

COMMENTARY

INTRODUCTION

The directors are pleased to present the maiden interim financial results of the company for the six months ended 29 February 2008 ("the interim period").

Buildworks is a group focused on manufacturing and providing heavy building materials to the construction industry and in most cases direct to the end user. Its products are an integral component of the basic building structure and are an irreplaceable cornerstone used in the construction of houses, roads, stadiums, shopping centers, railways, schools, offices and other infrastructure and will benefit from the continued capital formation in South Africa.

FINANCIAL RESULTS

Buildworks has achieved an excellent set of maiden interim results for the first six months. It has achieved its objectives of listing on the JSE Limited ("JSE") and management has integrated well into the new corporate reporting structure.

The group has achieved excellent gross profit margins which have resulted in the group achieving net profit after tax of R23,6 million for the interim period. This was achieved in the face of challenging market conditions during the period under review which faced higher than expected rainfall and severe power outages. The results are reflective of the enormous amount of effort that went into securing quality customers with whom we are assured of medium-term growth despite the challenging conditions.

Revenue was in line with expectations as a result of higher volumes which enabled us to sell at lower prices to meet market demand. The price weakness experienced is as a result of competitiveness in the market place.

Gross profit margins have been in line with expectations as a result of strict adherence to manufacturing processes and the ability to produce product at higher yields than industry standard and the continual focus on cost containment and efficient productivity.

Share capital and share premium increased as a result of the capital raising undertaken at the time of listing.

PROSPECTS

The board of directors remains optimistic with regard to the group's prospects to August 2008 and beyond.

It is anticipated that the baton has passed for the foreseeable future from consumer led growth to investment led growth. The current construction boom is expected to continue for the foreseeable future driven by government's drive to improve the quality of living and general infrastructure in the country.

The current operating climate will certainly be challenging over the next year and the success factors that generated our returns will remain in place, those being our ability to produce quality product at the low end of the cost curve and our marketing coverage which ensures reasonable selling margins and our relatively low levels of debt.

The focus on expansion remains with the successful upgrade to the aggregates plant and we expect our volumes to grow accordingly over the next 12 months.

Construction of the roof tile plant has commenced, and it is expected to have an impact in the first half of our 2010 year. It is anticipated that the roof tile plant's final cost will be R70 million as a result of the selection of higher production capacity and greater levels of automation. The option on the pavers plant remains open and we continue to assess the optimum time to exercise this option.

On an ongoing basis we look for additional acquisition opportunities in our related areas. We believe that we have the management team with the capacity and capability to acquire, integrate and successfully deliver on new business opportunities.

Historically operations have outperformed in the second half of the financial year compared to the first due to the December and January shut-down period and the seasonal rainfall in Gauteng. This trend is expected to positively affect the following six-month period's results and we remain confident of our ability to deliver on the profit forecast presented in our 2007 pre-listing statement.

DIVIDEND POLICY

The dividend policy will be reviewed periodically taking into account prevailing circumstances and future cash requirements. Initially, all earnings generated by the company will be utilised to fund future growth.

Accordingly, in line with group policy, no dividend has been declared for the interim period.

BASIS OF PREPARATION

The interim results have been prepared in accordance with International Financial Reporting Standards and IAS 34 (Interim Financial Reporting).

The allocation between goodwill and identifiable intangible assets as a result of the excess of the cost of the acquisitions over the fair value of the net tangible assets acquired will be valued in terms of IFRS 3 in the year-end accounts.

The accounting policies applied in preparing these interim financial statements are consistent with those presented in the 2007 pre-listing statement.

These interim results have not been audited or reviewed by the company's auditors, PKF (Jhb) Inc.

CHANGE TO THE BOARD OF DIRECTORS

With effect from 1 April 2008, Anthony Dixon has been appointed as an independent non-executive director.

Tony's appointment is greatly welcomed by the board which will benefit from his significant skills and experience which includes his 29 years experience with PWC, seven years in commerce and three years with the Institute of Directors in Southern Africa.

