.

Tom Lombard (56)

Project Director

Tom joined B&W in 1990 as a contracts manager, progressing to be the company's Project Director in 1995. He has more than 30 years' experience in the construction industry which includes working for the state power generation authority. Tom has also worked for an international electrical equipment supply and construction company in various capacities.

Ken Nel (66)

PrCert Eng Pr.CM

Marketing Director

Ken has been B&W's Marketing Director since 2000. He has over 40 years' experience in the E&I industry as an engineer for local and international companies, serving as a director of a subsidiary of a major South African listed construction company and also managing the marketing and strategic planning for various engineering companies.

Dean Nevay (41)

Pr.CM (SACPCM) B.Com N Dip Elec. (L/C) Certified PROFIBUS Engineer (PCC) ISO 9001:2000 (TIQMS)

Operations Director

Dean has a wealth of experience in planning, project management and project support services including health and safety, technical, quality assurance, logistics and training. Dean is extensively involved in industry affairs currently as president of the Electrical Contractors Association (SA) and previously as a councillor on the National Bargaining Council. He has been a director of and shareholder in B&W since 1996, having worked for the company since 1992.

Gary Swanepoel (46)

Pr.CM NHD (Building Science)

Deputy Chief Executive Officer

Gary has served as Commercial Director since 1996. He has worked within the construction industry for over 25 years, of which the majority has been with B&W. His previous experience includes a quantity surveyor both in South Africa and abroad on various large E&I projects.

Sam Vilakazi (50)

Sam has been actively involved in the construction industry for almost 30 years. From an Electrical and Site Supervisor in 1992 he has progressed to a director position. He was appointed to B&W's board in 2007 and is also one of the Trustees of B&W's Employee Trust.

Independent non-executive directors

Unati Mabandla (39)

BA PR Adv PM Cert. of Proficiency

Unati has extensive experience in events, public relations and human resources management. She is group human resources director for a major South African advertising agency. She was appointed as a non-executive director of B&W in 2007 and chairs the company's Remuneration Committee.

Jimmy Oosthuizen (74)

CA(SA)

Jimmy initially worked in auditing before joining the financial management team at a large listed South African construction company, where he later became financial director. He was appointed as a non-executive of B&W in 2007 and chairs the audit section of the Audit & Risk Committee.

Wolf Wassermeier (67)

Wolf has over 40 years' experience in the construction industry. He has held directorships at various listed companies and was the group deputy managing director at Grinaker-LTA. He was appointed as a non-executive director of B&W in 2007 and chairs the risk section of the Audit & Risk Committee.

Alternate directors

Neels Minnie (47)

NTC3

Alternate to Dean Nevay. Neels has worked in the E&I industry for almost 25 years as a site and project manager on a number of large client contracts including Mosgas and Engen. He has been a director of B&W since 2007.

Johan Rall (46)

N6

Alternate to Gary Swanepoel. Johan was the managing director of an electrical company for 14 years and previously worked as general manager for ABB Windhoek. He has been B&W's contracts manager since 2000 and a director since 2007.

Corporate governance

The board is committed to applying sound corporate governance principles in accordance with international best practice and South African legislation and regulations. The directors are of the opinion that B&W has substantially complied with the principles incorporated in the Code of Corporate Practices and Conduct, as set out in the King II Report, save where otherwise indicated. The board is currently adapting group policies and processes to comply with the principles contained in the King III Report, which came into effect on 1 March 2010. In line with the "apply or explain" approach set out in the King III Report, the board will continue to disclose the extent to which the principles and best practice recommendations have been applied in the organisation.

The board does not consider governance a static responsibility. The directors continually monitor compliance in line with developments in corporate governance in SA and internationally to ensure ongoing improvement of operational and corporate practices.

The directors of B&W ("the directors") are continually challenged to balance broader social objectives with the company's performance in a governance framework against the backdrop of an entrepreneurial economy.

Significant improvements in B&W's corporate governance during the year included:

- An internal audit conducted by independent third party Talota Management Consultants;
- Supplementary audits conducted at some of the company's sites;
- Appointment of an independent IFRS expert to assist directors in ensuring full compliance;
- Identification of specific areas of non-compliance for redress in the year ahead;
- Board members' attendance at seminars on new legislation such as the King III Report and the pending Companies Act;
- A review (in progress) of the implications of new regulations and legislation for the group ("governance review"); and
- Subscription to the IoDSA Governance Assessment Instrument to enable the future implementation, assessment and grading of compliance in terms of the comprehensive checklists of the IoDSA.

The directors have an ongoing commitment to identify and mitigate significant risks, promote sound decision-making and ensure sustainable business practices are underpinned by open and clear communication with all relevant stakeholders.

BOARD OF DIRECTORS

Executive Director LJ Barrow chairs the unitary board, which further comprises eight executive directors, three non-executive directors – all of whom are independent – and two alternate directors. A brief *curriculum vitae* for each director is set out on page 6 of the annual report. The composition of the board will shortly be streamlined to address the imbalance of executive and non-executive directors in line with new legislation and in the interests of shareholders. At the upcoming Annual General Meeting KE Nel, although eligible for re-election, will retire. In addition, the requirement of a non-executive Chairman will be addressed. LJ Barrow, although eligible, will not offer himself for re-election in an executive capacity but will make himself available to the revised board in a non-executive capacity. Further initiatives in this regard will be disclosed to shareholders in due course.

In terms of the Articles of Association, one third of the directors retire at each Annual General Meeting. In addition to LJ Barrow, GMJ Breedt, T Lombard and W Wassermeier will retire at the upcoming Annual General Meeting. Being eligible as required by the Articles of Association and in terms of the JSE Listings Requirements, GMJ Breedt, T Lombard and W Wassermeier will offer themselves for re-election in their current capacities and LJ Barrow will offer himself for re-election as a non-executive director.

The group's Board Charter formalises the composition, procedures, duties and responsibilities of the directors, the latter including regular review of strategic direction and group performance against approved plans, budgets and best practice standards. It further sets the guidelines for processes such as directors' appointments, succession planning and remuneration. The Charter is reviewed annually and during the year no amendments were made. However, the Charter will be re-assessed in terms of the governance review.

The duties and responsibilities of the executive and non-executive directors are strictly separated to ensure that no director can exercise unencumbered powers of decision-making. The Executive Chairman together with the Chief Executive Officer provides the board with guidance and leadership. He also encourages proper deliberation on all matters requiring the board's attention while obtaining input from other directors. All remaining executive directors are responsible for implementing strategy and operational decisions with regard to daily operations. The board has satisfied itself of the independence of each of the independent non-executive directors, and further that all non-executive directors are sufficiently qualified to contribute their independent and objective knowledge and experience to board deliberations. Non-executive directors have unhindered access to management and the group's external auditors at any time. Further, all directors are entitled, at the group's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

B&W's systems of control are assessed and reviewed on a continuous basis to ensure the ethical conduct of the business within prudently determined risk parameters in conformity with accepted standards of best practice. The board remains committed to exercising leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency.

Certain board responsibilities have been delegated to the Audit & Risk Committee and the Remuneration Committee within a regulated framework of written authority to assist the board in discharging its duties. The board nonetheless recognises that this in no way absolves the directors from their obligation to carry out their duties and responsibilities. The board remains ultimately accountable and responsible for the performance and affairs of the company and the group.

Board meetings are held monthly with additional EXCO meetings as and when required. Prior to all board meetings, directors are comprehensively briefed and provided with all necessary information for effective discharge of responsibilities. Board meeting attendance for the year is set out below with the total number of meetings held in brackets:

Directors	Board Meetings	Audit & Risk Committee Meetings	Remuneration Committee Meetings	Strategic Planning Meetings
LJ Barrow (Chairman)	*9 (11)*	*2 (3)*	*1 (1)*	*1 (1)*
BH Harley (CEO)	*10 (11)*	*1 (3)*	*1 (1)*	*1 (1)*
DJ Evert (Financial Director)	*11 (11)*	*3 (3)*	*1 (1)*	*1 (1)*
GMJ Breedt	*9 (11)*			*1 (1)*
T Lombard	*7 (11)*			*1 (1)*
YU Mabandla^-+	*7 (11)*		*1 (1)*	*0 (1)*
*CJ Minnie**	*1 (11)*			*0 (1)*
KE Nel	*6 (11)*			*1 (1)*
DS Nevay	*8 (11)*			*1 (1)*
JD Oosthuizen^-%	*10 (11)*	*3 (3)*	*1 (1)*	*1 (1)*
*HJ Rall**	*4 (11)*			*1 (1)*
GWR Swanepoel	*8 (11)*			*1 (1)*
VS Vilakazi	*8 (11)*			*1 (1)*
W Wassermeier^-%	*6 (11)*	*3 (3)*		*1 (1)*
Merchantec Capital	*9 (11)*	*2 (3)*		*1 (1)*

*^Non-executive, – Independent, *Alternate, %Audit & Risk Committee Chairman +Remuneration Committee Chairman*

Trevor Manas, Managing Director of recently acquired Pontins, was invited to represent Pontins at board meetings, of which he attended two.

BOARD PROCESSES

New appointments

The entire board is responsible for the appointment of new board members, including that of the Chief Executive Officer, in a formal and transparent process. Confirmation of all new appointees takes place at the Annual General Meeting following their appointment.

It is intended that the majority of executive board appointees will continue to be appointed from within the group in terms of sustainable succession planning. Going forward in compliance with the King III Report, this will not apply to non-executive appointments. All new appointees are required to attend the four-day AltX Directors Induction Programme run through the Wits Business School and endorsed by the Institute of Directors. The programme covers relevant aspects of company law, stock exchange regulations, the roles, responsibilities and liabilities of directors, basic techniques of financial analysis and the vital role of investor and media relations. The Chairman and Chief Executive Officer are responsible for ensuring that ongoing training and development of directors takes place, for instance board members' attendance at seminars during the year on new legislation including the King III Report and the pending Companies Act.

Self-evaluation

The Chairman is responsible for the assessment of the performance of the Chief Executive Officer and other executive directors.

In 2009 the board conducted a self-evaluation exercise which included the Chairman and non-executive directors. The next self-evaluation exercise to determine effectiveness is intended to be performed once the board restructuring process has been completed.

Succession planning

On a continuous basis throughout the year B&W identifies suitable candidates within the group to train and mentor for succession to senior management and ultimately, to the board. Succession planning is further carried through down the line of leadership. Successors have been identified to all management positions from senior management to site managers, and career paths mapped out. During the year the formal succession plan was reviewed and appropriate adjustments were made.

Share dealings

Directors are required to submit for approval to the Chairman their shareholdings, additional directorships and potential conflicts of interest as well as any share dealings. The share dealings of the Chairman are required to be authorised by the independent non-executive directors prior to implementation. The company secretary, in conjunction with the Designated Adviser, ensures the publication of all share dealings on SENS.

B&W takes these requirements seriously – when during the year a board member purchased shares without following the proper procedure, disciplinary action was implemented and verbal as well as written warnings were issued.

All directors and management with access to financial information and any other price sensitive information are prohibited from dealing in the group's shares during "closed periods", as defined by the JSE, or while the group is trading under cautionary. Directors and management with access to price sensitive information are reminded via e-mail when B&W is entering a "closed period".

Company secretary

Effective 20 January 2010, the function of the company secretary has been outsourced to CIS Company Secretaries (Pty) Ltd which replaced Masters Business Associates Secretarial Services (Pty) Ltd.

The company secretary keeps abreast of any regulatory or legislative changes in respect of corporate governance matters, and notifies the board where necessary.

The company secretary is considered to be adequately and appropriately qualified to fulfil the role.

Regulatory and legislative compliance

Ensuring the group complies with all applicable legislation and regulations is the responsibility of the company secretary and the auditors. The company secretary, together with the board's Chairman and Chief Executive Officer, compiles a checklist to monitor the group's compliance with the JSE Listings Requirements, the Companies Act, the Corporate Laws Amendment Act and other applicable legislation.

During the year the checklist process reflected that the group complies fully with the statutory and regulatory requirements for a company operating in the electrical construction and mining industries. In addition, an assessment in accordance with the IoDSA Governance Assessment Instrument has been executed and steps are being taken to ensure full compliance with the King III Report where feasible.

Short courses on various relevant topics are attended by board members, on the recommendation of the company secretary, to enhance compliance.

BOARD COMMITTEES

The Audit & Risk Committee and the Remuneration Committee assist the board in executing its responsibilities. These committees enhance governance and contribute to the performance of the group. A formal Charter governs both committees. The members and chairmen attend Annual General Meetings of the group to answer questions from shareholders pertaining to matters handled by their respective committees.

Audit & Risk Committee

See Audit & Risk Committee Report on page 22 of the annual report.

Remuneration Committee

Independent Non-executive Director YU Mabandla chairs the Remuneration Committee, which further comprises Independent Non-executive Director JD Oosthuizen, Executive Chairman LJ Barrow, Chief Executive Officer BJ Harley and Financial Director DJ Evert. In light of the size of the group and the extensive responsibilities of the committee, it is deemed not practical at present to have only non-executive directors on the committee. Executive directors of the company are barred from deliberations in respect of their own or each other's remuneration.

A formal Remuneration Charter governs the committee and is reviewed annually. During the year no amendments to the Charter were made although this will be re-assessed in terms of the governance review. The responsibilities of the committee include annually assessing executive remuneration and the general policy on executive and senior management remuneration while ensuring that this accords with the company strategy outlined by the Chief Executive Officer. The committee determines any criteria necessary to measure the performance of executives and directors in discharging their functions and responsibilities.

During the year the committee met once. A record of attendance at the meeting is set out on page 9 of the annual report.

The committee has established a formal and transparent policy on remuneration of executives and individual directors, a brief guide to which is set out below.

Remuneration policy

The group's remuneration structure is compared to and is in line with the industry survey published by the Professional Assignments Group (PAG). External consultants provide information and guidance on standard remuneration practices if necessary. Remuneration is market-related as far as possible. Any remuneration outside of the market ranges requires explanation by the board to the committee.

The Remuneration Committee bases its assessment of remuneration levels on organisational size, key performance areas, the business climate, current market conditions and recommendations by consultants, if any. In addition, the following criteria are considered: value of the individual to the group, effective performance of responsibilities and exceptional effort.

The executive directors which are substantial shareholders receive dividends. They therefore do not receive production bonuses but do receive an annual bonus equivalent to a 13th cheque. Remaining executive directors and senior operational managers are awarded production bonuses where operational outcomes exceed budget.

The company also operates an assisted share purchase scheme for directors and senior managers in order for participants to share in the growth of the company.

Junior staff and hourly paid workers who have been in the service of the company for more than four years, share in the success of the company by way of the B&W Employee Trust that owns 6% of the equity.

It is intended that the details of the remuneration of the three highest paid executives will be disclosed in the next annual report, when the new Companies Act is expected to have come into effect.

The annual fees for non-executive directors are set out in the table below:

Type of fee	Existing fee 2010	Proposed fee 2011
Board		
Non-executive	*R10 000 per month*	*R10 600 per month*
Audit & Risk Committee		
Chairman	*R10 000 per meeting*	*R10 600 per meeting*
Member	*R10 000 per meeting*	*R10 600 per meeting*
Remuneration Committee		
Chairman	*R10 000 per meeting*	*R10 600 per meeting*
Member	*R10 000 per meeting*	*R10 600 per meeting*

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

The group views the risk assessment exercise as integral to operational sustainability on a macro level and on a more micro level to construction management on site. Risk assessments are conducted on a project-by-project basis within a budget framework, and are reported on at monthly board meetings. The Audit & Risk Committee reviews the formal risk assessment matrix, which is compiled annually.

The board, assisted by the Audit & Risk Committee, remains responsible for ensuring that appropriate risk management procedures are in place, in a "top-down" approach, to mitigate risk to an acceptable level. Risks are categorised and accordingly tolerated, mitigated or transferred, where applicable.

