

Buildworks Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 2007/004935/06)
Share code: BWK ISIN: ZAE000110219
("Buildworks" or "the company" or "the group")

ABRIDGED REVIEWED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 AUGUST 2008

HIGHLIGHTS

- Revenue R201 million
- Net profit after tax R49 million
- Headline earnings per share of 11.04 cents per share
- EBITDA percentage 41,2%
- Profit after tax percentage 24,40%

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Reviewed 12 months ended 31 August 2008 R'000
Revenue	201,344
Cost of sales	(92,899)
Gross profit	108,445
Other income	325
Operating expenses	(25,824)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	82,946
Depreciation and amortisation	(8,252)
Profit before interest and taxation	74,694
Interest received	586
Interest paid	(7,002)
Profit before taxation	68,278
Taxation	(19,221)
Profit attributable to ordinary shareholders	49,057
Reconciliation of headline earnings:	
Profit attributable to ordinary shareholders	49,057
Add IAS16 loss on disposal of property, plant and equipment	39
Headline earnings attributable to ordinary shareholders	49,096
Weighted average shares in issue on which earnings are based ('000)	444,575
Earnings per share (cents)	11.03
Headline earnings per share (cents)	11.04

ABRIDGED CONSOLIDATED BALANCE SHEET

Reviewed

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As at
31 August 2008
R'000

ASSETS

Non-current assets	333,850
Property, plant and equipment	196,735
Goodwill	102,423
Other intangible assets	20,656
Financial assets	14,036
Current assets	111,911
Inventories	38,084
Trade and other receivables	31,552
Cash and cash equivalents	42,275
Total assets	445,761

EQUITY AND LIABILITIES

Equity	266,364
Issued capital	5
Share premium	217,302
Accumulated profits	49,057
Non-current liabilities	109,191
Other financial liabilities	46,212
Environmental obligations	8,792
Instalment sale liabilities	42,770
Deferred taxation	11,417
Current liabilities	70,206
Other financial liabilities	13,708
Trade and other payables	22,176
Instalment sale liabilities	11,892
Taxation payable	22,430
Total equity and liabilities	445,761
Number of shares in issue ('000)	470,000
Net asset value per share (cents)	56.67
Net tangible asset per share (cents)	30.49

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

Reviewed
12 months ended
31 August 2008

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	R'000
Cash flows from operating activities	51,306
Cash flows utilised in investing activities	(38,059)
Cash flows from financing activities	29,028
Net increase in cash and cash equivalents	42,275
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	42,275

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 12 months ended 31 August 2008 R'000
Balance at beginning of period	-
Acquisition of businesses	90,626
Rights offer	80,000
Issue of shares nett of share issue expenses	46,681
Net profit for period	49,057
Balance at end of period	266,364

SEGMENTAL INFORMATION

	Reviewed 12 months ended 31 August 2008 R'000
Revenue	
Drift Supersand	104,207
West End	97,137
Corporate	0
	201,344

	Reviewed 12 months ended 31 August 2008 R'000
Net profit before interest and taxation	
Drift Supersand	30,893

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West End	48,538
Corporate	(4,737)
	74,694

Reviewed
12 months ended
31 August 2008
R'000

Net Assets

Drift Supersand	15,455
West End	102,982
Corporate	147,927
	266,364

COMMENTARY

INTRODUCTION

The directors are pleased to present the maiden annual financial results of the company for the year ended 31 August 2008.

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 roads, stadiums, shopping centers, railways, schools, offices, houses and other infrastructure and will benefit from the continued capital formation in South Africa.

FINANCIAL RESULTS

Buildworks has produced a highly satisfactory set of maiden annual results. The group's turnover was below the forecast for the period however the group achieved a net profit after tax of R49,1 million which was in line with the forecast included in our pre-listing statement of 2007. This was due to the group being able to improve slightly upon the anticipated gross margins and tight control of expenses.

The Drift Supersand business enjoyed growth in the road building and civils sectors which more than offset the weakness experienced in the commercial and residential market. Turnover at West End in the building products division was below anticipation as residential building slowed but the business achieved outstanding results in the face of tough macro-economic factors.

The group's gross margin improved as a result of the strict adherence to manufacturing processes, higher quality yields and higher manufacturing economies of scale as a result of larger volume orders. The group was highly conscious of the rate at which input costs were escalating in the second half

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of the year and an exceptional effort was made to mitigate these increases through substitution and the additional buy in and holding of raw materials.

Effective 1 September 2007 the group acquired Drift Supersand & West End. 100% of Drift Supersand was acquired for a total investment of 95,7 million shares in Buildworks which represented 28% of the issued share capital at the time. Assets of R142,2 million and liabilities of R138.4 million were acquired in Drift Supersand resulting in a positive differential of goodwill of R12,1 million. 99% of West End was acquired for a total investment of 204,7 million shares in Buildworks which represented 61% of the total issued share capital at the time. Assets of R154.9 million and liabilities of R144.8 million were acquired in West End resulting in a positive differential of goodwill of R93,3 million.

