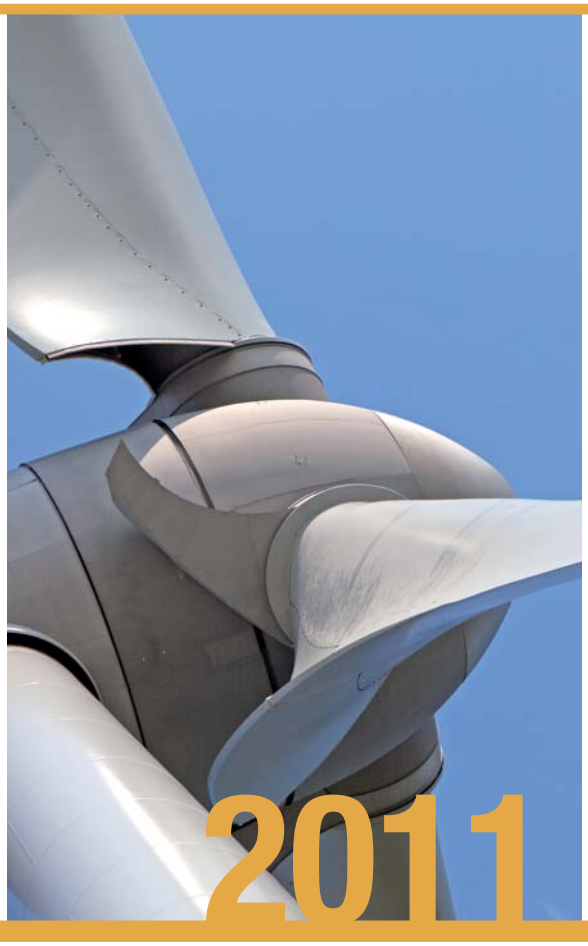
Consolidated Infrastructure Group Limited

Diversified capabilities
Strength to deliver

2011
Integrated annual report

Diversified capabilities
Strength to deliver



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More information available online at:

www.ciglimited.co.za

Scope and boundary

This report is produced for the benefit of CIG group's stakeholders who are identified in the corporate governance section.

This report encompasses the operations of the group's two divisions, Power and Heavy Building Materials, which together employs 1 245 people in South Africa. While the group employs a limited number of people outside of South Africa, we execute projects in a number of other countries on the continent and hire on a contract basis, local skills where necessary. These projects are carried out in over 19 countries that can be found on our operational footprint.

In producing this report we have primarily focused on the risks and opportunities facing the group's core business, Power.

This is the first year that we have reported in line with the principles outlined in the Global Reporting Initiative's (GRI) G3.1 Framework. Accordingly, we do not have reliable comparative information for a number of the indicators on which we are reporting. Where previous corresponding-period information is presented, we consider it comparable. We do not anticipate any significant changes to the business in the coming year and therefore believe that we are establishing a base for reliable comparison in future years.

In determining the content of this report, we applied the principles set out in the GRI Technical Protocol "Applying the Report Content". We followed a stakeholder inclusiveness approach to identify various environmental, social and economic concerns. Based on our assessment of the significance of the group's contribution to these concerns, as well as the boundary we set for the report, we were able to streamline these concerns. In prioritising these concerns, the group considered the significance of the concerns with regards to their impact on the group's Organic Growth Strategy and the objectives set for the next three years.

We believe that this report meets the standards of a "C" application level. Our external auditors PKF have externally assured this report, and their assurance report is available for your inspection at our offices. Should you have any questions regarding the content of this report please contact Ivor Klitzner [Financial Director].

About us

Consolidated Infrastructure Group is an infrastructure holding company

Consolidated Infrastructure Group is extensively exposed to Power and operates under its wholly-owned subsidiary, Consolidated Power Projects (Pty) Limited ("Conco"). Consolidated Infrastructure Group has a lesser exposure to Heavy Building Materials, through its subsidiaries West End Claybrick (Pty) Limited and Drift Supersand (Pty) Limited. Conco is the leading provider, in South Africa and the African continent, of turnkey solutions in the power and electrical industry.