Key risks currently facing the group include:

Risk	Risk mitigation
Fluctuations in foreign currency	▪ Currency hedges and appropriate contingencies included in quoted price
Client default	▪ Credit checks by professionals and Credit Bureau ▪ Cherry-picking (blue chip clients) ▪ Intensifying debt collection ▪ Contract payments prior to commencement ▪ Wherever feasible reducing the retention book and freeing up cash flow by substituting bonds or guarantees for retentions
Site injury or fatalities	▪ Training health and safety personnel ▪ Intensive training of site supervisory personnel ▪ Provision of maximum personal protective equipment to all site staff and visitors ▪ Daily tool box talks to all site staff ▪ Health and safety audits by independent bodies ▪ Maintaining records and analysing safety statistics including "lost time injuries", "near misses" and "abnormal incidents"
Loss or damage to own plant and vehicles	▪ Sufficient business insurance

Key risks continued

Risk	Risk mitigation
Input cost inflation	▪ Negotiable escalation clauses or appropriate contingencies included in quoted price
Loss or damage to works	▪ Appropriate contractor's all risk insurance
Loss or damage to persons or property not incorporated in the works	▪ Appropriate public liability insurance
Retirement, death or disablement of key staff	▪ Succession planning
Increased competition	▪ Streamlining operational efficiency
	▪ Increasing market research
	▪ Intensifying marketing efforts
Economic slowdown	▪ Intensifying marketing efforts
	▪ Accessing new markets
	▪ Monitoring operational costs
Reputational risk	▪ Regular site visits by directors
	▪ Marketing director has regular contact with clients

Internal control

The group's systems of internal control are the responsibility of the board, assisted by the Audit & Risk Committee. These systems of internal control are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements, to safeguard and maintain accountability of the group's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Therefore the system is designed to manage rather than eliminate risk of failure and opportunity risk.

In addition to some of the group's sites being audited by the external auditors, an internal audit was conducted by an independent third party, Talota Management Consultants, during the year. This has been submitted for review and is currently being evaluated by the Audit & Risk Committee.

ACCOUNTING AND AUDITING

External audit

The external auditors are responsible for reporting on whether the annual financial statements are fairly presented in compliance with IFRS. As the preparation of the annual financial statements remains the responsibility of the directors, the group appointed an independent IFRS expert during the year to assist directors in ensuring full compliance.

The board, via the Audit & Risk Committee, is responsible for evaluating the independence and effectiveness of the external auditors. It also considers whether any non-audit services rendered by the auditors are likely to substantively impair their independence. Corrective action is taken if necessary in this regard.

Internal audit

Adequate internal controls exist within the group to ensure that a separate internal audit function is not necessary. During the year an internal audit was conducted by an independent third party, Talota Management Consultants, (see "Internal control"). Further, the company systems are audited twice a year by the South African Bureau of Standards (SABS) in order to maintain its ISO 9001:2000 accreditation. The SABS report is formally communicated to the board by the Chief Executive Officer. The growth of B&W may in future warrant the introduction of a formal internal audit function into the group, which will be considered at the appropriate stage in the group's growth cycle.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

A Company Information Officer (CIO) is responsible for B&W's IT governance, while the board remains responsible overall. An internal IT control framework is firmly in place, with assurance outsourced to independent expert Syrex Intranets. Risks are identified by the CIO and recommendations are made at monthly board meetings.

During the year, security of the main group server was improved by reconfiguration to ensure a domain logon. Further, an external back-up system was installed for accounting data to ensure best possible business continuity and anti-virus software was upgraded throughout the network.

STAKEHOLDER COMMUNICATION

B&W is committed to transparent, timeous and consistent communication with all stakeholders, and within the group encourages an open culture of communication. Employees have the opportunity to communicate regularly via the employee fora established at most major sites. Feedback from management is consequently communicated to employees. Newsletters to investors are also distributed to employees at their request.

The Chairman, Chief Executive Officer and Financial Director further meet with major shareholders, institutional investors and analysts continually but especially twice a year following interim and annual results. Where appropriate they also liaise with the financial press in order to ensure accurate reporting. Further, regular investor polls are conducted post results announcements.

Company announcements are published on SENS, available on B&W's website and posted to shareholders. At B&W's discretion, these announcements may appear in the national newspapers. To improve shareholder interaction with directors, they are encouraged to attend all Annual General Meetings. No requests for information were received during the year in terms of the Promotion of Access to Information Act.

INDUSTRY ASSOCIATIONS

The group is an active member of the Electrical Contractors Association of SA (ECA (SA)), SA Flameproof Association and the Profibus User Group SA.

Through membership of ECA (SA), B&W is party to the National Bargaining Council for the electrical industry. A small portion of B&W's workers are members of the accredited union, South African Equity Workers Association (SAEWA), which is the union party to the bargaining council.

CODE OF ETHICS ("THE CODE")

B&W demonstrates its commitment to conducting its business with integrity in a formalised Code of Ethics. All employees have a copy of the Code, which applies to all directors, officers and employees in the group. The group companies' disciplinary codes and procedures further ensure compliance with the Code's underlying policies and practices. The board ensures the Code is effected through group strategy as well as in operational decisions. Employee conduct is monitored in terms of the Code and disciplinary action is taken where the Code is breached.

The Code governs matters such as "Integrity in Business Dealings", which extends to fair and ethical competition. The group has a zero-tolerance approach towards any and all forms of corruption, violation of law and/or disreputable business dealings or activities. B&W further remains committed to transacting with customers and suppliers who subscribe to ethical business practices.

The Code also emphasises the group's commitment to a "Non-discriminatory Culture" supporting a policy of opportunity for all. This further facilitates the achievement of transformation goals in line with government and industry guidelines.

According to the tenet "Confidentiality of Information", B&W respects the right of its employees to privacy. Employees in turn have an obligation not to disclose confidential information pertaining to the group unless it is required by law.

Also covered by the Code are "Share Dealings", "Corporate Governance Adherence", "Timeous Dissemination of Information" and "Safeguarding of Group Assets" as well as "Health and Safety" and "Sound Environmental Practices".

B&W prioritises integrated reporting of its social and environmental practices in compliance with King III and to support sustainable business practices over the long-term. When making all decisions, the board and management have in mind long-term sustainable development and "triple-bottom-line" concerns.

The group has in place processes, programmes and initiatives to ensure that all components of sustainability, identified during risk assessments and audits, are appropriately and adequately addressed.

BBBEE

The group's commitment to genuine transformation was recognised during the year when B&W was ranked by the Impumelelo Innovations Award Trust as one of South Africa's top empowerment companies in the category "South Africa's Top Empowerment Companies 2010". The Trust rewards exceptional projects, which involve partnerships with the public sector that enhance the quality of life of poor communities in innovative ways.

B&W wholly supports BBBEE and operates in compliance with the Department of Trade and Industry's BBBEE Codes of Good Practice ("the Codes"). Achievement of BBBEE targets forms part of the group's core values and is an ongoing strategic and operational imperative for which all management are responsible. During the year B&W reached its goal to improve its contributor status in terms of the Codes to "Level 5". Accordingly and also as a result of the company being classified "value adding", 100% of client spend with B&W can now be considered as BEE spend.

The group's approach to BBBEE covers the Codes' seven key areas – equity ownership, management and control, employment equity, skills development, preferential procurement, enterprise development and CSI. The scorecard rating for each category is tabled below:

BBBEE Code	Weighting Points %	Actual Points
Ownership	*25*	*7,14*
Management and Control	*10*	*3,1*
Employment Equity	*10*	*4,42*
Skills Development	*15*	*11,05*
Preferential Procurement	*20*	*16,22*
Enterprise Development	*15*	*10,05*
Socio-economic Development	*5*	*5*

Ownership, management and control

19,12% of shareholders are black (holding 8,83% of the issued shares), which includes the B&W Employee Trust holding a 6,2% stake in the group. The Trust benefits employees with more than four years of continuous service, with an emphasis on black staff (75% of benefits).

Share Purchase Scheme	2010	2009
Shares in issue at begining of year	*7 795 000*	*3 990 000*
Changes in the number of shares	–	*3 805 000*
Shares granted @ 120 cps	–	*3 805 000*
Shares expired	–	–
Shares vested	–	–
Options in issue at year end	*7 795 000*	*7 795 000*

Summary of options in issue at year end

Grant date	Number in issue	Excerise price
August 2007	*3 990 000*	*R1,68*
December 2008	*3 805 000*	*R1,20*
Total	*7 795 000*	

Employment equity

The group applies a holistic approach to employment equity to develop and maintain a diverse workforce. B&W remains committed to non-discriminatory employment practices, recognising and rewarding initiative, effort and merit across the board while at the same time prioritising the advancement of designated groups. This includes effective recruitment and selection, promotion and succession planning, loyalty and retention strategies, cultural transformation and diversity management, as well as the provision of an enabling environment. The group aims to employ physically disabled persons in appropriate positions, where possible.

Employment equity targets are set and the group reports on its progress to the relevant authorities. Targets are communicated to employees through regular newsletters.

B&W's progress in achieving these is set out below:

	Actual 2009/10		Target 2010/11	
Category/Level	**Number**	**%***	**Number**	**%***
Top management	*16*	*12,5*	*16*	*12,5*
Senior management	*1*	*–*	*1*	*–*
Professionally qualified	*45*	*62*	*45*	*62*
Skilled	*190*	*33*	*190*	*33*
Semi-skilled	*243*	*93*	*243*	*93*
Unskilled	*170*	*100*	*170*	*100*
Learnerships	*49*	*100*	*50*	*100*

**Percentage of workforce which is black.*

Skills development and training

The group is currently developing a formal policy regarding skills development and training. As B&W's field of operation requires employees with a highly specialised skills set, the group is committed to deepening the skills pool. With this in mind, B&W's training facility in Trichardt serves as a project-specific facility for the induction, skills training and grading of staff. The facility offers training programmes in line with accredited SAQA unit standards, which ensures trainees receive an accredited qualification at the end of any training exercise.

Over 1 500 employees participated in more than 50 technical training courses, which included Power Tools, Electrical Machinery, Fundamentals in Electricity and Basic Arc Welding in an Electrical Environment. Over 130 employees were sent on nine different courses throughout the year to enhance their mathematical and statistical skills, while over 15 different communication courses were held for roughly 300 employees. These courses covered topics such as Technical Report Writing, Supervise a Project Team, Collect and Use Information and Read, Analyse and Respond to a Variety of Texts.

Further during the year B&W established a new training and assessment centre for short practical courses at its head office. This offers staff technical training and assessments prior to mobilisation on site.

96% of the company's black employees benefited from the training and development incentives. Total spend amounted to R5,2 million. Going forward the group intends to expand its learnership programmes.

B&W subsidises studies in relevant industry fields. During the year these ranged from MBA and B.Com degrees, through Profibus and other technical training, to a multitude of safety-related training, programmes.

Preferential procurement

B&W is committed to broadening its supplier base with preferred black empowered enterprises to supply goods and services. An affirmative procurement policy is in place, which guides the company on ways to increase expenditure with enterprises that have made significant progress in the area of BBBEE. The group has an approved vendor list which is updated quarterly. The entire process is audited by independent third party EMEX as part of the BBBEE certification.

Enterprise development

B&W is passionate about enterprise development and therefore subcontracts sections of work wherever possible. Contractors are assessed and mentored in technical competence, financial stability and industry expertise. Joint ventures are then formed provided that the contractor has demonstrated sufficient competence and mutual compatibility exists. A company will be formed once sufficient contracts have been completed on a joint venture basis.

The group assisted three companies in this vein during the year. Linear Power Projects received aid in the form of finance, planning, tendering and skills transfer. Kulani Construction was assisted in the form of management and labour skills transfer as well as with legal compliance services. The third company, Qualitas Training, received aid in the form of planning, tendering, skills transfer and cost control systems.

Corporate Social Investment ("CSI")

The group is determined to remain a responsible corporate citizen. As part of actioning this commitment, B&W supports various upliftment projects with a primary focus on children. Beneficiaries are identified on an ad-hoc basis where an urgent need has been identified. However, preference is given to organisations that are linked to or benefit employees or relatives of employees. All potential beneficiaries are referred to the board for decision as a whole.

Children's charities assisted by the group during the year included:

- Deo Gloria House, Krugersdorp – a shelter for homeless and abused children;
- Girls and Boys Town – a non-profit organisation strengthening the development of youth, families and communities in need;
- Ocean Fund, Daveytown – a haven for underprivileged children;
- Oliver's House – a Benoni-based charity managing feeding programmes as well as children's care, education and computer training centres;
- The Purple Heart Foundation, Johannesburg – assists disabled children and abused animals; and
- A school in Xinavane, Mozambique where extensive renovations were donated.

B&W further supported community upliftment by way of support for organisations such as AYDC in Alexandra Township, the Johannesburg Care for the Aged/Vergenoeg vir Elders and the Lenasia Bread Trust Feeding Scheme. Extending this policy cross-border B&W assisted with reconstruction efforts after the fire that ravaged parts of Madagascar during the year.

Ongoing sponsorships have included SA Life Savers Association, Netcare 911, various charity golf days, schools and learnerships for black learners at technical colleges.

Since inception of the Business Trust in 1999, B&W as a member has assisted the Trust to create jobs while enhancing cooperative relationships between business and government. The Trust combines the resources of business and government in areas of common interest to accelerate the achievement of national objectives, such as supporting priority growth sectors, combating poverty through community investment and building capacity through focusing on infrastructure and skills development.

SAFETY, HEALTH AND ENVIRONMENT ("SHE")

Health and safety

B&W reflects an enduring commitment to a safe and healthy working environment by strictly complying with the South African Occupational Health and Safety Act, 1993, the Mines Health and Safety Act and other regulations as well as with internationally recognised standards and guidelines.

Safety is an integral aspect of each project. A dedicated safety officer is appointed for each site with more than one being appointed on larger projects. On commencement, all risks are identified by a risk assessment team comprising the supervisor and safety officer. Identified risks are categorised according to severity – "transferred", "treated" and "tolerated". Risks falling outside of these categories are managed through control measures to minimise the likelihood of an incident occurring.

B&W's qualified safety officers hold toolbox talks every morning on every site before work commences, at which attendance is compulsory. In addition each employee is responsible for his/her own safety and is encouraged to participate in the risk identification process. Each new employee is further required to attend a compulsory SHE induction programme before being allowed to enter any B&W site. These training courses are also offered to existing employees and during the year a total of just under 900 employees participated in courses including First Aid, Specific Safety Training for Construction Supervisors, Incident Causation Analysis Techniques, Legal Liability Awareness, Fall Protection Training and Site Specific Safety Training.

The group's head office and Trichardt office both retained their five-star NOSA rating. At the annual NOSA awards in September 2010 the Trichardt office also received the NOSCAR award for Section F: Safety & Health: 2009. B&W is already ISO 9001:2008 accredited and is currently evaluating the feasibility of obtaining ISO 14000 and/or ISO 18000 accreditation.

During the year B&W did not experience any disabling injuries and maintained its exceptional Disabling Injury Frequency Rate (DIFR) of 0.

In line with regulations governing the construction and mining industries, employees undergo full medical examinations at the start and end of all projects. In addition, healthcare facilities are found on a number of B&W's sites.

HIV/AIDS

B&W acknowledges the potentially devastating effects of HIV/AIDS on its employees and the community at large, and has formalised a policy in this regard. This provides employees with guidelines on disease prevention, unfair workplace discrimination, assisting infected employees in obtaining care and support and generally forging a spirit of openness, support and cooperation. It further aims to create a safe and healthy working environment for all employees and to provide appropriate education and awareness around HIV/AIDS.

The group commits itself to provide counselling in a confidential manner and to assist employees who have contracted HIV/AIDS and voluntarily disclosed to B&W their status in any reasonable manner. The group regularly distributes pamphlets and provides free condoms at head office and at project sites.

ENVIRONMENT

B&W has a formal environmental policy in place in line with legislation and regulation describing the procedure for identifying, eliminating and managing environmental issues that may arise as a result of the execution of projects. The policy aims to minimise risk levels to employees, equipment and the community by creating and maintaining respect for the general environment.

Environmental training is executed on a project-by-project basis. This can further be adapted or modified to comply with the Environmental Management Plans of its clients. The safety officer is generally responsible for the daily implementation of the environmental plan for each project unless the client specifies otherwise.

Environmental policy assessments were conducted during the year in line with requirements for ISO 9001:2008 audits and accreditation.

The total cost for SHE during the year is set out below:

SHE equipment and PPE	*R13,1 million*
Medical and inductions	*R6,2 million*
Total cost	***R19,3 million***

CONTENTS

Directors' Statement of Responsibility

The annual financial statements, which are presented on pages 20 to 73, have been prepared in accordance with IFRS and are supported by reasonable and conservative judgements and estimates. The directors are responsible for the preparation of the annual financial statements and related financial information, which fairly present the state of affairs and the results of the company and the group. Management fulfils its responsibility by maintaining adequate accounting records to ensure the integrity of the annual financial statements.

