

AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2009



HIGHLIGHTS

- Revenue 67%
- Operating profit 17.9%
- NAV per share to 158.6 cents
- Acquisitions successfully bedded down
- Broadened geographical footprint

Group Income Statement

	2009 R	2008 R
Revenue	295 631 803	177 145 317
Cost of sales	(198 790 823)	(106 180 890)
Gross profit	96 840 980	70 964 427
Other income	481 898	437 739
Operating expenses	(22 484 933)	(7 943 845)
Operating profit	74 837 945	63 458 321
Loss on non-current assets held-for-sale	—	(244 797)
Share-based payment: BEE credentials	—	(13 860 000)
Profit before investment revenue and finance costs	74 837 945	49 353 524
Investment revenue	14 164 901	6 472 469
Finance costs	(634 384)	(376 062)
Profit before taxation	88 368 462	55 449 931
Taxation	(24 765 090)	(25 457 357)
Net profit	63 603 372	29 992 574
Number of shares in issue	122 847 222	122 500 000
Weighted average number of shares	122 144 601	106 164 384
Earnings per share (cents)	52.1	28.3
Headline earnings per share (cents)	52.1	28.5
Diluted earnings per share (cents)	52.1	28.3
Reconciliation between earnings and headline earnings:		
Earnings attributable to ordinary shareholders	63 603 372	29 992 574
Adjusted for:		
(Profit)/Loss on disposal of property, plant and equipment	56 647	(39 547)
Tax effect thereof	(15 861)	11 469
Loss on non-current assets held-for-sale	—	244 797
Tax effect thereof	—	8 004
Fair value adjustment of investment property	—	—
Headline earnings	63 644 158	30 217 297

Group Cash Flow Statement

	2009 R	2008 R
Cash flows from operating activities		
Cash generated from operations	54 669 871	50 350 918
Interest income	14 164 901	6 472 469
Finance costs	(634 384)	(376 062)
Tax paid	(17 681 253)	(25 051 002)
Dividends paid	—	(60 000 000)
Net cash flow from operating activities	50 519 135	(28 603 677)
Cash flows from investing activities		
Purchase of property, plant and equipment	(23 901 442)	(3 896 691)
Proceeds on disposal of plant and equipment	834 538	145 486
Acquisition of subsidiaries net of cash acquired	(32 690 806)	—
Acquisition of treasury shares	(16 924 030)	—
Decrease in other financial assets	—	48 812 059
Sale of non-current asset held-for-sale	—	5 155 203
Net cash flow from investing activities	(72 681 740)	50 216 057
Cash flows from financing activities		
Proceeds on share issue	862 416	81 787 121
Increase/(Repayment) of other financial liabilities	1 725 919	(2 600 841)
Net cash flow from financing activities	2 588 335	79 186 280
(Decrease)/Increase in cash and cash equivalents for the year	(19 574 270)	100 798 660
Cash and cash equivalents at the beginning of the year	130 281 677	29 483 017
Cash and cash equivalents at the end of the year	110 707 407	130 281 677

Condensed Consolidated Segmental Information

	2009 R	2008 R
Segment revenue – external		
– Aluminium	102 769 364	82 508 289
– Steel	151 491 429	94 637 028
– Glass	41 371 010	—
– Corporate	—	—
	295 631 803	177 145 317
Segment result – operating profit		
– Aluminium	31 104 006	30 619 146
– Steel	49 171 564	33 004 586
– Glass	(3 865 480)	—
– Corporate	(1 572 145)	(165 411)
	74 837 945	63 458 321
Segment assets		
– Aluminium	61 567 062	44 566 751
– Steel	88 987 610	42 526 180
– Glass	80 107 740	—
– Corporate	20 485 011	84 541 222
	251 147 423	171 634 153

Group Balance Sheet

	2009 R	2008 R
ASSETS		
Non-current assets		
Property, plant and equipment	53 976 358	10 359 399
Goodwill	8 141 200	—
Deferred tax	2 295 585	—
	64 413 143	10 359 399
Current assets		
Inventories	18 638 757	5 656 627
Construction contracts and receivables	39 684 115	23 547 784
Trade and other receivables	17 704 001	1 788 666
Cash and cash equivalents	110 707 407	130 281 677
	186 734 280	161 274 754
Total assets	251 147 423	171 634 153
EQUITY AND LIABILITIES		
Equity		
Share capital	1 108	1 221
Share premium	65 724 599	81 786 100
Retained income	127 976 641	64 373 269
	193 702 348	146 160 590
Liabilities		
Non-current liabilities		
Other financial liabilities	3 341 129	829 199
Deferred tax	945 075	775 515
	4 286 204	1 604 714
Current liabilities		
Other financial liabilities	2 513 985	1 496 066
Current tax payable	18 484 453	10 430 377
Trade and other payables	32 160 433	11 942 406
	53 158 871	23 868 849
Total liabilities	57 445 075	25 473 563
Total equity and liabilities	251 147 423	171 634 153

