



## Reviewed consolidated interim results

*for the six months ended  
29 February 2012*



■ Cash up  
**R27 million**

■ Order book  
**R246 million**

■ NPAT  
**R296 000**

■ EPS  
**0,1 cents**

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

[www.bwie.co.za](http://www.bwie.co.za)

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Reviewed 29 February 2012 R'000	Reviewed 28 February 2011 R'000	Audited 31 August 2011 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>54 977</b>	<b>64 000</b>	<b>53 388</b>
Property, plant and equipment	28 782	35 801	32 543
Deferred tax	12 374	5 406	10 924
Goodwill	7 368	7 368	7 368
Intangible assets	2 128	2 978	2 553
Retention debtors	4 325	12 447	–
<b>Current assets</b>	<b>256 881</b>	<b>352 447</b>	<b>365 301</b>
Inventories	3 360	4 318	2 547
Loans to related parties	–	–	8 904
Other financial assets	3 567	3 525	3 567
Trade and other receivables	213 632	344 604	337 407
Cash and cash equivalents	36 322	–	12 876
<b>Total assets</b>	<b>311 858</b>	<b>416 447</b>	<b>418 689</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>180 512</b>	<b>207 782</b>	<b>180 318</b>
Share capital	38 583	38 583	38 583
Foreign currency translation reserve	399	(144)	500
Retained income	140 987	169 052	140 776
Minority interest	543	291	459
<b>Non-current liabilities</b>	<b>19</b>	<b>14 136</b>	<b>47</b>
Deferred tax	–	14 063	–
Finance lease obligation	19	73	47
<b>Current liabilities</b>	<b>131 327</b>	<b>194 529</b>	<b>238 324</b>
Loans from related parties	4 608	5 112	4 862
Financial liabilities	20 120	24 505	17 508
Current tax payable	15 874	13 424	17 042
Trade and other payables	39 227	105 034	136 877
Finance lease obligation	54	49	52
Directors' loans	6 326	5 329	7 823
Bank overdraft	43 692	32 718	47 329
Provisions	1 426	8 358	6 831
<b>Total equity and liabilities</b>	<b>311 858</b>	<b>416 447</b>	<b>418 689</b>
Number of ordinary shares in issue	204 373 959	204 373 959	204 373 959
Net asset value per share (cents)	88,3	101,7	88,2
Net tangible asset value per share (cents)	83,7	96,6	83,4