The directors are responsible for the company's system of internal controls. These controls are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the annual financial statements, that transactions are conducted in accordance with management's authority and that the assets are adequately safeguarded against loss.

These controls are monitored throughout the company by management. Nothing has come to the directors' attention to indicate that there were any material breakdowns in the functioning of these controls during the year under review.

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company has adequate resources to continue in operation for the foreseeable future. The annual financial statements support the viability of the company.

The auditors Certified Master Auditors Inc. are responsible for reporting on the fair presentation of the annual financial statements and their report is presented on page 21.

The annual financial statements were approved by the board of directors on 12 November 2010 and are signed on its behalf by:

John Barrow
Chairman
12 November 2010

Brian Harley
Chief Executive Officer

Declaration by Company Secretary

In our capacity as company secretary, we declare that for the year ended 31 August 2010 the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973, as amended, and that such returns are true, correct and up to date.

CIS Company Secretaries (Pty) Ltd
Company secretary
12 November 2010

To the shareholders of B & W INSTRUMENTATION AND ELECTRICAL LIMITED

We have audited the accompanying annual financial statements of B & W Instrumentation and Electrical Limited, which comprise the directors' report, the statements of financial position as at 31 August 2010, the statements of comprehensive income, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 73.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, the JSE Listings Requirements, the AC 500 Standards and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 31 August 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

G Davias

Certified Master Auditors Inc.

12 November 2010

234 Alexandra Drive
Midrand
Gauteng
South Africa
1685

Audit & Risk Committee Report

The information below constitutes the report of the Audit & Risk Committee in respect of the year under review of the company, as required by section 270A of the Corporate Laws Amendment Act.

In compliance with the most recent legislative requirements, the committee comprises only independent non-executive directors. In the year under review the audit section of the committee was chaired by JD Oosthuizen and the risk section by W Wassermeier, both of whom are independent non-executive directors. Attendance by all executive directors – Chairman, Chief Executive Officer and Financial Director – as well as external auditors and the Designated Adviser, are by invitation.

In compliance with the King III Report the committee met three times during the year. Directors' attendance at meetings held is set out on page 9.

Although the current Audit & Risk Committee Charter complies materially with King II and the recommendations of King III, the Charter is nonetheless reviewed on an annual basis. No changes to the Charter have been made during the year.

The Charter essentially tasks the committee with reviewing the interim and annual results and ensuring that an effective control environment is maintained by considering accounting, auditing, financial reporting and internal control matters. The committee is responsible for ensuring that adequate internal controls exist within the group in lieu of a separate internal audit function. It therefore reviews and monitors internal control procedures such as accounting policies, legislative compliance, regulatory matters and governance.

The Charter makes provision for the committee to recommend the appointment of external independent auditors for approval by shareholders, to monitor their performance and proposed audit scope and approach and to fulfil its fiduciary duties in respect of the external auditors. Fees payable to the external auditors are determined by the committee. It further sets the principles for any non-audit services rendered to the group.

The committee is responsible for advising and updating the board on issues ranging from accounting standards through implications of major financial transactions to published financial information. It also monitors executives' and senior officials' compliance with the Code of Ethics to identify any violations of ethical conduct.

The committee further reviews the extent to which the group complies with all relevant laws and regulations.

The committee has satisfied itself of the independence of the external auditors, Certified Master Auditors Inc. The committee nominated, subject to the endorsement of the board and the approval of shareholders, the re-appointment of Certified Master Auditors Inc. and G Davias as the independent registered audit firm and the individual registered auditor of the company, respectively.

Additionally, the committee assists the board as custodian of the group's risk framework. In this regard, its duties and responsibilities encompass the review of the group's risk philosophy, strategy and policies recommended by the board including market risk, credit risk, liquidity risk, operational risk and commercial risk. It also performs a review and assessment of the integrity of the risk control systems in ensuring that the risk policies and strategies are effectively managed. During the year Talota Managements Consultants (Pty) Ltd were contracted by the committee to evaluate the group's management processes. The findings are currently being evaluated for areas requiring improvement.

The committee clearly defines the nature, role, responsibility and authority of the risk management function within the group to outline the scope of risk management work while also reviewing different risk identification and measurement methodologies. On a continuous basis, the committee further monitors external developments relating to the practice of corporate accountability and the group's reporting of specifically associated risk, including emerging and prospective impacts.

To the board, it presents an independent and objective oversight and review on corporate accountability, sustainability reporting and specifically associated risk, and on financial, business and strategic risk. Further the committee monitors procedures to deal with and review the disclosure of information to clients. Lastly, the committee is responsible for liaising with the board in respect of the group's communication with its shareholders and also ensures the group has adequate business insurance cover.

The committee has satisfied itself with the expertise and experience of the group's Financial Director, Danie Evert.

At all times, the committee has unhindered access to the board and management. Regular meetings take place with the external auditors to review internal controls and matters relating to corporate governance. In return, the external auditors also have access to the committee to ensure that their independence is not impaired. The committee reports regularly to the board about activities, issues and related recommendations. During the year, the committee did not conduct an annual self-evaluation exercise. One will be conducted in the current year.

JD Oosthuizen **W Wassermeier**

Audit & Risk Committee Chairmen

12 November 2010

Directors' Report

The directors of B&W have pleasure in submitting their report for the year.

Nature of business

B&W operates in the E&I industry in SA. It offers services including plant erection, equipment procurement, material supply, testing, commissioning and maintenance to plants in the industrial, utilities, mining, chemical, oil & gas and food & beverage industries. The recent acquisition of Pontins – a market leading provider of earthing, lightning and surge protection services and products – saw B&W augment its existing offering with a further complementary niche service.

Financial results

The annual financial results of the company and group for the year are summarised in the Chairman's and CEO's Report and are set out in detail in the annual financial statements and accompanying notes.

Dividend

B&W has declared a final dividend of 4,5 cents per share, which together with the interim dividend of 2,5 cents per share paid on 20 April 2010, amounts to 25% of net profit after tax for the year.

It is the company's policy that, cash flow permitting, a similar proportion of net profit after tax will be declared as an annual dividend in future years.

Accounting policies

The annual financial statements, which are presented on pages 20 to 73, have been prepared in accordance with IFRS and in the manner required by the SA Companies Act, (No 61 of 1973). The annual financial statements have been prepared on the going concern basis. Detailed accounting policies are set out on pages 30 to 42 of the annual report of which this Directors' Report forms part.

Directorate

The directors of the company at the date of this annual report are set out on page 6. The number of board and committee meetings attended by each of the directors during the period 1 September 2009 to 31 August 2010 is tabled on page 9 of the corporate governance report.

Directors' shareholding

At year-end the directors held 131 176 450 shares in the issued share capital of the company.

	Direct shareholding		Indirect shareholding			
	Beneficial '000	Non-beneficial '000	Beneficial '000	Non-beneficial '000	Allocated in terms of share purchase scheme '000	Total '000
2010						
LJ Barrow	*500*	–	*38 040*	–	–	*38 540*
BH Harley	*12 680*	–	–	–	–	*12 680*
DJ Evert	*250*	–	–	–	*1 130*	*1 380*
GMJ Breedt	*4 250*	–	*8 430*	–	–	*12 680*
T Lombard	*4 426*	–	*8 430*	–	–	*12 766*
YU Mabandla^-	–	–	–	–	*50*	*50*
CJ Minnie*	–	–	–	–	*1 130*	*1 130*
KE Nel	*12 680*	–	–	–	–	*12 680*
DS Nevay	*4 250*	–	*8 430*	–	–	*12 680*
JD Oosthuizen^-	–	–	–	–	*50*	*50*
HJ Rall*	–	–	–	–	*1 130*	*1 130*
GWR Swanepoel	*4 250*	–	*8 430*	–	–	*12 680*
VS Vilakazi	–	–	–	*12 680*	–	*12 680*
W Wassermeier^-	–	–	–	–	*50*	*50*

*^Non-executive, -Independent, *Alternate*

	Direct shareholding		Indirect shareholding			
	Beneficial '000	Non-beneficial '000	Beneficial '000	Non-beneficial '000	Allocated in terms of share purchase scheme '000	Total '000
2009						
LJ Barrow	*500*	–	*38 040*	–	–	*38 540*
BH Harley	*12 680*	–	–	–	–	*12 680*
DJ Evert	*250*	–	–	–	*1 130*	*1 380*
GMJ Breedt	*4 250*	–	*8 430*	–	–	*12 680*
T Lombard	*4 426*	–	*8 430*	–	–	*12 766*
YU Mabandla^-	–	–	–	–	*50*	*50*
CJ Minnie*	–	–	–	–	*1 130*	*1 130*
KE Nel	*12 680*	–	–	–	–	*12 680*
DS Nevay	*4 250*	–	*8 430*	–	–	*12 680*
JD Oosthuizen-	–	–	–	–	*50*	*50*
HJ Rall*	–	–	–	–	*1 130*	*1 130*
GWR Swanepoel	*4 250*	–	*8 430*	–	–	*12 680*
VS Vilakazi	–	*12 680*	–	–	–	*12 680*
W Wassermeier-	–	–	–	–	*50*	*50*

*-Independent, *Alternate, ^Non-executive*

Since year-end to the date of this report there has been no change in the directors' shareholdings.

Directors' and officers' interests in contracts and directors' emoluments

No material contracts in which directors have an interest were entered into during the year. Directors' emoluments are set out in note 37 to the annual financial statements.

Company secretary

Effective 20 January 2010, the secretary of the company is CIS Company Secretaries whose business and postal addresses, which are also the company's registered addresses, are set out on the inside back cover of the annual report.

Auditors

Certified Master Auditors Inc. will continue in office as auditors of the company in accordance with section 270(2) of the SA Companies Act, 1973 subject to shareholder approval at the upcoming Annual General Meeting.

Special resolutions

The following special resolution was passed at the Annual General Meeting on 15 January 2010: General approval to acquire shares.

The special resolution was registered by the Registrar of Companies on 21 January 2010.

Share capital

At 31 August 2010 the authorised share capital of the company comprised 500 000 000 ordinary shares, of which 212 168 959 were in issue.

During the year 4 373 959 ordinary shares were allocated to vendors of Pontins (Pty) Ltd, in terms of the acqusition of Pontins (Pty) Ltd.

No other changes have occurred to the group's issued share capital between year-end and the date of this report.

12 November 2010

Statements of Financial Position

At 31 August 2010

	Notes	Group 2010 R'000	Group Restated 2009 R'000	Group Restated 2008 R'000	Company 2010 R'000	Company Restated 2009 R'000	Company Restated 2008 R'000
ASSETS							
Non-current assets							
Property, plant and equipment	3	36 939	27 362	10 561	28 760	22 039	8 951
Goodwill	4	7 368	–	–	–	–	–
Intangible assets	5	3 404	–	–	–	–	–
Investments in subsidiaries	6	–	–	–	32	32	32
Deferred tax	11	–	3 041	–	–	–	–
Retention debtors	12	15 766	20 177	13 748	15 766	13 596	13 749
		63 477	**50 580**	**24 309**	**44 558**	**35 667**	**22 732**
Current assets							
Inventories	13	3 502	2 084	4 690	3 136	2 084	4 690
Loans to related parties	8	3 700	–	940	41 755	47 054	19 935
Other financial assets	9	3 484	–	–	3 484	–	–
Trade and other receivables	14	319 146	189 594	120 684	284 215	162 059	92 065
Cash and cash equivalents	15	71 082	139 764	110 627	44 117	109 861	101 362
		400 914	331 442	236 941	376 707	321 058	218 052
Total assets		**464 391**	**382 022**	**261 250**	**421 265**	**356 725**	**240 784**
EQUITY AND LIABILITIES							
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT							
Share capital	16	38 583	32 285	32 285	49 852	43 554	38 988
Foreign currency translation reserve	30	315	–	–	–	–	–
Retained income		165 970	123 771	79 494	142 730	123 680	78 948
		204 868	156 056	111 779	192 582	167 234	117 936
Non-controlling interest	17	216	8	–	–	–	–
		205 084	**156 064**	**111 779**	**192 582**	**167 234**	**117 936**
Liabilities							
NON-CURRENT LIABILITIES							
Finance lease obligations	19	131	–	–	–	–	–
Deferred tax	11	11 682	10 649	11 608	10 942	10 649	11 608
		11 813	**10 649**	**11 608**	**10 942**	**10 649**	**11 608**
CURRENT LIABILITIES							
Loans from related parties	8	1 634	1 030	1 185	1 017	1 030	2 370
Financial liabilities	18	49 217	78 017	–	45 164	70 302	–
Current tax payable		6 841	6 065	18 130	445	2 950	17 835
Finance lease obligations	19	158	–	–	–	–	–
Trade and other payables	21	181 079	126 295	116 718	162 821	100 657	89 204
Provisions	20	8 565	3 902	1 830	8 294	3 903	1 831
		247 494	215 309	137 863	217 741	178 842	111 240
Total liabilities		**259 307**	**225 958**	**149 471**	**228 683**	**189 491**	**122 848**
Total equity and liabilities		**464 391**	**382 022**	**261 250**	**421 265**	**356 725**	**240 784**
Net asset value per share (cents)		100,4	78,0	55,9	90,8	80,5	57,8
Net tangible asset value per share (cents)		95,1	78,0	55,9	90,8	80,5	57,8

Statements of Comprehensive Income

For the year ended 31 August 2010

B&W Instrumentation and Electrical Limited

		Group		Company	
	Notes	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Contract revenue	23	601 283	502 840	507 140	445 727
Contract costs	24	(478 158)	(397 062)	(423 074)	(340 704)
Gross profit		123 125	105 778	84 066	105 023
Other income		1 040	1 279	1 040	663
Operating expenses		(45 855)	(31 506)	(39 284)	(30 403)
Operating profit	25	78 310	75 551	45 822	75 283
Investment revenue	26	3 567	7 750	4 035	8 585
Finance costs	27	(323)	(386)	(208)	(160)
Profit before taxation		81 554	82 915	49 649	83 708
Taxation	28	(24 041)	(23 631)	(14 905)	(23 582)
Profit for the year		57 513	59 284	34 744	60 126
OTHER COMPREHENSIVE INCOME:					
Foreign currency translation reserve	30	318	–	–	–
Total comprehensive income		57 831	59 284	34 744	60 126
PROFIT ATTRIBUTABLE TO:					
Owners of the parent		57 308	59 277	34 744	60 126
Non-controlling interest		205	7	–	–
		57 513	**59 284**	**34 744**	**60 126**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		57 623	59 277	34 744	60 126
Non-controlling interest		208	7	–	–
		57 831	**59 284**	**34 744**	**60 126**
Earnings per share (cents)					
Basic and diluted EPS	41	28,5	29,6	16,6	29,1

Statements of Changes in Equity

For the year ended 31 August 2010

	Share capital	Share premium	Treasury shares	Total share capital	Foreign currency translation reserve	Total reserves	Retained income	Total attributable to equity holders of the group	Non-controlling interest	Total equity
GROUP										
Balance at 1 September 2008	2	38 986	(6 703)	32 285	–	32 285	79 494	111 779	–	111 779
Changes in equity										
Total comprehensive income for the year	–	–	–	–	–	–	59 277	59 277	8	59 285
Issue of shares	–	4 566	–	4 566	–	4 566	–	4 566	–	4 566
Treasury shares	–	–	(4 566)	(4 566)	–	(4 566)	–	(4 566)	–	(4 566)
Dividends	–	–	–	–	–	–	(15 000)	(15 000)	–	(15 000)
Total changes	**–**	**4 566**	**(4 566)**	**–**	**–**	**–**	**44 277**	**44 277**	**8**	**44 285**
Balance at 1 September 2009	2	43 552	(11 269)	32 285	–	32 285	123 771	156 056	8	156 064
Changes in equity										
Total comprehensive income for the year	–	–	–	–	315	315	57 308	57 623	208	57 831
Issue of shares	–	6 298	–	6 298	–	6 298	–	6 298	–	6 298
Dividends	–	–	–	–	–	–	(15 109)	(15 109)	–	(15 109)
Total changes	**–**	**6 298**	**–**	**6 298**	**315**	**6 613**	**42 199**	**48 812**	**208**	**49 020**
Balance at 31 August 2010	2	49 850	(11 269)	38 583	315	38 898	165 970	204 868	216	205 084
Note(s)	16	16	16		30				17	

