STRONG GROWTH FOR MAZOR SEES MAIDEN DIVIDEND

JSE Main Board-listed Mazor Group continued its growth trajectory with a strong performance for the year to February 2009 despite the challenging economic environment. Focus on large-scale, high margin projects boosted revenue by 67% to R295,6 million and more than doubled net profit to R63,6 million. Mazor also successfully diversified into the high growth glass sector through two key acquisitions, making significant inroads especially in the Cape. Further geographical expansion saw the group extend from its Western Cape base into Gauteng, KwaZulu-Natal and the Eastern Cape.

Headline earnings per share (HEPS) of 52,1 cents outstripped the previous year's 28,5 cents. Operating profit grew 18% to R74,8 million from R63,5 million. Mazor has proposed a first-time dividend of 17,5 cents for the year subject to shareholder approval in terms of its articles of association.

CEO Ronnie Mazor is pleased with the group's performance and attributes success to the strategy of targeting major, highly profitable projects such as high-rise buildings, hotels and similar large-scale works.

He says Mazor is ideally positioned in two construction markets that are reaping the benefits of increasing environmental consciousness. "The insistent move to "green" construction is to the group's advantage as more resources-efficient buildings demand greater use of steel and glass." He adds that a growing design trend of impressive building facades is further boosting demand for glass and glass cladding.

Mazor Steel and Mazor Aluminium - the two founding divisions - both considerably upped their contribution to group results with year-on-year growth in revenue of more than 60% and in profits of around 25%. "Focus on more efficient deployment of available capacity spurred growth in both divisions," he says.

Ronnie Mazor is particularly satisfied with the performance of the new Glass division which achieved first-time revenue of R41,4 million. To build the division Mazor acquired Independent Glass in March 2008 and the larger Compass Glass in July 2008 for a maximum of R51,4 million in aggregate. The group firmly bedded down the acquisitions during the year, taking distribution operations into Gauteng and optimising the manufacture of safety glass and double glazed units to seize significant market share in the Cape peninsula Ronnie Mazor says the initial teething problems in Gauteng have been resolved with the operation on track for growth.

Looking ahead he says the order book in hand for the first half of the 2010 financial year remains healthy and is relatively untroubled by macro-economic woes. He is more cautious though of the second half of the year referring to "cloudy prospects on account of global economic uncertainty."

He marks the Glass division as a future growth driver for the group. "We expect a substantial proportion of top and bottom line growth to come from the Glass division over the next three years." He says Mazor will look to untapped distribution markets in new sectors to achieve growth targets, for instance furniture and cars - the latter which he believes is poised for recovery in the future having suffered a necessary adjustment recently.

In line with its diversification strategy and backed by positive cash holdings the group will also consider acquisitions in the year ahead, either for geographic expansion or additional product differentiation. “We will continue looking at other markets outside our traditional field of fabricating building exteriors,” concludes Ronnie Mazor.

Mazor’s share closed yesterday at R1,95.

Ends.

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Issue date: 20 May 2009