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Reviewed six months to 29 February 2012 R'000	Reviewed six months to 28 February 2011 R'000	Audited 12 months to 31 August 2011 R'000
<b>Contract revenue</b>	<b>272 888</b>	386 563	683 384
Cost of contracts	(243 757)	(342 749)	(661 500)
<b>Gross profit</b>	<b>29 131</b>	43 814	21 884
Other income	—	31	224
Operating expenses	(23 275)	(25 104)	(45 714)
<b>Operating profit</b>	<b>5 856</b>	18 741	(23 606)
Investment revenue	5	40	40
Finance costs	(2 413)	(1 605)	(3 619)
<b>Profit before taxation</b>	<b>3 448</b>	17 176	(27 185)
Taxation	(3 152)	(4 818)	11 429
Profit for the period	296	12 358	(15 756)
<b>Other comprehensive income</b>			
Foreign currency translation reserve	(101)	(464)	187
<b>Total comprehensive income</b>	<b>195</b>	11 894	(15 569)
<b>Profit attributable to:</b>			
Owners of the parent	211	12 279	(15 997)
Non-controlling interest	85	79	241
	296	12 358	(15 756)
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	111	11 819	(15 997)
Non-controlling interest	84	75	241
	195	11 894	(15 756)
<b>Profit attributable to:</b>			
Owners of the parent	211	12 279	(15 997)
Adjustment for headline earnings – profit on sale of property, plant and equipment	33	(31)	170
<b>Headline earnings attributable to ordinary shareholders</b>	<b>244</b>	12 248	(15 827)
Weighted average number of ordinary shares in issue	204 373 959	204 373 959	204 373 959
Earnings per ordinary share (cents)	0,1	6,0	(7,8)
Headline earnings per ordinary share (cents)	0,1	6,0	(7,7)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Treasury shares R'000	Foreign currency translation reserve R'000	Distributable reserve R'000	Minority interest R'000	Total equity R'000
Balance at 1 September 2010	2	49 850	(11 269)	315	165 970	216	205 084
Total comprehensive income for the period	—	—	—	(459)	12 279	75	11 895
Dividends paid	—	—	—	—	(9 197)	—	(9 197)
Balance at 28 February 2011	2	49 850	(11 269)	(144)	169 052	291	207 782
Total comprehensive income for the period	—	—	—	644	(28 276)	168	(27 464)
Balance at 31 August 2011	2	49 850	(11 269)	500	140 776	459	180 318
Total comprehensive income for the period	—	—	—	(101)	211	84	195
<b>Balance at 29 February 2012</b>	<b>2</b>	<b>49 850</b>	<b>(11 269)</b>	<b>399</b>	<b>140 987</b>	<b>543</b>	<b>180 512</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Reviewed six months 29 February 2012 R'000	Reviewed six months 28 February 2011 R'000	Audited 12 months 31 August 2011 R'000
Cash generated from/(used in) operations	24 295	(77 704)	(63 695)
Interest income	5	40	40
Finance costs	(2 413)	(1 605)	(3 619)
Tax paid	(5 770)	(1 260)	(977)
Net cash from operating activities	16 117	(80 529)	(68 251)
Purchase of property, plant and equipment	(817)	(1 806)	(2 168)
Sale of property plant and equipment	2 046	144	215
(Repayment) proceeds on loans from directors	(1 497)	5 330	7 823
Loans to related parties advanced/(repaid)	–	7 178	(1 975)
Proceeds from loans from group companies	8 648	–	–
Purchase of financial assets	–	(41)	(83)
Net cash from investing activities	8 380	10 805	3 812
Proceeds from/(repayment of) financial liabilities	2 612	(24 712)	(31 709)
(Payments on)/inflow from finance lease	(26)	(167)	(190)
Dividends paid	–	(9 197)	(9 197)
Net cash from financing activities	2 586	(34 076)	(41 096)
Total cash movement for the period	27 083	(103 800)	(105 535)
Cash at the beginning of the period	(34 453)	71 082	71 082
Total cash at end of the period	(7 370)	(32 718)	(34 453)

## SEGMENTAL REPORTING

	South Africa R'000	Foreign operations R'000	Total R'000
Six months to 29 February 2012			
<b>Profit and loss</b>			
Contract revenue	109 272	163 616	272 888
Contract costs	(73 206)	(170 551)	(243 757)
<b>Gross profit</b>	36 066	(6 935)	29 131
Operating expenses	(9 320)	(13 955)	(23 275)
<b>Operating profit</b>	26 746	(20 890)	5 856
Investment income	5	–	5
Finance costs	(2 413)	–	(2 413)
<b>Profit/(loss) before tax</b>	24 338	(20 890)	3 448
<b>Assets and liabilities</b>			
<b>Total assets</b>	242 132	69 726	311 858
<b>Total liabilities</b>	(125 751)	(5 595)	(131 346)
Six months to 28 February 2011			
<b>Profit and loss</b>			
Contract revenue	202 556	184 007	386 563
Contract costs	(214 695)	(128 054)	(342 749)
<b>Gross profit</b>	(12 139)	55 953	43 814
Other income	31	–	31
Operating expenses	(14 569)	(10 535)	(25 104)
<b>Operating profit</b>	(26 677)	45 418	18 741
Investment income	40	–	40
Finance costs	(1 605)	–	(1 605)
<b>(Loss)/profit before tax</b>	(28 242)	45 418	17 176
<b>Assets and liabilities</b>			
<b>Total assets</b>	283 854	132 593	416 447
<b>Total liabilities</b>	(103 678)	(104 987)	(208 665)

### BASIS OF PREPARATION

The accounting policies applied in the preparation of these reviewed consolidated interim financial statements, which are based on reasonable judgments and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 August 2011. The reviewed consolidated interim financial statements as set out in this report have been prepared in terms of IAS 34: Interim Financial Reporting, the Companies Act, 2008 (Act 71 of 2008) and the Listings Requirements of JSE Limited.