	Share capital	Share premium	Total share capital	Retained income	Total attributable to equity holders of the company	Total equity
COMPANY						
Balance at 1 September 2008						
Changes in equity	2	38 986	38 988	78 948	117 936	117 936
Total comprehensive income for the year	–	–	–	60 126	60 126	60 126
Issue of shares	–	4 566	4 566	–	4 566	4 566
Dividends	–	–	–	(15 394)	(15 394)	(15 394)
Total changes	**–**	**4 566**	**4 566**	**44 732**	**49 298**	**49 298**
Balance at 1 September 2009	2	43 552	43 554	123 680	167 234	167 234
Changes in equity						
Total comprehensive income for the year	–	–	–	34 744	34 744	34 744
Issue of shares	–	6 298	6 298	–	6 298	6 298
Dividends	–	–	–	(15 694)	(15 694)	(15 694)
Total changes	**–**	**6 298**	**6 298**	**19 050**	**25 348**	**25 348**
Balance at 31 August 2010	**2**	**49 850**	**49 852**	**142 730**	**192 582**	**192 582**
Note(s)	16	16	16			

Statements of Cash Flow

For the year ended 31 August 2010

B & W Instrumentation and Electrical Limited

		Group		Company	
	Notes	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flows from operating activities					
Cash generated from/(utilised in) operations	31	23 305	17 945	(8 557)	23 948
Interest income		3 567	7 750	4 035	8 585
Finance costs		(323)	(387)	(208)	(160)
Tax paid	32	(19 347)	(39 695)	(17 117)	(39 425)
Net cash from operating activities		**7 202**	**(14 387)**	**(21 847)**	**(7 052)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(14 344)	(20 592)	(11 479)	(15 540)
Sale of property, plant and equipment	3	314	313	314	77
Business combinations/acquisition of subsidiary	34	(11 653)	–	–	–
Loans to related parties advanced/(repaid)		(3 097)	(1 183)	11 584	(30 429)
Proceeds from loans from group companies		–	1 969	–	1 969
Purchase of financial assets		(3 484)	–	(3 484)	–
Net cash from investing activities		**(32 264)**	**(19 493)**	**(3 065)**	**(43 923)**
Cash flows from financing activities					
Proceeds on share issue	16	–	–	–	4 566
(Repayment of)/proceeds from other financial liabilities		(28 800)	78 017	(25 138)	70 302
Inflow from finance leases		289	–	–	–
Dividends paid	33	(15 109)	(15 000)	(15 694)	(15 394)
Net cash from financing activities		**(43 620)**	**63 017**	**(40 832)**	**59 474**
Total cash movement for the year		(68 682)	29 137	(65 744)	8 499
Cash at the beginning of the year		139 764	110 627	109 861	101 362
Total cash at the end of the year	15	**71 082**	**139 764**	**44 117**	**109 861**

1. PRESENTATION OF GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the group and company have been prepared in accordance with International Financial Reporting Standards, JSE Listings Requirements, and the Companies Act No. 61 of South Africa, 1973 (as amended). The group and company annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The accounting policies set out below have been consistently applied to all periods presented in these group and company financial statements except for the change in the determination of operating segments as disclosed in note 1.18 and where the group or company has adopted the IFRS and IFRIC interpretations and amendments listed in Note 2 that became effective during the period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the group and company annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the group and company annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results could differ from these estimates which may be material to the group and company annual financial statements. Significant judgements include:

Impairment

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of property, plant and equipment are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Contract revenue work in progress

The group recognises contract revenue work in progress as described in the accounting policy note 1.14.

Judgements are required for the estimation of the stage of completion and cost to completion. Should the stage of completion be significantly different from the actual amount of work carried out, this would have a material impact on the amount of contract revenue in progress.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

All property, plant and equipment are initially recorded at cost. Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses.

There has been no major change in the nature of the property, plant and equipment, nor any change in policy regarding the use thereof.

Item	**Average useful life**
Land	Not depreciated
Buildings	50 years
Plant and machinery	5 to 10 years
Furniture and fixtures	10 to 15 years
Motor vehicles	5 to 20 years
IT equipment	3 to 5 years
Mobile offices	10 to 15 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are incorporated in profit or loss.

1.3 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.4 Consolidation

Group annual financial statements – basis of consolidation

The group consolidates all of its subsidiaries, joint ventures and special purpose entities which it controls. Accounting policies are applied consistently in all group companies.

The results of subsidiaries, joint ventures and special purpose entities are included from the effective date of acquisition up to the effective date of disposal. Where subsidiaries, joint ventures and special purpose entities have a different statutory financial year-end, their results are included on a basis consistent with the period of the company's financial year.

Adjustments are made when necessary to the annual financial statements of subsidiaries, joint ventures and special purpose entities to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses, and profit and losses, resulting from intra-group transactions are eliminated in full on consolidation.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. Goodwill can arise on the acquisition of businesses and subsidiaries and represents the excess of the fair value of the consideration paid for the business consideration, the fair value of any existing interests and the value of the non-controlling interests, over the fair value of the net assets acquired. Any gain from a bargain purchase is recognised in the statement of comprehensive income immediately. The fair value of the consideration paid is the fair value at the date of exchange of the assets given, liabilities incurred or assumed, and equity instruments issued by the group, and the fair value of any existing interest in exchange for control of the acquiree. Costs directly attributable to the business combination are expensed as incurred.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date and its fair value can be measured reliably.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. An impairment loss of goodwill cannot be reversed in future periods.

Interests in joint ventures

A joint venture is a contractual agreement whereby the group and other parties undertake an economic activity that is subject to joint control. Joint control is present when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled operations

In respect of its interests in jointly controlled operations, the group recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the group or company becomes a party to the contractual provisions of the instruments.

The group or company classifies its financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Classification is reassessed on an annual basis where appropriate.

Financial assets and liabilities are initially measured at fair value, which includes directly attributable transaction costs, in the case of financial assets and liabilities not at fair value through profit or loss.

Subsequent measurement for each category is specified in the section below.

Classification

The group and company classify their financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments is acquired and takes place at initial recognition. Classification is reassessed on an annual basis, where appropriate.

Subsequent measurement

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans and receivables

After initial recognition, such assets are carried at amortised cost, using the effective interest method, less accumulated impairment.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised, impaired and through the amortisation process. The group and company have classified the following financial assets as loans and receivables:

Loans to related parties

These loans are in respect of advances to companies within the group.

Retention debtors

Retention debtors arise from contract customers and are both of a current and non-current nature depending on the contractual terms.

Trade and other receivables

Trade and other receivables comprise all trade and non-trade debtors other than retention debtors. They are of a short-term duration and measured at original invoice price.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities at amortised cost

After initial recognition financial liabilities are recognised at amortised cost using the effective interest method. Finance costs are recognised using the effective interest rate method. The group and company have classified the following financial liabilities as financial liabilities carried at amortised cost:

- Loans from related parties;
- Trade and other payables; and
- Bank overdraft and borrowings.

Derecognition of financial assets and financial liabilities

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

A financial asset is derecognised when the right to receive cash from the asset has expired, or the group or company has transferred the asset and the transfer qualifies for derecognition. A transfer qualifying for derecognition occurs when the group or company substantially transfers the contractual rights to receive the cash flows of the financial asset, or retains the rights but assumes a contractual obligation to pay those cash flows in full to a third party.

Where the group or company has transferred its right to the cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's or company's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. An exchange between the group or company and an existing lender of debt instruments with substantially different terms or a substantial modification to an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The resulting difference between the carrying value on derecognition of the financial instrument and the amount received or paid is recognised in profit or loss.

Offset

Where a legally enforceable right to offset exists for recognised financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, such related financial assets and financial liabilities are offset.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - at the time of the transaction affects neither accounting profit nor taxable profit (tax loss); or
  - is not a business combination.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused Secondary Tax on Companies (STC) credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from: a transaction or event which is recognised, in the same or a different period, in other comprehensive income, or a business combination.

Current tax and deferred taxes are charged or credited directly in equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease accrual or asset. Such amount is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

Inventories are measured at the lower of cost on the first-in-first-out basis and net realisable value. The same cost formula is used for all inventories having a similar nature and use to the entity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Small tools are transferred to the cost of a contract as and when they are consumed.

1.9 Impairment of assets

Non-financial assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. An impairment recognised previously may be reversed when estimates change as a result of an event occuring after the impairment was initially recognised. Such a reversal may not increase the carrying value above what it would have been had no impairment loss been recognised. A reversal of an impairment loss is recognised in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

Financial assets

The group or company assesses at each reporting date whether objective evidence exists that a financial asset or a group of financial assets is impaired.

If there is objective evidence that an asset that is carried at amortised cost is impaired, the loss is measured as the difference between the asset's carrying amount and present value of future cash flows discounted at its original effective interest rate. When impaired, the carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in the income profit or loss. Assets together with associated provision for impairment are written off when there are no realistic prospects of future recovery.

The group or company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If, in the subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed. Such a reversal is recognised in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortised cost, as if the asset has never been impaired at the reversal date.

For trade and other receivables, provision for impairments are recognised based on the following considerations: Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

1.11 Treasury shares

Shares in the company that are held by entities that are controlled by the company or by the company itself are treated as treasury shares. Treasury shares are recognised as a deduction against equity. Dividends received on treasury shares are eliminated on consolidation. No profit or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the period in which service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.13 Provisions and contingencies

Provisions are recognised when the group has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the best estimate of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;

- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

The entity must also have raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

1.14 Contract revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, contract revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a contract involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract;
- variations in contract work, claims and incentive payments: to the extent that it is probable that they will result in revenue; and
- they are capable of being reliably measured.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. Contract costs are recognised as an expense in the period in which they are incurred.

Contract revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Contract revenue is determined based on independent quantity surveyors' certificates. The basis for determining the certificate is the bill of quantities plus agreed mark-ups for materials delivered and/or materials installed.

Contract costs include direct material costs, sub-contracted costs, direct labour, direct overheads and a portion of indirect overheads.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in South African Rand, thousands ('000s), which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

1.17 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets acquired as part of a business combination are recorded at fair value and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation commences when the intangible assets are available for their intended use. The amortisation period and method, for intangible assets with a finite life are reviewed at every reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The residual value of an intangible asset may increase to an amount equal to or greater than the asset's carrying value. Whilst the residual value exceeds carrying value, amortisation is discontinued. The residual value of an intangible asset shall be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or if the residual value can be determined by reference to an active market and it is probable that the market will still exist at the end of the asset's useful life.

Amortisation shall cease at the earlier of the date that the asset is classified as held for sale (or is included in a disposal group that is classified as held for sale), or the date that the asset is derecognised.

Subsequent expenditure on intangible assets is capitalised if it is probable that future economic benefits attributable to the asset will flow to the group and the expenditure can be reliably measured. Intangible assets are derecognised upon disposal or where no future economic benefits are expected. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These gains are recognised in profit or loss when the asset is derecognised.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Trade names	5 years
Customer relationships	5 years

1.18 Segmental reporting

As a result of the group adopting IFRS 8, this necessited a change which requires segments to be identified on the basis of internal reporting about components of the group that are regularly reviewed by the chief operating decision maker (CODM), to allocate resources to the segments and to assess their performance.

The identification of operating segments has been based on the CODM's main internal reporting segments. The group has identified two reportable segments: South Africa and Foreign.

The CODM evaluates the segmental performance based on operating profit or loss before tax. The new segments are different to the segments previously disclosed. Refer note 40.

2. NEW STANDARDS AND INTERPRETATIONS

Standard	Details of amendment	Effective annual periods beginning on or after	Impact on financial reporting
IFRS 1 First-time Adoption of International Financial Reporting Standards	• Amendments relating to oil and gas assets and determining whether an arrangement contains a lease	1 January 2010	These amendments are not expected to have any effect on the financial statements
	• Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009	1 July 2010	
	• Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8	1 January 2011	
	• Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost		
	• Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation		
IFRS 2 Share Based Payments	• Amendments relating to group cash-settled share-based payment transactions – clarity of the definition of the term "Group" and where in a group the share-based payments must be accounted for	1 January 2010	This amendment is not expected to have a material effect on the financial statements
IFRS 3 Business Combinations	• Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS	1 January 2011	These amendments are not expected to have a material effect on the financial statements
	• Clarification on the measurement of non-controlling interests		
	• Additional guidance provided on un-replaced and voluntarily replaced share-based payment awards		
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	• Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 January 2010	This amendment is not expected to have any effect on the financial statements

2. NEW STANDARDS AND INTERPRETATIONS continued

Standard	Details of amendment	Effective annual periods beginning on or after	Impact on financial reporting
IFRS 7 Financial Instruments: Disclosures	• Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading	1 January 2011	These amendments are not expected to have a material effect on the financial statements
	• Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period	1 July 2011	
IFRS 9 Financial Instruments	• New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement	1 January 2013	The group is still considering the impact that this standard will have on its financial reporting
IAS 1 Presentation of Financial Statements	• Current/non-current classification of convertible instruments	1 January 2010	These amendments are not expected to have a material effect on the financial statements
	• Clarification of statement of changes in equity	1 January 2011	
IAS 7 Statement of Cash Flows	• Classification of expenditures on unrecognised assets	1 January 2010	This amendment is not expected to have any effect on the financial statements
IAS 17 Leases	• Classification of leases of land and buildings	1 January 2010	This amendment is not expected to have any effect on the financial statements
IAS 21 The Effects of Changes in Foreign Exchange Rates	• Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010	This amendment is not expected to have any effect on the financial statements
IAS 24 Related Party Disclosures	• Simplification of the disclosure requirements for government-related entities • Clarification of the definition of a related party	1 January 2011	These amendments are not expected to have any effect on the financial statements
IAS 27 Consolidated and Separate Financial Statements	• Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation	1 July 2010	This amendment is not expected to have any effect on the financial statements

2. NEW STANDARDS AND INTERPRETATIONS continued

Standard	Details of amendment	Effective annual periods beginning on or after	Impact on financial reporting
IAS 28 Investments in Associates	• Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010	This amendment is not expected to have any effect on the financial statements
IAS 31 Interests in Joint Ventures	• Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010	This amendment is not expected to have any effect on the financial statements
IAS 32 Financial Instruments: Presentation	• Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer	1 February 2010	This amendment is not expected to have any effect on the financial statements
IAS 34 Interim Financial Reporting	• Clarification of disclosure requirements around significant events and transactions including financial instruments	1 January 2011	This amendment is not expected to have any effect on the financial statements
IAS 36 Impairment of Assets	• Unit of accounting for goodwill impairment test	1 January 2010	This amendment is not expected to have any material effect on the financial statements
IAS 39 Financial Instruments: Recognition and Measurement	• Treating loan prepayment penalties as closely related embedded derivatives • Scope exemption for business combination contracts • Cash flow hedge accounting	1 January 2010	These amendments are not expected to have any effect on the financial statements
IFRIC 13 Customer Loyalty Programmes	• Clarification on the intended meaning of the term “fair value” in respect of award credits	1 January 2011	This amendment is not expected to have any effect on the financial statements
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	• Accounting for situations where an entity uses its own financial instruments in settlement of its financial liabilities	1 April 2010	This interpretation is not expected to have any effect on the financial statements