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 in terms of IFRS 3 has now been included in the year-end accounts.

PROSPECTS

The global financial crisis that we are currently experiencing and the anticipated recession aftermath has changed the short term economic outlook dramatically since our listing date last year, with a significant slowdown in growth in first-world economies having a knock on effect on emerging-market economies like South Africa.

There is however early indications that inflation will start to subside in early 2009 and the prospects that there will be a reduction in the prime interest rate appear likely. The building products division is sensitive to the interest rate environment and the availability of capital. A recovery in the residential housing will have an immediate impact on the prospects. In the short term, margin contraction is expected as excess inventories make it difficult to recover the historical increase in input costs. The aggregates business should sustain its growth as it compensates for the downturn in residential and commercial with increased volumes for the massive roads program in Gauteng.

The roof tile plant is progressing well and installation of the equipment has commenced. The planning around the production and marketing is well advanced and we anticipate launching in the second half of the financial year. It is expected that the roof tile plant will have a moderate impact on the second half of our 2009 year and a material impact the 2010 financial year. It is anticipated that 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 paver's plant remains and we continue to assess the optimum time to exercise this option.

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

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curve, our marketing coverage which ensures reasonable selling margins and our relatively low levels of debt.

We are however still confident that the government's drive to improve the quality of living and general infrastructure in the country will continue and their commitment is clear with their continued additional budget allocations. We are confident that our positioning will offer a long term future with strong underlying growth.

SUBSEQUENT EVENTS

Buildworks shareholders were advised by way of a SENS announcement on 21 July 2008 and circular dated 20 October 2008 that the group had concluded an agreement to acquire the entire issued ordinary share capital in and shareholders claims against Consolidated Power Projects (Proprietary) Limited ("CONCO") ("the proposed acquisition"). The proposed acquisition remains subject to the condition precedent that the company raise the requisite capital.

CONCO is a leading provider of Turnkey Solutions for and power services to the electricity supply industry. CONCO's expertise in the design, project management, construction and commissioning of high voltage switchyards, substations and overhead power lines and Green Energy Projects has resulted in CONCO gaining a reputation as an established market leader with a proven track record achieved from over 22 years of industry experience. To date CONCO has completed in excess of 450 projects throughout South Africa and on the African continent and is ideally positioned in a high growth market with relatively few competitors offering high voltage solutions.

The CONCO proposed acquisition forms part of a strategy to identify and assess value enhancing acquisition opportunities in the construction and infrastructure related industries. The proposed acquisition significantly enhances the group's ability to benefit from the parastatals' and public's planned roll-out of infrastructure development and related spend in South Africa specifically in relation to South Africa's power generating capacity and the distribution and transmission thereof. Post the transaction it is anticipated that 83% of the group's revenue will be generated by the power supply sector. On the 1 September 2008 CONCO had an order book of R1,2 billion and had submitted tenders for which they were awaiting adjudication of R1,76 billion.

The company has received interest from prospective investors to subscribe for new Buildworks shares at a price of between 75 to 80 cents sufficient to fulfil the outstanding condition. The company is engaged in negotiations with the prospective investors to finalise the terms and conditions of the offers on a basis satisfactory to the company, the vendors of CONCO and the prospective investors. Accordingly, Buildworks shareholders were advised in the SENS announcement on 13 November 2008 to exercise caution when dealing in Buildworks shares.

BASIS OF PREPARATION

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These consolidated annual results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS 34 (Interim Financial Reporting) and comply with the requirements of the South African Companies Act (Act 61 of 1973) and the Listings Requirements of the JSE Limited. A copy of this annual financial results announcement is available on the company's website (www.buildworksgroup.co.za) and on the AltX website (www.altx.co.za).

ISSUE OF EQUITY

Prior to the initial public offer of 50 million shares at R1.00 per share, shareholders of Buildworks subscribed for 80 million shares at R1.00 per share in terms of a rights offer.

COMMITMENTS

The group has an outstanding capital commitment of R39 million at year end relating to the roof tile plant at West End of which R37 million will be funded from the pre-approved facility provided by Wesbank and the balance of R2 million from our internal resources.

REVIEW OPINION

These consolidated annual financial results have been reviewed by PKF (JHB) Inc. Their unqualified review opinion is available for inspection at the company's registered address.

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 period.

APPRECIATION

We thank our loyal staff for their commitment and hard work which contributed to Buildworks's 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

24 November 2008

Non-executive directors:

HSP Mashaba (Chairman), NC Machingawuta, A Dixon

Executive directors:

RD Gamsu, J Hooman, IM Klitzner

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Designated advisor:

Java Capital (Proprietary) Limited

Visit our website: www.buildworksgroup.co.za