Its core business is the development of turnkey high voltage sub-stations, high voltage overhead lines, advanced protection and automation schemes as well as specialising in green energy projects especially wind farms. Drift Supersand is a Gauteng-based supplier of aggregrates (sand, gravel and stone) to various sectors in the construction industry including road construction. West End is a manufacturer of a range of claybricks and roof-tiles that distributes its products throughout Gauteng, North West Province and the Free State.

Vision and mission statement

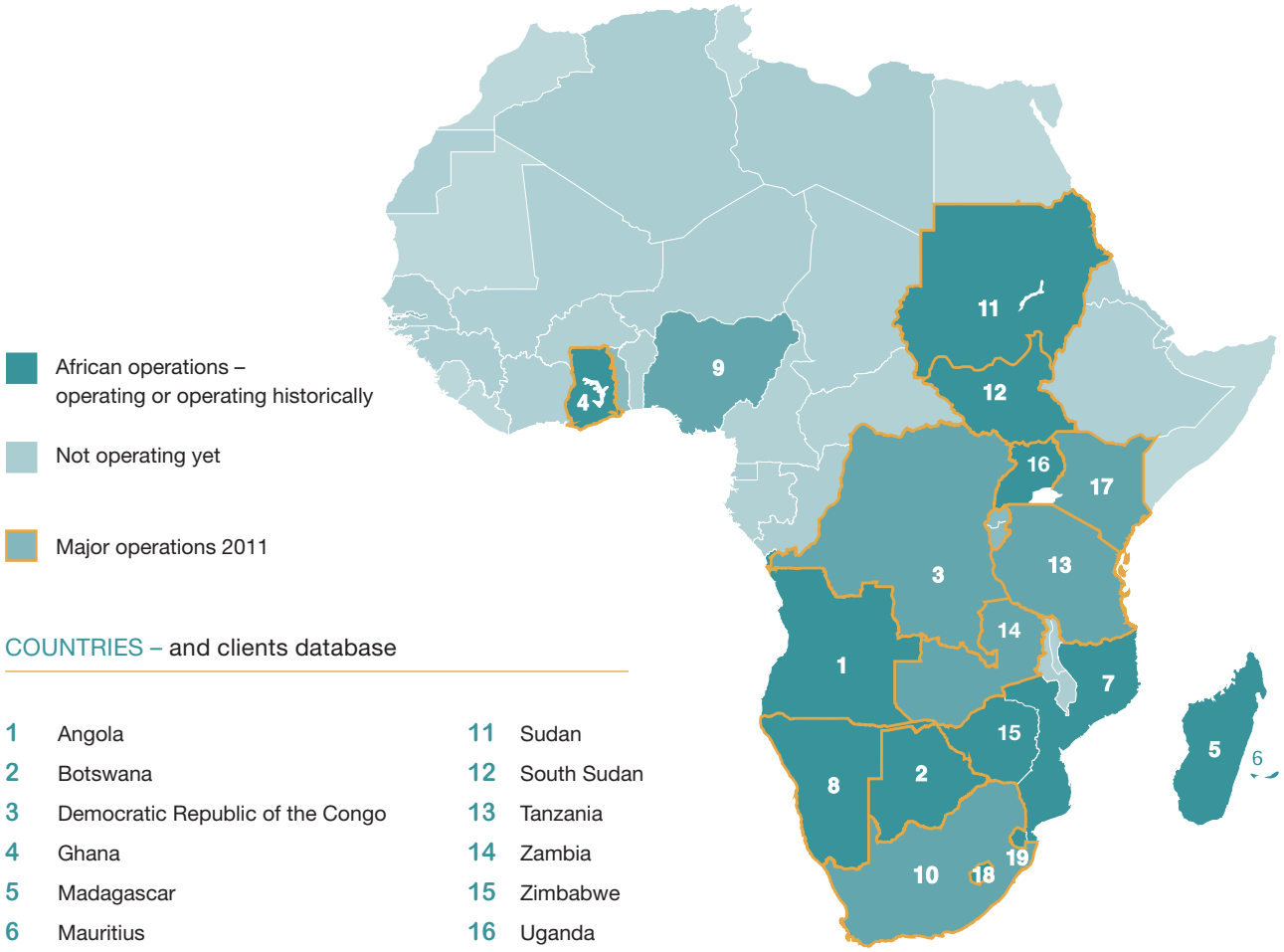
To create long-term sustainable value for shareholders in a socially responsible manner with products and services used to build the world around us