	2010 Cost R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000	2009 Cost R'000	2009 Accumulated depreciation R'000	2009 Carrying value R'000	2008 Cost R'000	2008 Accumulated depreciation R'000	2008 Carrying value R'000
3. PROPERTY, PLANT AND EQUIPMENT									
Group									
Land	2 000	–	2 000	1 600	–	1 600	1 600	–	1 600
Buildings	3 255	(55)	3 200	1 555	(16)	1 539	698	–	698
Plant and machinery	9 829	(2 560)	7 269	6 653	(1 060)	5 593	2 105	(705)	1 400
Furniture and fixtures	770	(247)	523	474	(166)	308	662	(133)	529
Motor vehicles	27 197	(7 221)	19 976	19 830	(3 837)	15 993	6 798	(1 837)	4 961
IT equipment	797	(404)	393	767	(349)	418	585	(214)	371
Mobile offices	4 948	(1 370)	3 578	2 881	(970)	1 911	1 738	(736)	1 002
Total	**48 796**	**(11 857)**	**36 939**	**33 760**	**(6 398)**	**27 362**	**14 186**	**(3 625)**	**10 561**
Company									
Land	2 000	–	2 000	1 600	–	1 600	1 600	–	1 600
Buildings	3 255	(55)	3 200	1 555	(16)	1 539	698	–	698
Plant and machinery	8 198	(1 689)	6 509	5 891	(679)	5 212	2 066	(703)	1 363
Furniture and fixtures	463	(182)	281	411	(151)	260	379	(113)	266
Motor vehicles	18 730	(5 373)	13 357	14 375	(2 901)	11 474	5 315	(1 660)	3 655
IT equipment	685	(367)	318	752	(343)	409	583	(216)	367
Mobile offices	4 387	(1 292)	3 095	2 474	(929)	1 545	1 738	(736)	1 002
Total	**37 718**	**(8 958)**	**28 760**	**27 058**	**(5 019)**	**22 039**	**12 379**	**(3 428)**	**8 951**

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
3. PROPERTY, PLANT AND EQUIPMENT continued						
Reconciliation of property, plant and equipment						
GROUP – 2010						
Land	1 600	400	–	–	–	2 000
Buildings	1 539	1 701	–	–	(40)	3 200
Plant and machinery	5 593	2 964	324	(14)	(1 598)	7 269
Furniture and fixtures	307	278	54	(16)	(100)	523
Motor vehicles	15 993	6 791	1 164	(267)	(3 705)	19 976
IT equipment	419	141	41	(5)	(203)	393
Mobile offices	1 911	2 068	–	–	(401)	3 578
Total	**27 362**	**14 343**	**1 583**	**(302)**	**(6 047)**	**36 939**
GROUP – 2009						
Land	1 600	–	–	–	–	1 600
Buildings	698	857	–	–	(16)	1 539
Plant and machinery	1 400	5 259	–	(274)	(792)	5 593
Furniture and fixtures	529	66	–	(236)	(52)	307
Motor vehicles	4 961	13 037	–	(37)	(1 968)	15 993
IT equipment	371	230	–	(2)	(178)	419
Mobile offices	1 002	1 143	–	–	(234)	1 911
Total	**10 561**	**20 592**	**–**	**(549)**	**(3 240)**	**27 362**
GROUP – 2008						
Land	–	1 600	–	–	–	1 600
Buildings	–	698	–	–	–	698
Plant and machinery	1 077	505	–	(13)	(169)	1 400
Furniture and fixtures	222	367	–	(1)	(59)	529
Motor vehicles	4 136	2 048	–	(215)	(1 008)	4 961
IT equipment	165	323	–	–	(117)	371
Mobile offices	886	251	–	–	(135)	1 002
Total	**6 486**	**5 792**	**–**	**(229)**	**(1 488)**	**10 561**

			Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
3.	**PROPERTY, PLANT AND EQUIPMENT continued**						
	Reconciliation of property, plant and equipment						
	COMPANY – 2010						
	Land		1 600	400	–	–	2 000
	Buildings		1 539	1 700	–	(39)	3 200
	Plant and machinery		5 212	2 416	(14)	(1 105)	6 509
	Furniture and fixtures		260	86	(15)	(50)	281
	Motor vehicles		11 474	4 879	(266)	(2 730)	13 357
	IT equipment		409	85	(5)	(171)	318
	Mobile offices		1 545	1 913	–	(363)	3 095
	Total		**22 039**	**11 479**	**(300)**	**(4 458)**	**28 760**
	COMPANY – 2009						
	Land		1 600	–	–	–	1 600
	Buildings		698	857	–	(16)	1 539
	Plant and machinery		1 363	4 561	(272)	(440)	5 212
	Furniture and fixtures		266	32	–	(38)	260
	Motor vehicles		3 655	9 136	(38)	(1 279)	11 474
	IT equipment		367	217	(3)	(172)	409
	Mobile offices		1 002	737	–	(194)	1 545
	Total		**8 951**	**15 540**	**(313)**	**(2 139)**	**22 039**
	COMPANY – 2008						
	Land		–	1 600	–	–	1 600
	Buildings		–	698	–	–	698
	Plant and machinery		1 077	466	(13)	(167)	1 363
	Furniture and fixtures		222	84	–	(40)	266
	Motor vehicles		4 136	566	(215)	(832)	3 655
	IT equipment		165	320	–	(118)	367
	Mobile offices		886	251	–	(135)	1 002
	Total		**6 486**	**3 985**	**(228)**	**(1 292)**	**8 951**
	Details of properties						
	Erf 530, Alrode, Extension 7						
	Purchase price: Land	1 600	1 600	1 600	1 600	1 600	1 600
	Building costs	1 555	1 555	698	1 555	1 555	698
	Total	**3 155**	**3 155**	**2 298**	**3 155**	**3 155**	**2 298**
	Erf 432, Alberton North						
	Purchase price: Land	400	–	–	400	–	–
	Building costs	1 700	–	–	1 700	–	–
	Total	**2 100**	**–**	**–**	**2 100**	**–**	**–**

	Group								
	2010			2009			2008		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
4. GOODWILL									
Goodwill	7 368	–	7 368	–	–	–	–	–	–
The comparative company carrying amounts are nil and have accordingly not been presented in a table.									

Reconciliation of goodwill **GROUP – 2010**	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	–	7 368	7 368
Refer note 34			

	Group								
	2010			2009			2008		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
5. INTANGIBLE ASSETS									
Trade name	1 661	(332)	1 329	–	–	–	–	–	–
Customer relationships	2 594	(519)	2 075	–	–	–	–	–	–
Total	**4 255**	**(851)**	**3 404**	**–**	**–**	**–**	**–**	**–**	**–**

Reconciliation of intangible assets **GROUP – 2010**	Opening balance R'000	Additions through business combinations R'000	Amortisation R'000	Total R'000
Trade name	–	1 661	(332)	1 329
Customer relationships	–	2 594	(519)	2 075
The comparative company carrying amounts are nil and have accordingly not been presented in a table.				
Total	**–**	**4 255**	**(851)**	**3 404**

Name of company	Type of holding R'000	% holding 2010 R'000	% holding 2009 R'000	% holding 2008 R'000
6. INVESTMENTS IN SUBSIDIARIES				
B&W Madagascar SARL (Incorporated in Madagascar)	Direct	99,0	99,0	99,0
B&W Electricidade, Lda (Incorporated in Mozambique)	Direct	99,0	99,0	99,0
Pontins (Pty) Ltd (incorporated in RSA)*	Direct	100,0	–	–
*Amount less than R1 000				

Name of company	Type of holding R'000	Carrying amount 2010 R'000	Carrying amount 2009 R'000	Carrying amount 2008 R'000
B&W Madagascar SARL (Incorporated in Madagascar)	Direct	9	9	9
B&W Electricidade, Lda (Incorporated in Mozambique)	Direct	23	23	23
Pontins (Pty) Ltd (Incorporated in RSA)*	Direct	–	–	–
*Amount less than R1 000				
Total		**32**	**32**	**32**

Name of company	Type of joint venture	% holding 2010	% holding 2009	% holding 2008
7. INVESTMENT IN JOINT VENTURES				
Dukwe Joint Venture	Jointly controlled operation	50,0	50,0	50,0
Damatshaa Joint Venture	Jointly controlled operation	50,0	50,0	50,0
B&W Grinaker-LTA Joint Venture	Jointly controlled operation	50,0	–	–

As the joint ventures are controlled operations, there are no carrying amounts.

Summary of group interest in joint venture

	Group			Company		
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
Non-current assets	–	–	1 185	–	–	–
Current assets	4 892	–	12 756	–	–	–
Long-term liabilities – non-interest-bearing	–	–	(1 643)	–	–	–
Current liabilities – non-interest-bearing	(1 356)	–	(11 474)	–	–	–
Financial liabilities	(3 536)	–	–	–	–	–
Revenue	(8 387)	(1 007)	(22 123)	–	–	–
Expenses	**8 387**	**7 552**	**21 297**	**–**	**–**	**–**

B&W Instrumentation and Electrical Limited

	Group			Company		
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
8. LOANS TO (FROM) RELATED PARTIES						
Joint ventures						
Bokomoso Joint Venture	–	–	(1 185)	–	–	(2 371)
B&W Grinaker-LTA Joint Venture (B&W portion)	3 700	–	–	7 400	–	–
B&W Grinaker-LTA Joint Venture (Grinaker-LTA portion)	(616)	–	–	–	–	–
The loans to are unsecured, interest free with no fixed terms of repayment.						
Total	**3 084**	**–**	**(1 185)**	**7 400**	**–**	**(2 371)**
Related parties						
B&W Industrial Technology (Pty) Ltd	(634)	–	107	(634)	–	107
B&W Employee Trust	(383)	(1 030)	767	(383)	(1 030)	767
Hotguard Plant (Pty) Ltd	–	–	66	–	–	66
Total	**(1 017)**	**(1 030)**	**940**	**(1 017)**	**(1 030)**	**940**
Group companies						
B&W Share Purchase Scheme Trust	–	–	–	13 154	12 670	7 206
B&W Madagascar SARL	–	–	–	2 305	31 066	11 581
The loan is unsecured, interest free with no fixed terms of repayment.						
Pontins (Pty) Ltd	–	–	–	17 749	–	–
B&W Electricidade, Lda	–	–	–	1 147	3 318	208
The B&W Madagascar SARL and Pontins (Pty) Ltd loans are unsecured, interest free with no fixed terms of repayment.						
Total	**–**	**–**	**–**	**34 355**	**47 054**	**18 995**
Current assets	7 184	–	940	41 755	47 054	19 935
Current liabilities	(1 634)	(1 030)	(1 185)	(1 017)	(1 030)	(2 370)
Total	**5 550**	**(1 030)**	**(245)**	**40 738**	**46 024**	**17 565**

The B&W Employee Trust is not controlled by the group or the company.

The loans, excluding the B&W Employee trust loan and the B&W Share Incentive Scheme Trust loan, arose as trading accounts that occurred in the normal course of business between the entities during the year which were not settled as at year-end. Due to the fact that the loans are trading accounts, the loans are unsecured, bear interest at rates linked to prime lending rates. There have been no changes to the terms or conditions of these loans during the year.

The loan to the B&W Employee Trust and B&W Share Incentive Scheme Trust resulted from assistance given to the Trusts in order for the trust to acquire shares in the company. Interest is charged on the loan at a rate linked to prime lending rates, and it is anticipated that the loan will be settled in the 2011 financial year.

	Group			Company		
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
9. OTHER FINANCIAL ASSETS						
Loans and receivables						
Linear Products cc	3 484	–	–	3 484	–	–
The loan bears interest at 2% below the prime overdraft rate and is secured by a mortgage bond over a related party's land and building as well as a cession the property, plant and equipment of Linear Products cc.						
Current assets						
Loans and receivables	3 484	–	–	3 484	–	–

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Loans and receivables past due but not impaired

The loan and receivable from Linear Products cc is currently in default but is not considered to be impaired. Legal proceedings to recover the amount have commenced subsequent to the year-end and the security by way of a mortgage of R1 500 and the balance by way of a cession of movable assets, is expected to be sufficient to recover the full value of the loan.

10. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
GROUP – 2010						
Loans to related parties	3 700	–	–	–	–	3 700
Non-current retention debtors	15 766	–	–	–	–	15 766
Other financial assets	3 484	–	–	–	–	3 484
Trade and other receivables	309 492	–	–	–	–	309 492
Cash and cash equivalents	71 082	–	–	–	–	71 082
Total	**403 524**	**–**	**–**	**–**	**–**	**403 524**
GROUP – 2009						
Non-current retention debtors	20 177	–	–	–	–	20 177
Trade and other receivables	189 595	–	–	–	–	189 595
Cash and cash equivalents	139 764	–	–	–	–	139 764
Total	**349 536**	**–**	**–**	**–**	**–**	**349 536**
GROUP – 2008						
Loans to related parties	940	–	–	–	–	940
Non-current retention debtors	13 749	–	–	–	–	13 749
Trade and other receivables	120 914	–	–	–	–	120 914
Cash and cash equivalents	110 627	–	–	–	–	110 627
Total	**246 230**	**–**	**–**	**–**	**–**	**246 230**

		Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
10.	**FINANCIAL ASSETS BY CATEGORY continued**						
	COMPANY – 2010						
	Loans to related parties	41 755	–	–	–	–	41 755
	Other financial assets	3 484	–	–	–	–	3 484
	Non-current retention debtors	15 766	–	–	–	–	15 766
	Trade and other receivables	130 564	–	–	–	–	130 564
	Cash and cash equivalents	44 117	–	–	–	–	44 117
	Total	**235 686**	**–**	**–**	**–**	**–**	**235 686**
	COMPANY – 2009						
	Loans to related parties	47 054	–	–	–	–	47 054
	Non-current retention debtors	13 596	–	–	–	–	13 596
	Trade and other receivables	119 485	–	–	–	–	119 485
	Cash and cash equivalents	109 861	–	–	–	–	109 861
	Total	**289 996**	**–**	**–**	**–**	**–**	**289 996**
	COMPANY – 2008						
	Loans to related parties	19 935	–	–	–	–	19 935
	Non-current retention debtors	13 749	–	–	–	–	13 749
	Trade and other receivables	70 055	–	–	–	–	70 055
	Cash and cash equivalents	101 362	–	–	–	–	101 362
	Total	**205 101**	**–**	**–**	**–**	**–**	**205 101**

	Group 2010 R'000	Group 2009 R'000 Restated	Group 2008 R'000 Restated	Company 2010 R'000	Company 2009 R'000 Restated	Company 2008 R'000 Restated
11. DEFERRED TAX						
Deferred tax asset (liability)						
Retention debtors	(11 629)	(8 151)	(7 741)	(11 149)	(8 151)	(7 741)
Section 24C allowance	(4 103)	(1 210)	(7 480)	(3 742)	(4 251)	(7 480)
Provisions	4 907	2 434	1 754	4 746	2 434	1 754
Property, plant and equipment	(857)	(682)	(557)	(798)	(682)	(557)
Invoices in advance	–	–	2 417	–	–	2 417
Total	**(11 682)**	**(7 609)**	**(11 607)**	**(10 943)**	**(10 650)**	**(11 607)**
Reconciliation of deferred tax asset (liability)						
At the beginning of the year	(7 608)	(11 608)	(8 124)	(10 649)	(11 608)	(8 124)
Reduction due to rate change	–	–	280	–	–	280
Originating temporary difference on property, plant and equipment	(175)	(125)	(66)	(115)	(125)	(66)
Movement in payments received in advance	–	(2 417)	2 417	–	(2 417)	2 417
Movement in provisions	2 474	680	251	2 312	680	251
Movement in retentions and section 24C allowance	(6 373)	5 862	(6 366)	(2 490)	2 821	(6 366)
Total	**(11 682)**	**(7 608)**	**(11 608)**	**(10 942)**	**(10 649)**	**(11 608)**
Disclosed as follows						
Non-current assets	–	3 041	–	–	–	–
Non-current liabilities	(11 682)	(10 649)	(11 608)	(10 942)	(10 649)	(11 608)
Total	**(11 682)**	**(7 608)**	**(11 608)**	**(10 942)**	**(10 649)**	**(11 608)**
12. RETENTION DEBTORS						
Retention debtors are in respect of contract customers.						
Total retention debtors	50 041	35 763	27 648	39 818	29 109	27 648
Short-term portion of retention debtors included in trade and other receivables	(34 275)	(15 586)	(13 900)	(24 052)	(15 513)	(13 899)
Long-term retention debtors	**15 766**	**20 177**	**13 748**	**15 766**	**13 596**	**13 749**

		Group			Company		
		2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
13.	**INVENTORIES**						
	Raw materials, components	3 502	2 084	2 568	3 136	2 084	2 568
	Small tools	–	–	2 122	–	–	2 122
	Total	**3 502**	**2 084**	**4 690**	**3 136**	**2 084**	**4 690**
14.	**TRADE AND OTHER RECEIVABLES**						
	Trade receivables	316 994	188 728	119 845	282 486	161 193	91 226
	Other receivables	2 152	866	839	1 729	866	839
	Total	**319 146**	**189 594**	**120 684**	**284 215**	**162 059**	**92 065**
	Trade and other receivables past due but not impaired						
	Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 August 2010, R6 937 (2009: R1 897; 2008: R2 808) were past due but not impaired.						
	The ageing of amounts past due but not impaired is as follows:						
	1 month past due	1 139	1 897	2 408	1 139	1 897	2 408
	2 months past due	–	–	223	–	–	223
	3 months past due	5 798	–	177	5 798	–	177
	Total	**6 937**	**1 897**	**2 808**	**6 937**	**1 897**	**2 808**
	Trade and other receivables impaired						
	As of 31 August 2010, no trade and other receivables were impaired.						
	Contract revenue work in progress included above:						
	Construction costs	559 813	260 286	137 237	503 150	256 341	115 680
	Profit recognised to date	90 176	48 968	14 884	69 440	48 968	12 933
	Billings	(489 591)	(262 691)	(127 202)	(420 392)	(262 736)	(106 753)
	Total	**160 398**	**46 563**	**24 919**	**152 198**	**42 573**	**21 860**

Included in trade and other receivables are short-term retention debtors amounting to R34 275 (2009: R15 586; 2008: R13 900) and R24 052 (2009: R15 513; 2008: R13 899) for the group and company respectively.
The carrying amounts of trade and other receivables approximate their fair value.