Group Statement of Changes in Equity

	Share capital R	Share premium R	Retained income R	Total equity R
Balance at 1 March 2007	200	—	80 520 695	80 520 895
Changes in equity				
Profit for the year			29 992 574	29 992 574
Issue of shares	1 221	88 448 779		88 450 000
Listing expenses		(6 662 679)		(6 662 679)
Return of members' contributions	(200)		(200)	
Dividend paid			(60 000 000)	(60 000 000)
Share-based payment: BEE credentials			13 860 000	13 860 000
Balance at 1 March 2008	1 221	81 786 100	64 373 269	146 160 590
Changes in equity				
Profit for the year			63 603 372	63 603 372
Issue of shares	4	999 995		999 999
Listing expenses		(137 583)		(137 583)
Treasury shares acquired	(117)	(16 923 913)		(16 924 030)
Balance at 28 February 2009	1 108	65 724 599	127 976 641	193 702 348

Acquisitions

Compass Glass (Pty) Ltd

On 1 July 2008, the group acquired 100% of the issued share capital of and claims against Compass Glass (Pty) Ltd for a total purchase consideration of R35.6 million.

As part of the purchase consideration, 347 222 ordinary shares in the group were issued. The shares had a fair value of R1 million based on the 30-day volume weighted average price on 1 June 2008.

The fair value of the assets and liabilities at the acquisition date were as follows:

Property, plant and equipment	24 341 782
Inventory	5 695 011
Trade and other receivables	7 100 460
Long-term financial liabilities	(31 858 086)
Trade and other payables	(11 939 503)
Taxation and deferred taxation	1 155 785
Cash and cash equivalents	2 989 336
	(2 515 215)
Goodwill	8 072 651
Purchase price	5 557 436
Claims acquired	30 054 157
Total purchase consideration	35 611 593

The directors have considered the impact of IFRS 3: Business Combinations in relation to the purchase price allocation. The impact of intangible assets included in goodwill was insignificant.

Commentary

Introduction

Mazor continued its positive trend of strong year-on-year growth for the year ended 28 February 2009 ('the year'), successfully overcoming challenges posed by a weakening economy as a result of the global financial crisis. The year was further marked by the achievement of a number of strategic objectives.

In July 2008 Mazor moved from AltX to the Main Board JSE to position the group alongside comparable competitors and facilitate the appropriate platform for future growth.

Giving effect to Mazor's diversification strategy, the acquisitions of Compass Glass (Pty) Limited ('Compass Glass') and Independent Glass CC and Independent Glass George CC ('Independent Glass') were concluded during the year. The acquisitions have been successfully integrated, ensuring greater market share for the group in the high growth glass sector especially in the Cape peninsula.

Basis of preparation

The audited condensed consolidated financial statements for the year ended 28 February 2009 have been prepared in compliance with International Financial Reporting Standards (IFRS), IAS 34 and the Companies Act of South Africa, 1973. The accounting policies and methods of measurement and recognition applied in preparation of these audited consolidated annual financial statements are consistent with those applied in the group's most recent audited annual financial statements for the previous year ended 29 February 2008.

The condensed consolidated annual financial statements have been audited by the group's auditors, Mazars Moores Rowland. Their unqualified audit opinion is available for inspection at the company's registered office.

Group profile

Mazor comprises three key divisions – **Mazor Steel** which designs, supplies and erects structural steel frames; **Mazor Aluminium** which designs, manufactures and installs aluminium structures such as doors, windows, shopfronts, façades and balustrades for major blue-chip construction groups; and the **Glass division** (comprising Compass Glass and Independent Glass) which manufactures and distributes laminated and toughened safety glass and double-glazed units.

Through its successful geographical expansion programme the group now has operations in Gauteng, George and the Eastern Cape in addition to its historical base in the Western Cape.

The market

Private sector investment in infrastructure has been adversely affected by the global financial crisis, with a number of major projects delayed or postponed. However, the impact of the worldwide credit crunch on stock markets has seen a resurgence in investment in property as an asset class, which is expected to boost development in the private commercial and industrial sectors.

