MAZOR INTERIMS BUOYED BY ENTRY INTO GLASS MARKET AND GEOGRAPHIC EXPANSION

Mazor Group Limited, which moved to the JSE Main Board from AltX in July 2008, today announced strong results for the six months to August 2008 ("the period"). Leveraging healthy cash flows from operations the group overcame exceptional price increases in steel and aluminium and successfully protected growth in profits with hedging of its materials contracts. While existing glass distribution operations expanded to Gauteng, the acquisition in July 2008 of Compass Glass furthered Mazor's penetration of this high-growth industry.

Revenue for the period was up 39.5% to R123.6 million with the first-time contributions of Independent Glass and Compass Glass (for two months) accounting for R13.1 million of the growth. Operating profit increased by 7%, constrained to an extent by higher operating costs due to bulk increases in wages. "In light of inflation we needed to align wages with the cost of living. Competitive packages are essential to stabilising our workforce and ensuring our long-term sustainability, especially in light of the skills shortage," says CEO Ronnie Mazor.

He adds that expansion of the new glass division both organically and through acquisition has positioned Mazor for good growth in the long-term. In the immediate term the set-up costs saw margins decrease to 23.04%. Net asset value per share grew substantially to 140.8 cents from 101.2 cents.

Ronnie Mazor attributes the performance to ongoing demand for Mazor's products and services that outstripped challenges posed by tough trading conditions. "We experienced not only a shortage in supply of steel and aluminium, our core basic materials, but also unusual price increases. Demand for our offering fortunately generated positive cash flow that enabled the group to hedge positions and lessen our exposure to these fluctuating costs."

He says prospects in Mazor's operating industries look promising. "Our target projects are generally large-scale developments which are currently experiencing growth." He adds that Mazor supplies major construction blue-chips and continues to benefit from the increasing use of steel and glass in construction. "As these materials produce more 'green' and efficient results in construction we anticipate that this practice will continue and Mazor is well-placed to benefit."

The period saw Mazor reap the benefit of geographic expansion as the group capitalised on the under-supplied markets of KwaZulu-Natal and the Eastern Cape.

Mazor also realised its strategy during the period of diversifying into related niche markets with a (maximum) R50 million acquisition entrenching a foothold for the group in the glass industry. This acquisition of Compass Glass complemented the smaller acquisition in March 2008 of Independent Glass. Ronnie Mazor says integration of all acquisitions has translated to increasing market share in the sector.

The new glass division is a distributor and also manufactures laminated and toughened safety glass and double-glazed units. He says: "We are seeing exceptional month-on-month growth in this division of between 15%-20%."

Looking ahead Ronnie Mazor is positive that the group should achieve its forecast net profit and earnings per share for the full year to February 2009. He says Mazor is on track to do so and should be further boosted in the second half of the year, which has traditionally proven stronger. In addition the shortage of materials has been alleviated to a large extent and Mazor has hedged exposure on all orders of materials to June 2009. However, he remains cautious in light of the global financial crisis and weak Rand although he is unable at this early stage to quantify the future impact on the group.

He says further expansion into regions with good growth opportunities is on the cards, and Mazor is considering shortly taking the Glass division into Port Elizabeth and Bloemfontein.

He explains that risk now lies primarily in correctly identifying future projects. "The majority of large-scale projects in the short- to medium-term are expected to arise from government-led infrastructure development. Mazor will be selective in pursuing contracts considering factors such as profit margins and prudent allocation of resources to maintain the group's reputable delivery." He is looking forward to what he hopes will be a significant reduction in interest rates in the next 18 months, which should revive flagging private sector spend to release more project opportunities onto the market.

"Our order book to year-end at 28 February 2009 and into the first quarter of the next financial year is healthy," Ronnie Mazor concludes.

Mazor's share closed Friday at R2.45.

Ends.

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