	Group			Company		
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
15. CASH AND CASH EQUIVALENTS						
Cash and cash equivalents consist of:						
Bank balances	71 082	139 764	110 627	44 117	109 861	101 362
16. SHARE CAPITAL						
Authorised						
500 000 000 ordinary shares of 0,001 cents each	5	5	5	5	5	5
Reconciliation of number of shares issued in 000's:						
Reported as at 1 September 2009	207 795	203 990	200 000	207 795	203 990	200 000
Issue of shares to B&W Share Incentive Scheme	–	3 805	3 990	–	3 805	3 990
Issue of shares in terms of buisiness combination	4 374	–	–	4 374	–	–
Treasury shares	(7 795)	(7 795)	(3 990)	–	–	–
Total	**204 374**	**200 000**	**200 000**	**212 169**	**207 795**	**203 990**
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.						
Issued						
Ordinary	2	2	2	2	2	2
Share premium	49 850	43 552	38 986	49 850	43 552	38 986
Treasury shares	(11 269)	(11 269)	(6 703)	–	–	–
Total	**38 583**	**32 285**	**32 285**	**49 852**	**43 554**	**38 988**

		Group			Company		
		2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
17.	**NON-CONTROLLING INTERESTS**						
	The non-controlling interest is reconciled as follows:						
	Balance at the beginning of the year	8	–	–	–	–	–
	Share of profits for the year	205	8	–	–	–	–
	Other comprehensive income	3	–	–	–	–	–
	Total	**216**	**8**	**–**	**–**	**–**	**–**
18.	**FINANCIAL LIABILITIES**						
	Advances from customers	49 217	78 017	–	45 164	70 302	–
	The advances relate to amounts received from customers for initial detailing and document preparation, site logistics and establishment and procurement of project costs with long lead times.						
	Current liabilities						
	At amortised cost	**49 217**	**78 017**	**–**	**45 164**	**70 302**	**–**
19.	**FINANCE LEASE OBLIGATIONS**						
	Minimum lease payments due						
	– within one year	177	–	–	–	–	–
	– in second to fifth year inclusive	138	–	–	–	–	–
		315	–	–	–	–	–
	Less: Future finance charges	(26)	–	–	–	–	–
	Present value of minimum lease payments	289	–	–	–	–	–
	The finance lease obligations bear interest at effective rates of interest ranging between 9,8% and 10,7% per annum, secured over motor vehicles with a carrying amount of R356 (2009: R nil; 2008: R nil) and repayable as indicated above.						
	Non-current liabilities	131	–	–	–	–	–
	Current liabilities	158	–	–	–	–	–
	Total	**289**	**–**	**–**	**–**	**–**	**–**

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
20. PROVISIONS				
Reconciliation of provision				
GROUP – 2010				
Provision for bonuses	3 902	8 565	(3 902)	8 565
2009				
Provision for bonuses	1 830	3 902	(1 830)	3 902
2008				
Provision for bonuses	3 308	1 830	(3 308)	1 830
COMPANY – 2010				
Provision for bonuses	3 903	8 294	(3 903)	8 294
2009				
Provision for bonuses	1 831	3 903	(1 831)	3 903
2008				
Provision for bonuses	3 308	1 831	(3 308)	1 831

The uncertainty of provision for bonuses is due to the amount being dependent upon the achievement of various key performace indicators to determine the amount of the bonus that will be payable.

	Group			Company		
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
21. TRADE AND OTHER PAYABLES						
Trade payables	113 866	54 897	57 876	112 967	54 778	44 785
Billings in excess of costs incurred to date	50 003	46 056	47 734	32 915	29 587	35 881
Other payables	17 210	25 342	11 108	16 939	16 292	8 538
Total	**181 079**	**126 295**	**116 718**	**162 821**	**100 657**	**89 204**
Billings in excess of costs incurred to date is made up as follows						
Billings	235 097	551 203	510 129	173 633	478 434	487 330
Contract costs	(154 329)	(425 243)	(380 207)	(115 216)	(369 664)	(369 262)
Profit recognised to date	(30 765)	(79 904)	(82 188)	(25 502)	(79 183)	(82 187)
Total	**50 003**	**46 056**	**47 734**	**32 915**	**29 587**	**35 881**

22. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
GROUP – 2010				
Loans from related parties	1 634	–	–	1 634
Financial liabilities	49 217	–	–	49 217
Trade and other payables	124 279	–	–	124 279
Finance lease obligation	289	–	–	289
Total	**175 419**	**–**	**–**	**175 419**
GROUP – 2009				
Loans from related parties	1 030	–	–	1 030
Financial liabilities	78 017	–	–	78 017
Trade and other payables	80 239	–	–	80 239
Total	**159 286**	**–**	**–**	**159 286**
GROUP – 2008				
Loans from related parties	1 185	–	–	1 185
Trade and other payables	68 984	–	–	68 984
Total	**70 169**	**–**	**–**	**70 169**

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
22. FINANCIAL LIABILITIES BY CATEGORY continued				
COMPANY – 2010				
Loans from related parties	1 017	–	–	1 017
Financial liabilities	45 164	–	–	45 164
Trade and other payables	111 157	–	–	111 157
Total	**157 338**	**–**	**–**	**157 338**
COMPANY – 2009				
Loans from related parties	1 030	–	–	1 030
Financial liabilities	70 302	–	–	70 302
Trade and other payables	71 070	–	–	71 070
Total	**142 402**	**–**	**–**	**142 402**
COMPANY – 2008				
Loans from related parties	2 371	–	–	2 371
Trade and other payables	53 323	–	–	53 323
Total	**55 694**	**–**	**–**	**55 694**

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
23. CONTRACT REVENUE				
Contract revenue	601 283	502 840	507 140	445 727
24. CONTRACT COSTS				
Cost of materials	203 750	238 236	186 152	204 422
Direct labour	94 251	99 266	76 153	85 176
Overheads	180 157	59 560	160 769	51 106
Total	**478 158**	**397 062**	**423 074**	**340 704**

		Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
25.	**OPERATING PROFIT**				
	Profit or loss for the year is stated after accounting for the following:				
	Operating lease charges – Premises	967	826	799	826
	Loss/(profit) on sale of property, plant and equipment	(14)	236	(14)	236
	Gains on exchange differences	(1 026)	(1 279)	(1 026)	(663)
	Amortisation on intangible assets	851	–	–	–
	Depreciation on property, plant and equipment	6 047	3 240	4 459	2 138
	Employee costs	**21 082**	**16 184**	**19 270**	**16 184**
26.	**INVESTMENT REVENUE**				
	Interest revenue				
	Interest received on loan accounts	153	16	629	915
	Interest received from bank	3 414	7 734	3 406	7 670
	Total	**3 567**	**7 750**	**4 035**	**8 585**
27.	**FINANCE COSTS**				
	Bank	171	286	56	60
	Interest paid on loans	152	100	152	100
	Total	**323**	**386**	**208**	**160**
28.	**TAXATION**				
	Major components of the tax expense				
	CURRENT				
	Local income tax – current period	18 554	26 091	13 043	23 001
	STC	1 569	1 539	1 569	1 539
	Total	**20 123**	**27 630**	**14 612**	**24 540**
	DEFERRED				
	Deferred tax	3 918	(3 999)	293	(958)
	Refer to note 11 for components of deferred tax				
	Total	**24 041**	**23 631**	**14 905**	**23 582**
	Reconciliation of the tax expense	%	%	%	%
	Reconciliation between applicable tax rate and average effective tax rate:				
	Applicable tax rate	28,0	28,0	28,0	28,0
	Tax incentives	(1,2)	(1,7)	(1,2)	(1,7)
	Disallowable charges	0,1	0,3	0,0	0,0
	Secondary tax on companies	3,2	1,9	3,2	1,8
	Foreign tax rate difference	(0,6)	–	–	–
	Total	**29,5**	**28,5**	**30,0**	**28,2**

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
29. AUDITORS' REMUNERATION				
Fees	769	552	700	552

	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
30. OTHER COMPREHENSIVE INCOME					
Components of other comprehensive income					
GROUP – 2010					
Exchange differences on translating foreign operations					
Foreign currency translation reserve	318	–	318	(3)	315
Total	**318**	**–**	**318**	**(3)**	**315**

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
31. CASH GENERATED FROM (USED IN) OPERATIONS				
Profit before taxation	81 554	82 915	49 649	83 708
Adjustments for:				
Depreciation and amortisation	6 898	3 240	4 459	2 138
(Profit)/loss on sale of assets	(14)	236	(14)	236
Interest received	(3 567)	(7 750)	(4 035)	(8 585)
Finance costs	323	386	208	160
Changes in working capital:				
Inventories	(1 134)	2 606	(1 052)	2 606
Trade and other receivables (including retention debtors)	(117 744)	(75 339)	(124 327)	(69 839)
Movement in provisions	4 662	2 072	4 391	2 072
Trade and other payables	52 327	9 577	62 164	11 452
Total	**23 305**	**17 945**	**(8 557)**	**23 948**
32. TAX PAID				
Balance at the beginning of the year	(6 065)	(18 130)	(2 950)	(17 835)
Current tax for the year recognised in profit or loss	(20 123)	(27 630)	(14 612)	(24 540)
Balance at the end of the year	6 841	6 065	445	2 950
Total	**(19 347)**	**(39 695)**	**(17 117)**	**(39 425)**

		Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
33.	**DIVIDENDS PAID**				
	Dividends	(15 109)	(15 000)	(15 694)	(15 394)
34.	**BUSINESS COMBINATION**				
	Acquisition of Pontins (Pty) Ltd				
	On 1 September 2009, the acquistion date, the group acquired 100% of the assets and liabilities of Pontins (Pty) Ltd which resulted in the group obtaining control over Pontins (Pty) Ltd. Pontins (Pty) Ltd is in the earthing and lightning protection industry. As a result of the acquisition, the group is expecting to expand their service offering and achieve business synergies.				
	Property, plant and equipment	1 582	–	–	–
	Intangible assets	4 255	–	–	–
	Deferred tax	(157)	–	–	–
	Inventories	284	–	–	–
	Trade and other receivables	7 076	–	–	–
	Cash and cash equivalents	2 194	–	–	–
	Trade and other payables	(2 457)	–	–	–
		12 777	–	–	–
	Goodwill	7 368	–	–	–
	Total	**20 145**	**–**	**–**	**–**
	Consideration paid				
	Cash	(13 847)	–	–	–
	Issue of 4 373 959 shares of 0,001c at a premium of R1,44	(6 298)	–	–	–
	Total	**(20 145)**	**–**	**–**	**–**
	Net cash outflow on acquisition				
	Cash consideration paid	(13 847)	–	–	–
	Cash acquired	2 194	–	–	–
	Total	**(11 653)**	**–**	**–**	**–**

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
35. COMMITMENTS				
Authorised capital expenditure				
The group and company have no capital committments.				
Guarantees				
The following guarantees have been issued:				
FIRST NATIONAL BANK				
Performance	30 580	33 911	30 580	33 911
Retention	–	16 616	–	16 616
Total	**30 580**	**50 527**	**30 580**	**50 527**
The long-term guarantees included above are as follows: Performance R nil (2009: R32 283) and Retention R nil (2009: R nil).				
LOMBARD INSURANCE				
Performance	60 111	43 553	60 111	43 553
Retention	42 583	40 030	42 583	40 030
Advance payments	41 117	46 796	41 117	46 796
Total	**143 811**	**130 379**	**143 811**	**130 379**
The long-term guarantees included above are as follows: Performance R5 038 (2009: R40 908), Retention R3 874 (2009: R40 030) and Advance Payment of R nil (2009: R2 297).				
Operating leases – as lessee (expense)				
LEASE PAYMENTS DUE				
– within one year	330	330	330	330
Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of one year. No contingent rent is payable.				

36. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 6
Joint ventures	Refer to note 7
Companies with common directors	Hotguard Plant (Pty) Ltd
	Calaban Properties (Pty) Ltd
Shareholder with significant interest	B&W Industrial Technology (Pty) Ltd
Employment benefit plan for employees of entity	B&W Employee Trust
	B&W Share Incentive Scheme Trust
Members of key management	Members of the board as per the directors' report

Related party balances

Loan accounts – owing by/(to) related parties	Refer to note 8 for amount of loans outstanding.

Related party transactions	**Group**		**Company**	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
INTEREST PAID TO (RECEIVED FROM) RELATED PARTIES				
B&W Industrial Technology (Pty) Ltd	58	–	58	–
Calaban Properties (Pty) Ltd	64	–	64	–
B&W Employee Trust	31	100	31	100
B&W Employee Trust	–	(16)	–	(16)
B&W Share Incentive Scheme Trust	–	–	(476)	(898)
RENT PAID TO RELATED PARTIES				
Calaban Properties (Pty) Ltd	660	660	660	660
COST OF SALES RESULTING FROM RELATED PARTIES				
Pontins (Pty) Ltd	–	–	2 161	–
B&W Electicidade LDA	–	–	7 649	–
AMOUNTS INCLUDED IN TRADE CREDITORS FOR RELATED PARTIES				
Pontins (Pty) Ltd	–	–	967	–
COMPENSATION TO DIRECTORS AND OTHER KEY MANAGEMENT				
Short-term employee benefits	14 268	11 671	13 186	11 671

	Basic emoluments R'000	Retirement and medical R'000	Other benefits R'000	Total R'000
37. DIRECTORS' EMOLUMENTS				
EXECUTIVE				
2010				
GMJ Breedt	576	165	135	876
LJ Barrow	544	66	155	765
HJ Rall	667	190	252	1 109
T Lombard	666	160	150	976
DJ Evert	675	184	654	1 513
BH Harley	1 002	233	220	1 455
DS Nevay	683	187	150	1 020
CJ Minnie	1 341	186	673	2 200
KE Nel	697	162	156	1 015
GWR Swanepoel	780	206	170	1 156
S Vilakazi	450	54	137	641
Total	**8 081**	**1 793**	**2 852**	**12 726**
EXECUTIVE DIRECTORS PAID BY SUBSIDIARY				
2010				
TJ Manas	200	38	116	354
A Economou	172	36	113	321
K Rahn	158	23	111	292
F Toto	54	6	53	113
Total	**584**	**103**	**393**	**1 080**
EXECUTIVE				
2009				
GMJ Breedt	458	155	165	778
LJ Barrow	748	205	230	1 183
HJ Rall	532	160	446	1 138
T Lombard	509	149	207	865
DJ Evert	500	155	325	980
BH Harley	803	203	202	1 208
DS Nevay	458	156	204	818
CJ Minnie	1 296	218	290	1 804
KE Nel	573	151	179	903
GWR Swanepoel	554	172	212	938
S Vilakazi	423	43	115	581
Total	**6 854**	**1 767**	**2 575**	**11 196**
NON-EXECUTIVE				
2010				
JD Oosthuizen	150	–	13	163
YU Mabandla	150	–	13	163
W Wassermeier	120	–	13	133
Total	**420**	**–**	**39**	**459**
2009				
JD Oosthuizen	160	–	9	169
YU Mabandla	140	–	9	149
W Wassermeier	150	–	9	159
Total	**450**	**–**	**27**	**477**

38. RECLASSIFICATION OF BALANCES

Deferred taxation

In the prior year, the deferred tax balances were disclosed as current and non-current. In terms of IAS 1, deferred tax should always be presented as non-current, even if a portion of the asset or liability will realise within the next financial period. The restatement has no impact on the net asset position, the statement of comprehensive income, earnings per share that were reported previously. As such, the amounts reflected in the statement of financial position have been reclassified as non-current.