Financial highlights

	2011	2010
REVENUE	**R1 445 million**	R1 230 million
EBITDA	**R187 million**	R152 million
HEADLINE EARNINGS	**R114 million**	R101 million
FULLY DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	**100,51**	88,90
TOTAL ASSETS	**R1 625 million**	R1 461 million
CASH GENERATED BY OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	**R191 million**	R152 million
NET ASSET VALUE PER SHARE (CENTS)	**832**	735

Operational footprint

Consolidated Infrastructure Group is the largest turnkey developer of high voltage electric sub-stations in sub-Saharan Africa. These sub-stations are developed for African utilities, South African municipalities, industry and mining houses. The group has operated successfully in 19 African countries and strategically targets 50% of revenue to be generated from outside South Africa.



COUNTRIES – and clients database

1 Angola
2 Botswana
3 Democratic Republic of the Congo
4 Ghana
5 Madagascar
6 Mauritius
7 Mozambique
8 Namibia
9 Nigeria
10 South Africa
11 Sudan
12 South Sudan
13 Tanzania
14 Zambia
15 Zimbabwe
16 Uganda
17 Kenya
18 Lesotho
19 Swaziland

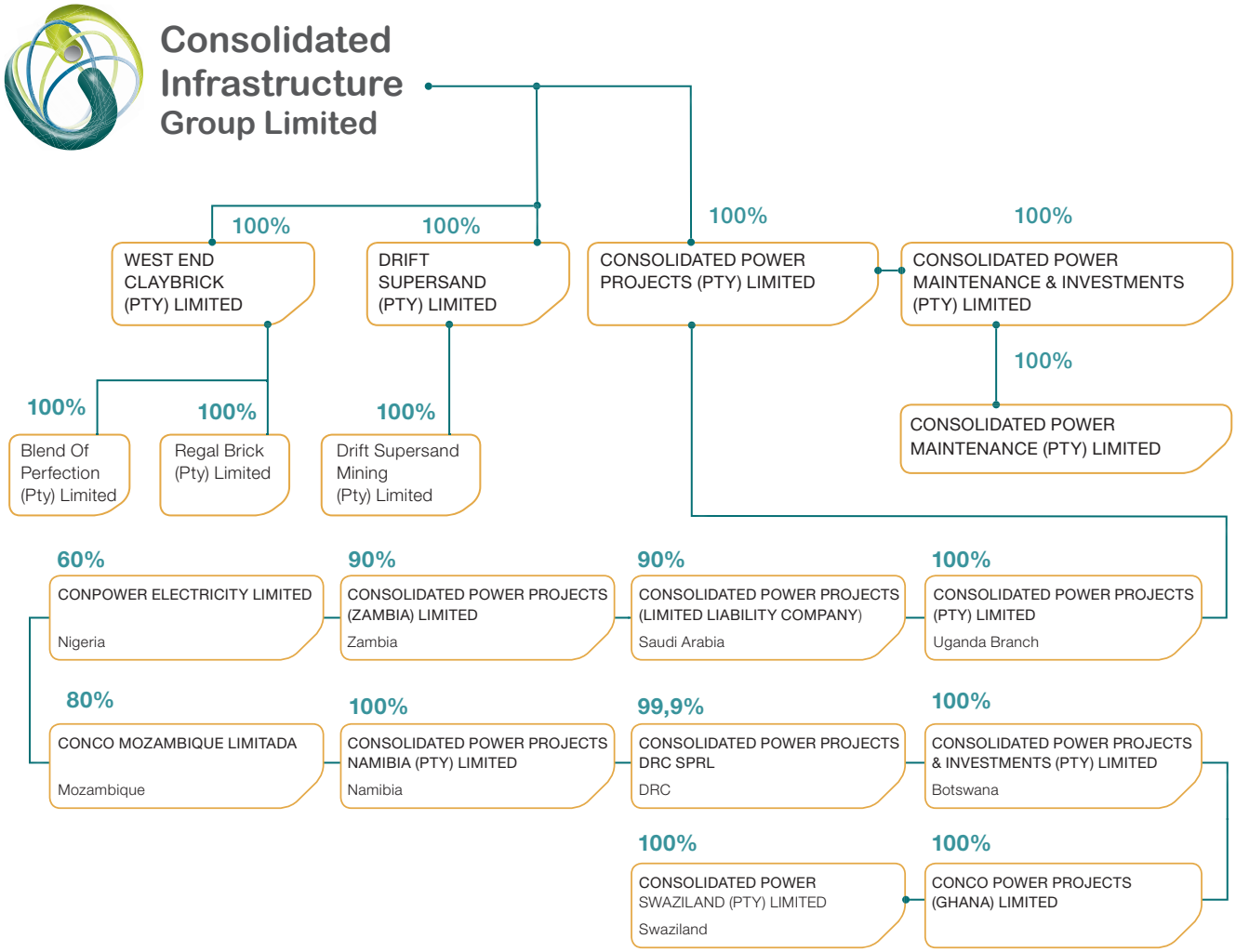
Africa project execution

Most projects in Africa are split between an off shore portion and an on shore portion. The off shore portion is performed by Conco SA, being the tendering function, contract negotiation, design and procurement and project management.

The on shore portion will be executed by the local office. This comprises the construction, installation and commissioning of the project, all under the control of the project manager based in SA and supervision of his core installation team and supervisor. These key skilled personnel are often seconded to the country where the installation takes place. The core team will comprise skilled staff with the necessary experience, qualification and training. This core team leads the installation, construction and commissioning activities. Local suppliers will, where possible, be contracted to perform specific roles such as civils, but always under the careful supervision of the Conco team. Local unskilled labour will be sourced from the surrounding area as part of the Conco policy to empower local communities with skills. These local employees will receive on-the-job training together with strict safety procedures and monitoring. Should there be sufficient work on hand, these unskilled staff eventually, after a period of time, become the nucleus of a new skilled team who in turn will be used on other projects to upskill local inhabitants. Commissioning, a specialist activity, is done by Conco staff.