APPRECIATION

We thank our loyal staff for their commitment and hard work which contributed to Buildworks' achievement of its milestone listing on the JSE. We also thank our customers, business partners, advisors, suppliers and our shareholders for their ongoing support and faith in the group.

By order of the board

Herman Mashaba
Director

Raoul Gamsu
Director

2 April 2008

GENERAL INFORMATION

Non-executive directors:
HSP Mashaba (Chairman), NC Machingawuta

Executive directors:
RD Gamsu, J Hooman, IM Klitzner

Business address:
6A Sandown Valley Crescent,
Sandown, Sandton

Business postal address:
PO Box 651455, Benmore,
Johannesburg 2010

Company secretary:
Morestat Corporate Services
(Proprietary) Limited

Telephone: 011 722 7428
Facsimile: 011 722 7431

Transfer secretaries:
Computershare Investor Services
(Pty) Limited

Designated advisor:
Java Capital (Proprietary) Limited

Visit our website:
www.buildworksgroup.co.za

(Incorporated in the Republic of
South Africa)

(Registration number
2007/004935/06)

Share code: BWK

ISIN: ZAE000110219

("Buildworks" or "the company")

Designed by  **motiv**

Printed by **INCE**



UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2008

REVENUE

↑ **R98 million**

↑ **Net profit after tax
R23,6 million**

↑ **Fully diluted headline earnings
per share of 5,03 cents per
share**

EBITDA PERCENTAGE

↑ **41%**

PROFIT AFTER TAX PERCENTAGE

↑ **24%**

HIGHLIGHTS

ABRIDGED CONDENSED INCOME STATEMENT

	Unaudited 6 months ended 29 February 2008 R'000
Revenue	98 046
Cost of sales	(43 196)
Gross profit	54 850
Operating expenses	(14 280)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	40 570
Depreciation	(3 499)
Profit before interest and taxation	37 071
Net interest paid	(4 317)
Profit before taxation	32 754
Taxation	(9 171)
Profit attributable to ordinary shareholders	23 583
Reconciliation of headline earnings:	
Profit attributable to ordinary shareholders	23 583
Add IAS 16 profit on disposal of property, plant and equipment	70
Headline earnings attributable to ordinary shareholders	23 653
Weighted average shares in issue on which earnings are based (000)	418 729
Fully diluted weighted average shares in issue (000)	470 000
Shares in issue at period end (000)	470 000
Earnings per share (cents)	5,63
Headline earnings per share (cents)	5,65
Fully diluted earnings per share (cents)	5,02
Fully diluted headline earnings per share (cents)	5,03

ABRIDGED BALANCE SHEETS

	Unaudited 29 February 2008 R'000
ASSETS	
Non-current assets	290 687
Property plant and equipment	179 360
Intangible assets	111 327
Current assets	66 614
Inventories	24 021
Trade and other receivables	23 677
Cash and cash equivalents	18 916
Total assets	357 301
EQUITY AND LIABILITIES	
Equity	240 353
Issued capital	5
Share premium	216 765
Accumulated profits	23 583
Non-current liabilities	50 475
Environmental obligation	5 954
Secured loans	44 251
Deferred tax	270
Current liabilities	66 473
Trade and other payables	24 207
Current portion of non-current liabilities	27 832
Taxation	14 434
Total equity and liabilities	357 301
Number of shares in issue (000)	470 000
Net asset value per share (cents)	49,33
Net tangible asset per share (cents)	27,45

ABRIDGED CASH FLOW STATEMENT

	Unaudited 6 months ended 29 February 2008 R'000
Cash flows from operating activities	24 249
Cash flows from investing activities	(77 416)
Cash flows from financing activities	72 083
Net increase in cash and cash equivalents	18 916
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	18 916

ABRIDGED STATEMENTS OF CHANGES IN EQUITY

	Unaudited 6 months ended 29 February 2008 R'000
Balance at beginning of period	-
Acquisition of businesses	90 094
Rights offer	80 000
Issue of share capital and share issue expenses	46 676
Profit attributable to ordinary shareholders	23 583
Balance at end of period	240 353