The effects of the reclassifications are as follows:	Group		Company	
Statements of financial position	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Deferred tax – current	9 967	11 051	9 967	11 051
Deferred tax – non-current	(9 967)	(11 051)	(9 967)	(11 051)

39. RISK MANAGEMENT

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 8 and 18, cash and cash equivalents disclosed in note 15, and equity as disclosed in the statements of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt. The directors are of the opinion that the current capital structure is in line with the group's strategic objectives and any future gearing will be linked to the future expansion of the group.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and where required adequate borrowing facilities are negotiated. At present the group or company has no external borrowings as there are sufficient cash resources available to finance its operational and capital expenditure.

39. RISK MANAGEMENT continued

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
GROUP				
At 31 August 2010				
Financial liabilities	49 217	–	–	–
Loans from related parties	1 634	–	–	–
Trade and other payables	181 079	–	–	–
At 31 August 2009				
Financial liabilities	78 017	–	–	–
Loans from related parties	1 030	–	–	–
Trade and other payables	126 294	–	–	–
At 31 August 2008				
Loans from related parties	1 185	–	–	–
Trade and other payables	116 716	–	–	–
COMPANY				
At 31 August 2010				
Financial liabilities	45 164	–	–	–
Loans from related parties	1 017	–	–	–
Trade and other payables	162 821	–	–	–
At 31 August 2009				
Financial liabilities	70 302	–	–	–
Loans from related parties	1 030	–	–	–
Trade and other payables	100 657	–	–	–
At 31 August 2008				
Loans from related parties	2 370	–	–	–
Trade and other payables	89 204	–	–	–

Interest rate risk

As the group has significant interest-bearing assets, the group's income and operating cash flows are substantially dependent of changes in market interest rates. The group's interest rate risk arises from related party loans and cash and cash equivalents.

At 31 August 2010, if interest rates had been 1% higher/lower with all other variables held constant, the group post-tax profit for the year would have been R363 (2009: R950; 2008: R765) higher/lower, the company post-tax profit for the year would have been R426 (2009: R828; 2008: R758) higher/lower, mainly as a result of higher/lower interest income.

39. RISK MANAGEMENT continued

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year-end were as follows:

	Group			Company		
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000	2008 R'000
Financial instrument						
Loans to related parties	3 700	–	940	41 755	47 054	19 935
Trade and other receivables	319 146	189 595	120 684	284 215	162 059	92 065
Other financial assets	3 484	–	–	3 484	–	–
Cash and cash equivalents	71 082	139 764	110 627	44 117	109 861	101 362

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, the Mozambiquan Metical, and the Madagascan Ariary. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The group did not hedge foreign exchange fluctuations for the year under review.

At 31 August 2010, if the currency had weakened/strengthened by 10% against the US Dollar with all other variables held constant, group post-tax profit for the year would have been R6 991 (2009: R4 274; 2008: R1 607), mainly as a result of foreign exchange gains or losses on translation of US Dollar denominated trade receivables, and foreign exchange losses or gains on translation of US Dollar denominated cash and cash equivalents. The effect on the company result will have been a change of R3 553 (2009: R1 170; 2008: R989).

At 31 August 2010, if the currency had weakened by 10% against the Mozambiquan Metical with all other variables held constant, post-tax profit for the year would have differed by R185 (2009: R617; 2008: R93) mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated trade receivables, and foreign exchange losses/gains on translation of Mozambiquan Metical denominated cash and cash equivalents. The effect on the company results would have been a change of R nil (2009: R5; 2008: R nil).

At 31 August 2010, if the currency had weakened/strengthened by 10% against the Madagascan Ariary with all other variables held constant, group post-tax profit for the year would have differed by R75 (2009: R154; 2008: R102), mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated trade receivables and foreign exchange losses/gains on translation of Madagascan Ariary cash and cash equivalents. Movements in the Madagascan Ariary would not have impacted the company's profitability in the current year R nil (2009: R nil; 2008: R834).

At 31 August 2010, if the currency had weakened by 10% against other currencies with all other variables held constant, post-tax profit for the year would have differed by R15 (2009: R8; 2008: R663) mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated trade receivables, and foreign exchange losses/gains on translation of other currencies denominated cash and cash equivalents. The effect on the company results would have been a change of R15 (2009: R8; 2008 R146).

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
39. RISK MANAGEMENT continued				
Foreign currency exposure at reporting date				
CURRENT ASSETS				
Included in cash an cash equivalents				
US $	38 489	23 290	14 864	4 104
Pula	3	1	3	1
Aus $	90	13	90	13
Euros	2	45	2	45
Canadian $	23	23	23	23
Swiss Francs	30	31	30	31
Metical	371	6 362	–	1
Ariary	74	3 719	–	–
Included in trade debtors				
US $	31 425	36 076	20 669	12 140
Ariary	684	1 841	–	–
Metical	1 478	4 425	–	75
LIABILITIES				
Included in trade creditors				
Ariary	–	7 799	–	–
Metical	–	2 217	–	–
Exchange rates used for conversion of foreign items were:				
US $	7,3	7,7	7,3	7,7
AUS $	6,6	6,6	6,6	6,6
Botswana Pula	1,1	1,2	1,1	1,2
Mozambiquan Metical	5,0	3,5	–	3,5
Swiss Franc	7,1	7,4	7,1	7,4
Madagascan Ariary	285,3	254,2	–	254,2
Canadian $	7,0	7,1	7,0	7,1
Euros	9,3	11,3	9,3	11,3

The group decided not to hedge foreign currency exposure during the current year.

40. SEGMENTAL REPORTING

Previously, the group was managed based on the geographical location of its operations. The basis on which operations are managed has changed in the year under review to areas of risk as identified by the Chief Operating Officer for internal reporting. This has necessitated a change in the structure of the group.

The group's segmental analysis is based on the economic enviroments in which it operates as presented below. All the business activities are related to the contruction and erection of electrical plant and instrumentation.

	South Africa	Foreign operations	Total
2010			
Profit and loss			
Contract revenue	320 142	281 141	601 283
Contract costs	(263 527)	(214 631)	(478 158)
GROSS PROFIT	**56 615**	**66 510**	**123 125**
Other income	1 040	–	1 040
OPERATING PROFIT	**57 655**	**66 510**	**124 165**
Investment income	3 567	–	3 567
Finance costs	(323)	–	(323)
Depreciation and amortisation	(5 715)	(1 183)	(6 898)
Operating expenses	(20 742)	(18 215)	(38 957)
Taxation	(6 095)	(17 946)	(24 041)
PROFIT/(LOSS) AFTER TAX	**28 347**	**29 166**	**57 513**
Assets and liabilities			
Total assets	412 525	51 866	464 391
Total liabilities	(228 759)	(30 548)	(259 307)
Total	**183 766**	**21 318**	**205 084**
2009			
Profit and loss			
Contract revenue	351 841	150 999	502 840
Contract costs	(263 770)	(133 292)	(397 062)
GROSS PROFIT	**88 071**	**17 707**	**105 778**
Other income	525	754	1 279
Operating expenses	–	–	–
OPERATING PROFIT	**88 596**	**18 461**	**107 057**
Investment income	7 708	42	7 750
Finance costs	(159)	(227)	(386)
Depreciation and amortisation	(2 137)	(1 103)	(3 240)
Operating expenses	(19 778)	(8 488)	(28 266)
Taxation	(18 836)	(4 795)	(23 631)
PROFIT/(LOSS) AFTER TAX	**55 394**	**3 890**	**59 284**
Assets and liabilities			
Total assets	240 226	141 796	382 022
Total liabilities	**(138 476)**	**(87 482)**	**(225 958)**

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
41. EARNINGS PER SHARE				
Weighted average number of shares				
Shares in issues for the full year ('000)	200 000	200 000	207 795	203 990
Issue of shares adjusted for the period outstanding during the year ('000)	1 276	–	1 276	2 854
Total	**201 276**	**200 000**	**209 071**	**206 844**
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders	57 308	59 277	34 744	60 126
(Profit)/loss on disposal of property, plant and equipment	(14)	236	(14)	236
Total	**57 294**	**59 513**	**34 730**	**60 362**
Headline earnings per share				
Basic and diluted (cents)	28,5	29,8	16,6	29,2
The group and company have no dilutive instruments.				
42. DIVIDENDS				
Distributions per share (cents)				
Interim distribution number 6 declared on 20 April 2010 and paid on 24 May 2010. (2009: interim distribution number 4 declared on 20 April 2009 and paid on 25 May 2009). (cents)	2,5	2,5		
Final distribution number 5 declared on 16 November 2009 and paid on 14 December 2009 (2009: Final distribution number 3 declared on 17 November 2008, paid on 15 December 2008). (cents)	5,0	5,0		
Distribution per ordinary shares	**7,5**	**7,5**		

Analysis of Shareholders

SHAREHOLDER ANALYSIS BY NUMBER OF SHARES HELD

From	To	Number of holders	%	Number of shares	%
	>10 000 000	4	0,2	109 800 000	51,8
1 000 000	9 999 999	19	1,2	63 661 448	30,0
100 000	999 999	85	5,2	21 311 948	10,0
10 000	99 999	544	33,2	13 809 708	6,5
1 000	9 999	873	53,3	3 533 955	1,7
	<1 000	112	6,8	51 900	0,0
Total		**1 637**	**100**	**212 168 959**	**100**

SHAREHOLDER ANALYSIS BY TYPE OF SHAREHOLDER

	Number of shares	%	Number of shareholders	%
Non-public				
Directors	115 096 451	54,3	12	0,7
B&W Employee Trust	12 680 000	6,0	1	0,1
B&W Share Incentive Scheme	7 795 000	3,7	1	0,1
Total non-public	**135 571 451**	**63,9**	**14**	**0,8**
Public				
Investment institutions	46 138 097	21,7	79	4,8
Individuals/Trusts	30 459 411	14,4	1 544	94,3
Total public	**76 597 508**	**36,1**	**1 623**	**99,1**
Total	**212 168 959**	**100**	**1 637**	**100**

SHAREHOLDERS EFFECTIVELY HOLDING 5% OR MORE OF TOTAL EQUITY AT 31 AUGUST 2010

	Shareholding	%
LJ Barrow	38 540 000	18,1
T Lombard	12 766 450	6,0
GHJ Breedt	12 680 000	6,0
B&W Employee Trust	12 680 000	6,0
BH Harley	12 680 000	6,0
KE Nel	12 680 000	6,0
DS Nevay	12 680 000	6,0
GWR Swanepoel	12 680 000	6,0

AS AT 31 AUGUST 2010

Closing price (cents)	125
High for the year (cents)	185
Low for the year (cents)	120
Volume of shares traded	24 883 062
Volume of shares traded (R)	35 876 341

Shareholders' Diary

Financial year-end	31 August
Announcement of interim results	April 2011
Announcement of annual results	16 November 2010
Annual report posted	November 2010
Annual general meeting	21 January 2011

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")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the Annual General Meeting of shareholders of the company will be held at Ascot Mews, Heidelberg Road, Alberton at 10:00 on Friday, 21 January 2011, to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 31 August 2010, including the directors' report and the report of the auditors therein.
2. To re-elect Wolf Wassermeier who, in terms of Article 117 of the company's articles of association, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.
3. To re-elect Tom Lombard who, in terms of Article 117 of the company's articles of association, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.
4. To re-elect Johan Breedt who, in terms of Article 117 of the company's articles of association, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.
5. To re-elect John Barrow who, in terms of Article 117 of the company's articles of association, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election as non-executive chairman.

   An abbreviated *curriculum vitae* in respect of each director offering himself for re-election is included on page 6 of the annual report to which this notice is attached.
6. To confirm the re-appointment of Certified Master Auditors Inc. with George Davias, being the individual registered auditor who has undertaken the audit, as independent auditors of the company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.
   As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:
7. **ORDINARY RESOLUTION NUMBER 1**

   Control of authorised but unissued ordinary shares

   "**Resolved** by way of a general authority that the authorised but unissued ordinary shares in the capital of B & W Instrumentation and Electrical Limited ("the company") be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited from time to time."

8. **ORDINARY RESOLUTION NUMBER 2**

Approval to issue ordinary shares, and to sell treasury shares, for cash

"**Resolved that** the directors of B & W Instrumentation and Electrical Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Limited ("the JSE") Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting excluding the company's Designated Adviser, Merchantec (Pty) Ltd, and the controlling shareholders together with their associates.

9. **ORDINARY RESOLUTION NUMBER 3**

Future remuneration of non-executive directors

"**Resolved that** with effect from 1 September 2010, the fees payable to the non-executive directors of B & W Instrumentation and Electrical Limited ("the company") will be set as follows:

Non-executive director	R10 600 per month
Audit & Risk Committee chairman	R10 600 per meeting
Audit & Risk Committee member	R10 600 per meeting
Remuneration Committee chairman	R10 600 per meeting
Remuneration Committee member	R10 600 per meeting"

10. **ORDINARY RESOLUTION NUMBER 4**

Approval of amendment to B&W Share Purchase Scheme

"**Resolved that** the amendments to the B&W Share Purchase Scheme, the salient features of which are set out in the annexure to this notice of Annual General Meeting, and the terms of which, in compliance with Schedule 14 of the Listings Requirements of JSE Limited, are contained in the replacement deed in respect of the B&W Share Purchase Scheme, a copy of which has been initialled by the Chairperson of the Annual General Meeting for the purposes of identification, be and is hereby approved and adopted by the company."

In terms of the Listings Requirements of JSE Limited, Ordinary Resolution Number 4 requires approval of a 75% (seventy-five percent) majority of votes cast in favour thereof by all shareholders present or represented by proxy. Furthermore, any shares held by existing participants may not participate in the vote.

11. **SPECIAL RESOLUTION NUMBER 1**

General approval to acquire shares

"**Resolved**, by way of a general approval that B & W Instrumentation and Electrical Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the company in terms of sections 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE") from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares be effected through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counter-party;
- this general authority shall only be valid until the earlier of the company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital;
- the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;

- an announcement will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf."

11.1 **Reason for and effect of Special Resolution Number 1**

The reason for and effect of this Special Resolution Number 1 is to obtain authority for, and to authorise the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares.

It is the intention of the directors of the company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

11.2 **Other disclosure in terms of section 11.26 of the JSE Listings Requirements**

The JSE Listings Requirements require the following disclosure, which is contained in the annual report of which this notice forms part:

- directors and management – page 6
- major shareholders of B&W – page 74;
- directors' interests in securities – page 24; and
- share capital of the company – page 25.

11.3 **Litigation statement**

The directors, whose names are given on page 6 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

11.4 **Material change**

There have been no material changes in the affairs or financial position of B&W and its subsidiaries since B&W's financial year-end and the date of this notice.

11.5 **Directors' responsibility statement**

The directors, whose names appear on page 6 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 1 and certify that to the best of their knowledge and belief there are no facts in relation to Special Resolution Number 1 that have been omitted which would make any statement in relation to Special Resolution Number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution together with this notice contains all information required by law and the JSE Listings Requirements in relation to Special Resolution Number 1.

11.6 **Adequacy of working capital**

At the time that the contemplated repurchase is to take place, the directors of the company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries;

– the issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the business of the company and its subsidiaries; and
– the working capital available to the company and its subsidiaries will be sufficient for the group's requirements.

The company may not enter the market to proceed with the repurchase until its Designated Adviser, Merchantec (Pty) Ltd, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

12. **ORDINARY RESOLUTION NUMBER 5**

Signature of documents

"**Resolved that** each director of B & W Instrumentation and Electrical Limited ("the company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider this resolution which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office (in the case of special resolutions)."

13. **Other business**

To transact such other business as may be transacted at an Annual General Meeting of the company.