For the 2011 financial year, excluding South Africa, only Botswana and Sudan contributed to more than 5% of the group's turnover.

Consolidated Infrastructure Group structure



Divisional summary

	Conco	Building Materials
Description of business	High voltage turnkey engineering and construction	Aggregates and building products
Geography	RSA, Africa and Middle East	Gauteng, RSA
Employees	811	434
2011 revenues	R1,242 million	R203 million
2008-2011 revenue CAGR*	32%	0%
2011 EBITDA margin	13%	14%
2011 EBITDA/AVG. assets	30%	15%
Tangible assets	R808 million	R363 million

** CAGR Compound Annual Growth Rate*

Initiatives and progress

Objectives	Rationale	Progress
Grow core sub-station business	• Demand > Supply for the short and medium term • Business development efforts stimulating demand	• Built additional productive capacity • Growing at satisfactory rate – recent contract wins, sustaining margins • Ready for more work
Grow high-voltage overhead cable business	• High level of spend required by Eskom and other African utilities • Shortage of skills in the market to execute • Competitors generally weakly financed, lack business expertise	• Recently won first R200m 400 kv overhead line jobs • Organically establishing 3rd execution division • Significant tenders currently under adjudication by Eskom • Massive work potential in Africa
Establish a Balance of Plant "Renewable Division"	• Previously established a highly successful business in Australia which was spun out • South Africa has committed to World Bank to expand renewable capacity significantly • Preference given to local content • Moves business on a low-risk path into electricity generation • SA resource planning commits to 8 000mw wind, 8 000mw solar pv and 1 000mw concentrated solar	• Established ourselves with all major turbine and developers to win a high proportion of work • Business is subject to alignment on tariffs and regulations • Time to closure set for July 2012 and amounts will be material; submitted R700m in tenders and over R1bn in budgets • DOE renewable energy tenders currently in progress final award expected 1 July 2012
Build complementary operations in the Middle East	• 8% pa electricity growth • >US$55bn to be spent on grid in the next 20 years • Indirect CIG shareholding by Kingdom Holdings	• Office opened • Statutory regulations still required • Establishing ourselves on the appropriate bidding slates