### REVIEW OPINION

The consolidated interim financial results for the six months ended 29 February 2012 ("the period") have been reviewed by B&W's auditors, Certified Master Auditors Inc. Their unqualified review opinion is available for inspection at the company's registered office.

### INTRODUCTION

Following a challenging 18 months, the directors are pleased to report that, as previously undertaken to investors, the results for the period reflect a pleasing improvement with a return to profitability. Healthier cash flow is firmly on track, underpinned by a solid order book of R246 million at period-end.

The group's cash flow has stabilised and the company is expected to be cash neutral by year-end. B&W has received final account resolution and handover approval in respect of projects in Madagascar and Mozambique, further boosting cash flow.

### GROUP PROFILE

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

### FINANCIAL RESULTS

Revenue for the period was down 29,4% to R272,9 million from R386,6 million in the comparative period. Following a year-end loss the group posted net profit after tax of R296 000 translating into earnings per share ("EPS") of 0,1 compared to 6,0 cents in the comparable period and a loss per share of 7,8 cents at year-end. Cash on hand improved from a negative R34 million at year-end to a negative R7 million.

### FUNDING

The company continues to hold no long-term debt with only minimal short-term debt. Short-term debt was further reduced during the period to return the group to previous trading levels.

### OPERATIONS

B&W continued to pursue growth in the oil & gas sector with a number of contract wins in South Africa during the period. This sector is expected to provide B&W with further growth opportunities going forward.

The group's Small Projects division was initiated during the period and has already successfully secured new contracts. B&W believes that there is significant opportunity over the next four to six years to capitalise on smaller E&I projects at acceptable margins, to assist in offsetting the impact of delays in the award of larger projects.

Pontins delivered a strong performance again and is expected to continue making a considerable contribution to group earnings in the six months ahead to year-end.

### PROSPECTS

The general economy, and in particular the construction sector, is starting to show signs of recovery. Prospects appear more promising than 18 months ago and B&W is optimistic about the outlook for 2013/14. The group is currently in the process of setting its five-year strategic plan.

BEE remains a focus area and to this end B&W is in discussions with possible appropriate BEE partners.

While the group is continuing to explore new revenue streams, including commercial and infrastructure projects, focus remains on South Africa and Africa. The latter continues to offer good growth opportunity. Management is positive regarding further expansion of B&W's geographic footprint to drive organic growth.

Renewable energy presents another growth area and B&W is currently in discussions on potential contracts.

With cash flow constraints resolved and consolidation underway, the group's outlook remains positive.

Any general forecast information included in this commentary has not been reviewed or reported on by the company's auditors.

## DIRECTORATE

Stephen Pinkney was appointed to the board of directors as an executive director with effect from 24 June 2011. George Robertson was appointed as an independent non-executive director and member of the B&W Audit Committee with effect from 27 January 2012.

Johan Breedt and Sam Vilakazi resigned from the board as executive directors with effect from 20 January 2012 and 24 February 2012, respectively. The board thanks both Johan and Sam for their considerable contribution and wishes them well in their future endeavours.

## DIVIDEND

In light of the cash position, no interim dividend has been declared. It remains group policy to declare a final dividend at year-end of 25% of NPAT, cash flow permitting.

## SUBSEQUENT EVENTS

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

### John Barrow

*Chairman*

### Brian Harley

*Chief Executive Officer*

On behalf of the board

23 April 2012

---

### Directors

John Barrow\* (Chairman); Brian Harley (CEO);  
Danie Evert (Financial Director); George Robertson\*^;  
Tom Lombard; Dean Nevay; Stephen Pinkney;  
Gary Swanepoel; Wolf Wassermeier\*^;  
Jimmy Oosthuizen\*^; Unati Mabandla\*^.

*\*Non-executive director*

*^Independent*

### Registered office

42 Fourth Avenue, Alberton North, 1449  
(PO Box 956, Alberton, 1450)

### Designated Adviser

Merchantec Capital

### Transfer secretaries

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

### Company secretary

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

### Investor relations

Envisage Investor & Corporate Relations