VOTING AND PROXIES

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services (Pty) Ltd, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

By order of the board
CIS Company Secretaries (Pty) Ltd
Company Secretary
12 November 2010
Johannesburg

ANNEXURE

Salient features of the B&W Share Purchase Scheme

The salient features of the B&W Share Purchase Scheme, which was adopted on 28 May 2007, established as an incentive to promote the continued growth of the company by giving employees an opportunity to acquire shares therein, are set out below:

1. Definitions

"Acceptance Date"	the date of acceptance by a Participant of an offer for the purchase of Scheme Shares in terms of clause 6 or to acquire Rights and Options to purchase Allocation Shares in terms of clause 23;
"Eligible Applicant"	a person eligible for participation in this Scheme, namely, any Employee of the Group who has not less than 12 (twelve) months uninterrupted service with the group as well as a non-executive director of the Company;
"Employee"	an employee of the group, including an executive director of the group, to whom an offer shall have been made to acquire Shares;
"Group"	the company and its subsidiaries;
"Purchase Price"	in relation to Scheme Shares and/or Allocation Shares, an amount equivalent to the closing price of the Shares on the JSE on the trading day immediately preceding that on which a resolution of the board is passed for the purposes of allotting Scheme Shares or granting Rights and Options to purchase Allocation Shares. The closing price of the Shares on the JSE shall be determined by way of a certificate issued by a stockbroker licensed to trade on the JSE;
"Repurchase Price"	at any time, such amount as may be required by the Trust in order: to refund in full to the Participant all amounts actually paid by him/her to the Trust in respect of his Share Scheme Debt and/or Allocation Shares which have not been released to the Participant; to discharge, by way of set off, amounts thereafter owing by the Participant to the Trust in respect of the acquisition by the Participant of the Scheme Shares and/or Allocation Shares; and to leave neither party with any claim against the other arising out of the Participant's participation in the Scheme;
"Scheme Shares"	Shares purchased by a Participant under this Scheme for as long as the Participant has not made payment in full of his Share Scheme Debt relating to those Shares, which Shares shall rank *pari passu* in every respect with the existing ordinary issued shares of the company;
"Shares"	ordinary shares in the capital of the company.

2. Purpose and nature

It is the intention of the company to promote the effective participation in the company of employees of the group and to incentivise such employees.

3. Purchase of or subscription for Scheme Shares and/or Allocation Shares

3.1 Subject to 3.1, 3.2 and 3.3, the directors shall from time to time instruct the Trustees to offer the opportunity to acquire Rights and Options to purchase Allocation Shares or to acquire Scheme Shares to Eligible Applicants. The directors shall forward to the Trustees a certified copy of the resolution authorising an offer of Scheme Shares and/or Allocation Shares to specific Eligible Applicants and the Trustees shall offer the number of Scheme Shares and/or Allocation Shares referred to in such resolution to the Eligible Applicant named in such resolution. Scheme Shares and/or Allocation Shares shall be offered at the Purchase Price referred to in 1.1.16.

3.2 It is recorded and agreed that:

3.2.1 the aggregate number of Shares which may be utilised for the purposes of the Scheme shall not exceed 34 000 000 (thirty four million) Shares, or such other number as may from time to time be approved in terms of the Listings Requirements of the JSE and by the company in general meeting; and

3.2.2 the maximum number of Shares in respect of which any single Participant shall have rights in terms of the Scheme shall be limited to 1 700 000 (one million seven hundred thousand) Shares, or such other number as may from time to time be approved in terms of the Listings Requirements of the JSE and by the company in general meeting,

provided that in the event of a sub-division or consolidation of the Shares, or a capitalisation issue, a special dividend, a rights issue or a reduction of capital, the maximum aggregate number of Shares referred to in 3.2.1 and the maximum number of Shares in respect of which any single Participant shall have rights in terms of the Scheme referred to in 3.2.2 shall be increased or reduced, as the case may be, in direct proportion to any increase or reduction in the number of Shares in the issued share capital of the company arising from such sub-division, consolidation, capitalisation issue, special dividend, rights issue or reduction of capital, as the case may be.

The company's auditors or any other independent advisors acceptable to the JSE must confirm to the JSE in writing that any adjustments to the maximum aggregate number of shares referred to in 3.2.1 and/or the maximum number of shares in respect of which any single participant shall have rights in terms of the Scheme referred to in 3.2.2 are in accordance with the provisions of the Scheme, which written notice must be provided to the JSE at the time that any such adjustment is finalised.

In addition, any adjustments to the maximum aggregate number of shares referred to in 3.2.1 and/or the maximum number of shares in respect of which any single participant shall have rights in terms of the Scheme referred to in 3.2.2 must be reported on in the annual financial statements of the company for the financial year during which such adjustment is made.

3.3 Notwithstanding anything to the contrary herein contained or implied:

3.3.1 Shares may only be issued to or purchased by the Scheme once a Participant or group of Participants to whom such Shares will be allocated has been formally identified by the board and notified to the Trustees;

3.3.2 no adjustment to the maximum aggregate number of Shares referred to in 3.2.1 and/or the maximum number of Shares in respect of which any single participant shall have rights in terms of the Scheme referred to in 3.2.2 shall be permitted in circumstances in which:

3.3.2.1 new Shares in the capital of the company are issued as consideration for an acquisition; or

3.3.2.2 new Shares in the capital of the company are issued for cash; or

3.3.2.3 new shares in the capital of the company are issued for a vendor consideration placing.

3.4 Any Shares purchased or subscribed for by the Trustees as contemplated in 3.1 which are not subsequently issued to the identified Participants for any reason shall revert back to the Scheme.

4. Acquisition of Scheme Shares by the credit sale method

The Trustees shall, on the authority of a resolution of the board and subject to the provisions of clause 6.2, offer Eligible Applicants the right to purchase Scheme Shares at the Purchase Price, which Purchase Price may be higher or lower than the price at which the Scheme Shares in question were acquired by the Trust. The underlying basis upon which the awards in terms of this clause 6.1 shall be made to Offerees shall be the seniority and/or length of service of such Offerees.

5. Release period

All amounts paid by a Participant shall be applied rateably toward payment of the Purchase Price of all of the Scheme Shares which such Participant has purchased unless the Participant allocates, in writing at the time that he makes such payment, the payment to specific Scheme Shares. The balance of the Share Scheme Debt of a Participant may be paid by him to the Trust at any time; provided that the Share Scheme Debt shall be paid in full by no later than the 6th (sixth) anniversary of the Acceptance Date.

When the Share Scheme Debt in respect thereof will have been paid in full, a Participant shall be entitled to the release of his Scheme Shares from the operation of this Scheme after the expiry of a period of:

5.1 1 (one) year after the Acceptance Date, in respect of 33$^1/_3$% (thirty three and one third percent) of the Scheme Shares, or part thereof;

5.2 2 (two) years after the Acceptance Date, in respect of a further 33$^1/_3$% (thirty three and one third percent) of the Scheme Shares, or part thereof;

5.3 3 (three) years after the Acceptance Date in respect of a further 33$^1/_3$% (thirty three and one third percent) of the Scheme Shares, or part thereof.

A Participant's Share Scheme Debt shall bear interest on the balance thereof outstanding from time to time. Such interest shall be at a rate which is not less than the rate of interest stipulated from time to time in terms of the Seventh Schedule of the Income Tax Act, 1962, as amended. The board may in its discretion alter the rate of interest from time to time; provided that no alteration in the rate shall have retrospective effect.

If the full amount of the Share Scheme Debt is not paid on the due date for payment thereof in terms of the Scheme, the Trustees shall call upon the Participant in writing to effect such payment and if such demand is not complied with within 21 (twenty one) days of the date thereof, the Trustees may claim payment of the amount due or cancel the sale and take possession of such Scheme Shares, in which latter mentioned event the Participant shall be released from all further liability in respect of his Share Scheme Debt. Alternatively, the Trustees may, in their sole and absolute discretion, permit the Participant to sell so many of the Scheme Shares as may be necessary to enable the Participant to discharge his Share Scheme Debt so as to procure the release of the remainder of the Scheme Shares to which he is entitled.

6. Death, retirement or disability or resignation

Retirement or disability

If a Participant becomes retired in terms of the rules of the company's pension fund or who retires with the approval of the board or who becomes permanently incapacitated prior to the 6th (sixth) anniversary of the Acceptance Date, shall, within 2 (two) years after his becoming retired or permanently incapacitated, have the right and obligation at his election to pay his Share Scheme Debt in full in respect of all of his Scheme Shares and have them released to him or to have his Scheme Shares repurchased by the Trustees at the Repurchase Price of the Scheme Shares, in which latter mentioned event such retired or incapacitated Participant shall be released from all liability in respect of his Share Scheme Debt.

Death

If a Participant dies before the arrival of the 6th (sixth) anniversary of the Acceptance Date, then at any time before the finalisation of his estate or within 2 (two) years after his death, whichever is the earlier, the Participant's executor shall have the right and obligation at his election to pay the Share Scheme Debt in full and have the Scheme Shares released or to have such Scheme Shares repurchased by the Trustees at the Repurchase Price of the Scheme Shares, in which latter mentioned event the estate of the Participant shall be released from all liability in respect of the Share Scheme Debt.

Dismissal

If the employment of a Participant with the group is terminated by the group as a result of dishonesty or upon such other grounds as will justify a summary dismissal in law, the Trustees shall forthwith thereafter purchase from the Participant who shall sell to the Trust the Scheme Shares which have then not been released to him at a price equal to the closing price of the Shares on the JSE on the trading day immediately preceding the date of purchase. The Trustees shall apply the proceeds of the sale to repay the Participant's Share Scheme Debt. Any excess of the proceeds over the Share Scheme Debt shall be forfeited to the Trust and the Participant shall be released from any further liability in respect of his Share Scheme Debt.

Cessation of employment for other reasons

If a Participant for any reason other than his dismissal, death, retirement or permanent incapacity in terms of retirement, death or is dismissal, does not remain employed by the group for a period of 6 (six) years from the Acceptance Date; or

the Participant remains an employee of the group but desires, at any time prior to the expiry of 6 (six) years from the Acceptance Date, to terminate his participation in the Scheme,

then within a period of 30 (thirty) days from the date upon which he ceases to be employed by the group or the date upon which he notifies the Trustees in writing that he no longer wishes to participate as a member of the Scheme, whichever is appropriate, the Trustees in their sole and absolute discretion may repurchase the Scheme Shares from the Participant at the Repurchase Price. The Participant shall in the above events have no further rights or claims against the Trust arising from the acquisition of his Scheme Shares.

7. Amendments

It shall be competent for the board and the Trustees to amend any of the provisions of the Scheme provided that:

7.1 no such amendment shall affect the vested rights of any Participant; and

7.2 no such amendment affecting any of the following matters shall be competent unless it is sanctioned by the company in general meeting in terms of a resolution approved by a 75% (seventy-five percent) majority of the votes cast in favour of such resolution for which purposes the votes attaching to all shares owned or controlled by persons who are existing Participants in the Scheme shall be excluded:

7.2.1 the eligibility of Participants under this Scheme;

7.2.2 the number of Shares which may be acquired by the Trustees for purposes of the Scheme;

7.2.3 the maximum number of Scheme Shares that may be acquired by any Participant;

7.2.4 the Purchase Price;

7.2.5 the period within which payment of the Purchase Price is to be made;

7.2.6 the period within which payment of the Scheme Debt is to be made;

7.2.7 the vesting period of the Scheme Shares;

7.2.8 the procedure to be adopted on termination of employment or retirement of a Participant;

7.2.9 the voting, dividend, transfer and other rights, including those arising on a liquidation of the company, attaching to the Scheme Shares;

7.2.10 the treatment of options (vested and unvested) in instances of mergers, takeovers and corporate actions; and

7.2.11 any amendment of this clause 7.2.

1. Trustees

There shall at all times be a minimum of two Trustees in office. Sidney Salvannes Syphus (ID 5710165103085) and Jakob Jakobus Botma (ID 5807205116083) (not being salaried directors or employees of the group) have been appointed as Trustees of the Trust;

If any Trustee shall cease to hold office, the board shall appoint a person willing to act as such as Trustee in his place; provided that no salaried director or employee of the company shall be eligible for appointment as a Trustee.

2. Annual disclosure

The company shall in its annual financial statements, provide particulars of:

- the number of Scheme Shares which have been taken up by Participants in terms of offers made to them and which Scheme Shares are subject to the Scheme;
- any changes in the number of Scheme Shares which have been taken up by Participants during the year;
- the number of Scheme Shares initially taken up by Participants as Scheme Shares and which during the year have ceased to be Scheme Shares;
- the Purchase Price at which employees were offered Scheme Shares during the year and the total number of Scheme Shares taken up by Eligible Applicants at such Purchase Price;
- the total number of Scheme Shares still available to be taken up by Eligible Applicants in terms of the Scheme;
- the aggregate amount owing by Participants to the Trust at the end of each year;
- any adjustment in the number of Shares which may be utilised for purposes of this Scheme;
- any adjustment in the fixed maximum number of Shares which may be acquired by any one Participant; and
- a summary of the number of Shares that may be utilised for purposes of the Scheme, changes in such number during the accounting period and the balance of Shares available for utilisation for the purposes of the Scheme at the end of the financial year.

Form of proxy

B&W Instrumentation and Electrical Limited

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")

For use only by ordinary shareholders who:
- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the Annual General Meeting of ordinary shareholders of the company to be held at Ascot Mews, Heidelberg Road, Alberton at 10:00 on Friday, 21 January 2011.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

I/We (BLOCK LETTERS please)

of (address)

Telephone work (   )   Telephone home (   )

Cell phone (   )

being the holder/custodian of   ordinary shares in the capital of the company do hereby appoint (see note):

1.   or failing him/her,

2.   or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the company convened for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions ("resolutions") to be proposed thereat and at each postponement and adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

	Number of ordinary shares		
	For	**Against**	**Abstain**
1. To receive, consider and adopt the annual financial statements of the company and group for the financial year ended 31 August 2010			
2. To approve the re-election as director of Wolf Wassermeier who retires by rotation			
3. To approve the re-election as director of Tom Lombard who retires by rotation			
4. To approve the re-election as director of Johan Breedt who retires by rotation			
5. To approve the re-election as non-executive chairman of John Barrow who retires by rotation			
6. To confirm the re-appointment of Certified Master Auditors Inc. as auditors of the company together with Mr George Davias being the individual registered auditor for the ensuing year			
7. **Ordinary Resolution Number 1:** control of authorised but unissued ordinary shares			
8. **Ordinary Resolution Number 2:** approval to issue ordinary shares, and to sell treasury shares, for cash			
9. **Ordinary Resolution Number 3:** future remuneration of non-executive directors			
10. **Ordinary Resolution Number 4:** approval of amendment to B&W Share Purchase Scheme			
11 **Special Resolution Number 1:** general approval to acquire shares			
12. **Ordinary Resolution Number 5:** signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.
A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed at   on   2010/2011

Signature   Assisted by (where applicable)

Notes to the form of proxy

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by insertion of the relevant number of votes exercisable by the shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 hours before the commencement of the Annual General Meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered with the company.
12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy must be lodged with or mailed to Computershare Investor Services (Pty) Ltd:

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services (Pty) Ltd	Computershare Investor Services (Pty) Ltd
Ground Floor, 70 Marshall Street	PO Box 61051
Johannesburg, 2001	Marshalltown, 2107

    to be received by no later than 10:00 on Wednesday, 19 January 2010 (or 48 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).
14. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies)

Administration

Company secretary

CIS Company Secretaries (Pty) Ltd

70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

Attorneys

Fluxmans Inc.

11 Biermann Avenue, Rosebank

Johannesburg, 2196

(Private Bag X41, Saxonwold, 2132)

Transfer secretaries

Computershare Investor Services (Pty) Limited

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

Designated Adviser

Merchantec Capital

2nd Floor, North Block

Hyde Park Office Tower

Corner 6th Road and Jan Smuts Avenue

Johannesburg, 2196

(PO Box 41480, Craighall, 2024)

Auditors

Certified Master Auditors Inc.

Chartered Accountants (SA)

234 Alexandra Avenue

Midrand, 1685

(Private Bag X168, Halfway House, 1685)

Commercial banker

First National Bank Limited Alberton

Corner Voortrekker Road and Forest Street

Alberton, 1449

(PO Box 1040, Alberton, 1450)

Maxx Corporate Communications Editorial: ENVISAGE

B&W Instrumentation and Electrical Limited

42 Fourth Avenue, Alberton North, 1449

PO Box 956, Alberton, 1450

Telephone: +27 11 907 1663

Facsimile: +27 11 907 1957

www.bwie.co.za