Risk category

Slowdown in business activity

Poor economics in new contracts

Working capital demanded by growth

Bad debt concerns

Execution risk in challenging environments

Objectives for the next three years

Revenue growth target of 20-30% pa (EBITDA growth faster with favourable mix and operating leverage)	• Incentive compensation tied almost entirely to EBITDA growth • Tracking ahead of 20-30% growth target for near term
Diversified geographically	• ~30% in each of South Africa and Middle East • ~40% rest of Africa
Diversified by project type and customer	• Renewable Division with order book of >R1bn • Substantial overhead lines business in South Africa • ~40% industrial and 60% municipal/gridco

Organic growth strategy

Business development

- Enhance effectiveness of agency network across the continent
- Improve the quality of business intelligence
- Specialise on the extractive industries and their FDI across Africa
- Improve relationships with international and domestic funders to originate capital for projects specifically involved

Capacity expansion/utilisation

- Staff up 3rd overhead-lines division to execute on strong demand
- Build out protection and automation systems business (potential to grow to R1 billion in annual revenues)
- Increase utilisation of expanded sub-station capacity with high-margin tenders in SA and rest of Africa

Mitigation strategy

- Business Development function accumulates market intelligence to identify markets
- Geographical spread of work undertaken
- Customer base spread among all users of high voltage electricity

- Accurate tendering process
- Every high value tender signed off by CEO with 30 years experience
- Input costs and currency risks hedged at signing
- Contract margins steady

- Significant capacity to raise additional capital
- Cash funding requirements limited to short periods during life of project
- Specific project finance to be put in place for large projects

- Minimal variation orders
- Financing managed through financial guarantees, advance payments and regular progress payments
- Majority of funds received by time equipment arrives on site
- Almost zero bad debt right off over the past 25 years

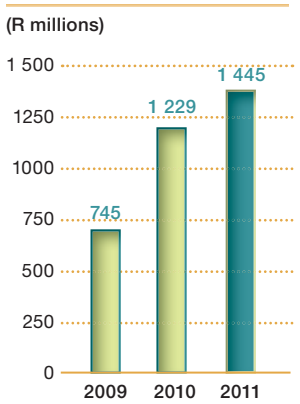
- Upfront design process – beat it on drawing board
- Not reliant on single supplier and meaningful customer to key suppliers
- Agents on the ground assist with regulatory requirements
- Quality control inspections for all significant suppliers
- Protection and automation simulation limits on-site execution time
- Highly skilled and experienced staff
- Health and safety a priority
- Divisional split within Conco increases control over project execution

Group at a glance

The group has achieved excellent growth of 18% in turnover, 23% on EBITDA, headline earnings of 13% and a 45% increase in profit during the 2011 financial year.

Focus area	Analysis

Turnover

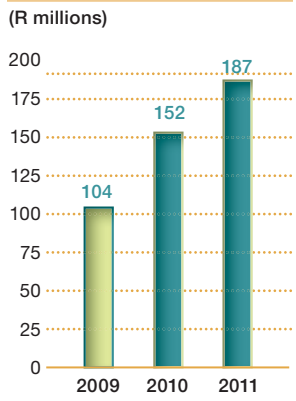


A 18% increase on 2010, 86% of total revenue generated by the Power Distribution division.