Review of operations

During the year Mazor continued to secure more stable large-scale private sector projects such as high-rise buildings, hotels and similar major works, translating into good operating margins and profitability. The increasing use of steel and glass in construction in line with a move to more 'green' and efficient buildings, further benefited the group.

Mazor Steel & Mazor Aluminium

The two divisions account for the majority of group revenue and profitability and again delivered a robust performance. Mazor Steel benefited from geographic expansion into growth regions with high levels of infrastructure and general development, while growth in Mazor Aluminium was driven by the group's prudent selection of larger-scale, higher margin projects.

Glass Division

The division's performance was supported by a general trend towards more façade-oriented construction using greater amounts of glass and glass cladding.

Expansion by Compass Glass across the Cape peninsula in line with strategy enabled Mazor to boost market share in the region, while Independent Glass expanded into Gauteng. Following initial challenges in set-up the outlook for the Gauteng operation has improved substantially. This is bolstered by promising prospects in Gauteng as the province is relatively less affected than other regions by the soft economy and has higher projected growth rates.

Acquisitions

Effective 1 July 2008 Mazor acquired Compass Glass, strategically boosting the newly-established glass division. The acquisition has been fully integrated and contributed to the group's bottom line growth through high margin product diversification. The purchase consideration of R35.6 million was paid in a combination of cash and shares.

Effective 3 March 2008 Mazor acquired the businesses of Independent Glass for an aggregate purchase consideration of R1.4 million. The operations have been successfully integrated into the group.

Financial results

Revenue increased by 66.9% to R295.6 million from R177.1 million for the previous year. Net profit grew 112% to R63.6 million from R30 million, generating headline earnings per share of 52.1 cents compared to the previous year's 28.5 cents. Operating profit grew 17.9% to R74.8 million from R63.5 million.

Earnings per share increased 84% to 52.1 cents compared to 28.3 cents in the previous year. Net asset value increased 15.2% from 137.7 cents per share in the previous year to 158.6 cents per share.

Cash on hand at year-end amounted to R110.7 million.

Mazor Steel and Mazor Aluminium both boosted their contribution to group revenue and profitability, by 60.1% and 72.5%, and 24.6% and 25.7% respectively. As a start-up with no comparative operations in the previous year, the Glass division performed admirably to post revenue of R41.4 million.

Prospects

Based on the order book in hand, the first six months of the current financial year are expected to be healthy. Outlook for the remainder of the year is clouded by global economic uncertainty. However, successive interest rate cuts in early 2009 are expected to boost private sector spending towards the end of the calendar year with new and delayed projects set to roll out around June 2010. The board is therefore positive of a continued solid performance in the year ahead to February 2010.

Glass is anticipated to contribute positively to the group with significant growth forecast over the next 36 months. In light of this Mazor is currently assessing previously untapped markets for distribution, including the industrial, furniture and motor sectors. While the motor industry has recently experienced a decline off an exceptionally high base, this should plateau and then regain momentum, making entry into the market at the bottom of the cycle an attractive opportunity. Overall Mazor will continue targeting high return-yielding projects.

Backed by a strong cash position the group will consider further acquisitions in the year ahead either for geographic expansion or additional product diversification. Mazor will also look cross-border, specifically to those African countries that represent a favourable risk/return scenario.

Share buy-back

During the year, Mazor repurchased a total of 11 760 226 ordinary shares, or 9.6% of the issued share capital, for a total consideration of R16.9 million. The shares were repurchased by a subsidiary of the company and are being held as treasury stock. The decision in this regard was based on a simple feasibility:returns calculation in light of the current interest rate environment, and was considered a strategic investment for the company.

Proposed dividend

Notice is hereby given that in line with strategy the board has proposed a final dividend for the year of 17.5 cents per share (2008: Nil). In terms of the articles of association the dividend is subject to shareholder approval at the upcoming Annual General Meeting, the date of which will be announced in due course.

Relevant dates concerning the dividend will be released once it has been approved by shareholders.

Appreciation

We welcome to the group our new employees following the acquisitions and expansion, and thank management and all staff for their hard work which has contributed to the group's success. We also thank our fellow directors for their counsel and our business partners, advisers and suppliers for their ongoing support. Finally, thank you to our clients and shareholders for their faith in the group.

On behalf of the board

M Kaplan <i>Chairman</i>	R Mazor <i>CEO</i>
20 May 2009	

Mazor Group Limited
(‘Mazor’ or ‘the company’)
(Incorporated in the Republic of South Africa)
Registration number: 2007/017221/06
Share code: MZR **ISIN:** ZAE00109823
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