Revenue contribution from the divisions is as follows:

Division	Revenue (R million)	Proportion (%)
Heavy Building Materials	**202**	**14**
Power Distribution (Conco)	**1 243**	**86**
Total	**1 445**	**100**

EBITDA*



A 23% increase on 2010, with 85% of EBITDA generated by the Power Distribution (Conco) division.

EBITDA contribution from the divisions is as follows:

Division	Revenue (R million)	Proportion (%)
Heavy Building Materials	**29**	**15**
Power Distribution (Conco)*	**165**	**85**
Total	**194**	**100**

**Excluding Corporate*

Key highlights

Conco

- Continued investment in additional capacity and geographic expansion across African continent
- Tendered on a record number and a record value of new projects
- Upward momentum in the number and size of high-voltage sub-stations and overhead cable enquiries

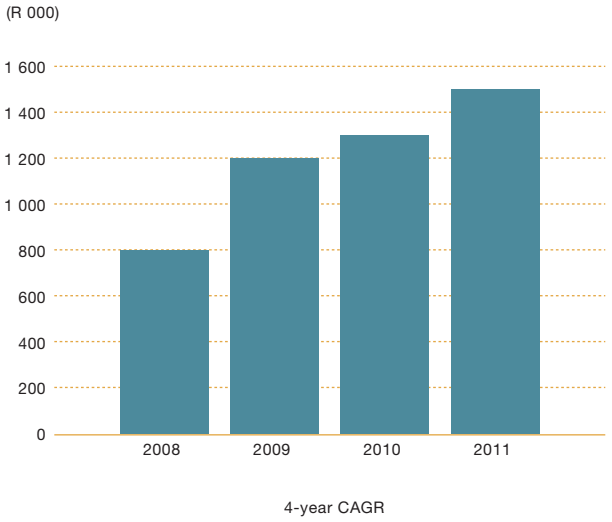
Heavy Building Materials

- Quality reserves with long life of mine
- Minimal capex needed next three years
- Sufficient spare capacity – 60% utilisation
- Low-cost producer with low scrap factor
- Increasing local market share
- Local competitors constrained by gearing
- Highly experienced management team with additional capacity

Capacity

Focus area

Confirmed order book (ZAR m)

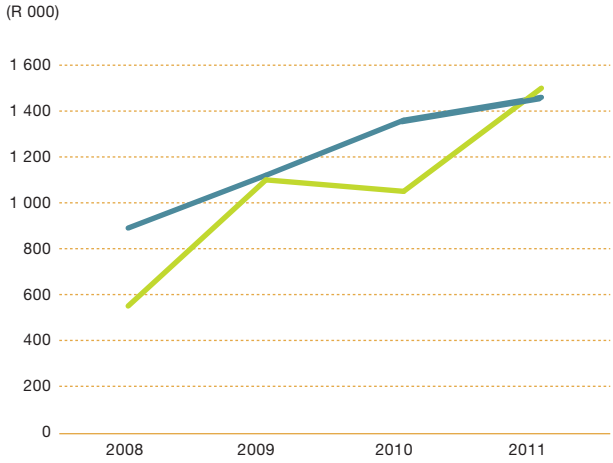


Analysis

- The largest turnkey provider of high-voltage sub-stations in Southern Africa, with over 1 070 projects completed since inception, and 208 projects invoiced in 2011
- Tenders awaiting adjudication are likely to add significant turnover
- Typically Conco wins 80% of tenders when it is estimated there is at least a 50% chance of winning, which could translate up to R1,8bn in turnover
- 80% of tenders in last 6 months have been outside South Africa
- Demand in the rest of Africa:
  - Only one in four African households has electricity
  - 30 countries have chronic power shortages
  - US$500 billion capex requirement by 2030 (World Bank)

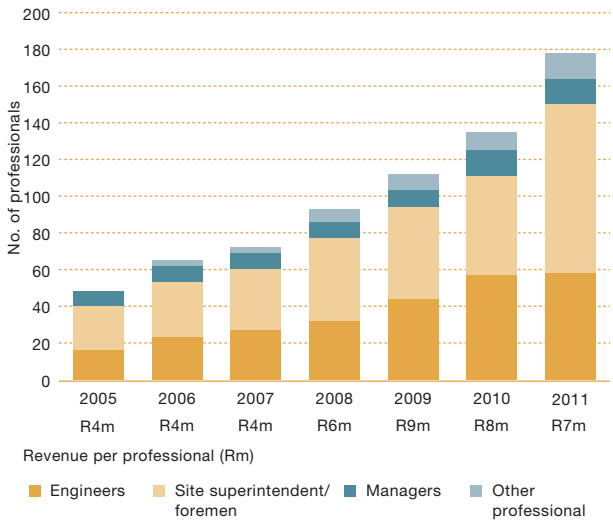
People and skills retention

Turnover vs growth in key positions



- With consumers' need for electrical power to grow materially over the next decade, the company is in the ideal position to supply much-needed infrastructure development
- The company and its operations are well positioned to take geographic advantage of opportunities in the region where the biggest infrastructure expenditure is set to take place

Key positions within Conco



- 25% CAGR in key positions since 2005
- 33% increase in key positions from August 2010 – August 2011
- Unique ability to manage all its engineering requirements in-house – from design and supply through to installation, commissioning and project management – the company is able to create turnkey, high-voltage power solutions within cost parameters, to deadline and in line with first-world specifications
- Employs approximately 90 high-level engineers and project managers

Chairman's and Chief Executive Officer's statement

CIG remains the largest turnkey developer of high-voltage sub-stations in sub-Saharan Africa.

CIG stands to benefit from electrification of the African continent where only 25% of the population have access to electricity.

Dear Stakeholder

It is with great pleasure that we present our annual report for the 2011 financial year. These solid results demonstrate another year of sustainable growth for CIG, in the power and electrification sector.

The growth outlook for our core business, Conco, remains strong given that we are ideally placed to benefit from the increased infrastructure spend in power generation and transmission in South Africa, the rest of Africa and the Middle East, as well as from the maintenance and refurbishment of South Africa's ageing electricity distribution infrastructure.

CIG is well placed to build on a track record that has produced compound annual growth in EBITDA of 23% over the past three years and we look forward to another year of growth and successful delivery in the 2012 financial year.

Company overview

CIG is the largest turnkey developer and installer of high-voltage electrical sub-stations in sub-Saharan Africa and an installer of high-voltage overhead cables focusing on the African power high-voltage transmission market. The group supplies electrical protection and automation systems, and has established a South African renewable energy business aimed at designing, developing and installing electrical solutions and grid connections for the regional renewable energy industry.

CIG also produces and supplies a range of construction materials including aggregates and a wide variety of brick and roof tiles within its building materials division.

Financial overview

Revenue grew by 17,5% to R1,4 billion (2010: R1,2 billion). Trading margins are slightly up at 28,3% (2010: 27,9%). Conco was able to maintain margins through improved efficiencies, supply chain initiatives and the geographic and project mix at the division.

The power and electrification sector remains a core area for revenue and earnings generation, with 86% of CIG's revenue and an increased 89% of earnings before interest, taxation, depreciation and amortisation ("EBITDA") directly attributed to this sector.

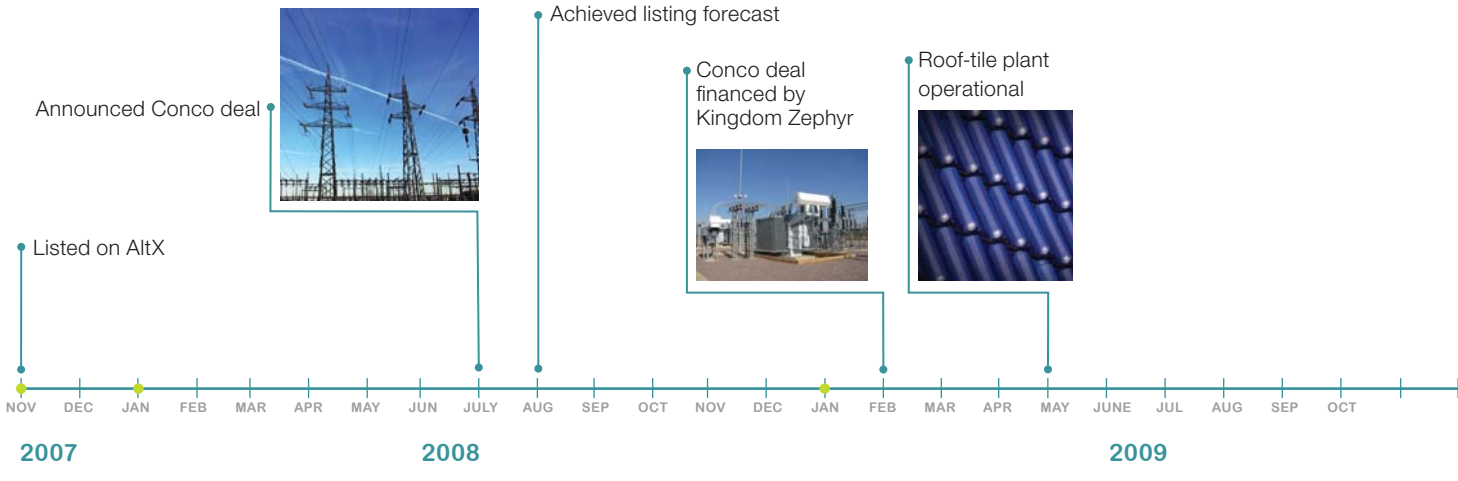
Profit for the period of R111 million represents a 45% increase over the prior year (2010: R77 million). Headline earnings of R114 million reflects a 13% increase on the prior year (2010: R101 million). In the prior year, headline earnings were impacted favourably by a once-off fair value adjustment of R22 million.

Fully diluted headline earnings per share of 100,51 cents and fully diluted earnings per share of 97,76 cents represent an increase of 13% and 45% respectively over the previous year.

Due to the timing fluctuations of turnkey development and the growth of the business, there was a significant increase in amounts due from contract customers towards year-end. An investment in additional fixed assets of R58 million was made to support growth and improve efficiencies. As a result, the year-end net cash position decreased to R136 million (2010: R234 million). We are, however, pleased to report that at year-end there was no year-on-year increase in overdue accounts and we are not anticipating any delays in the collection of receivables.

The debt-to-equity ratio declined to 10% (2010: 12%) as debt declined by R5 million to R98 million (2010: R103 million), interest cover as measured against EBITDA was 38 times (2010:

History and milestones



21 times), while the net debt to EBITDA ratio declined to 0,53 times (2010: 0,68 times). Net finance charges decreased 32% to R4,9 million (2010: R7,2 million) due to the effect of lower average borrowings over the course of the year.

CIG's financial position remains strong due to strict contract management, where advance and progress payments are negotiated upfront. Working capital management remained an area of critical focus.

During the financial year, CIG encountered an increasing trend by customers to accept only performance bonds and guarantees for upfront payments from major banks. Previously, insurance-related products were widely accepted. Accordingly, guarantee facilities have been substantially increased by our bankers. We anticipate that this trend will continue and we will continue to work with our bankers to increase our facilities.

The attractive growth trajectory expected in Africa and in the Renewable Energy Projects in South Africa in the coming years will place a strain on the group's working capital. The group's financial position, however, allows for additional borrowing capacity and the group has taken the precaution of increasing its banking facilities to allow for additional funding lines. CIG is evaluating various medium-term funding options and has already agreed in principle with the Industrial Development Corporation to obtain a R100 million additional revolving credit facility, which will alleviate some of the constraints in order to meet the expected organic growth in turnover.

Conco's short-term order book of R1,45 billion is up 11% over the prior year (2010: R1,3 billion). 50% of the order book consists of African-based projects and currently excludes any potential projects emanating from renewable energy.

The Building Materials Division has operated at satisfactory capacity, which is pleasing given the weaker market conditions, and has also managed to increase its market share. The division recorded an operating profit for the year.

Divisional overview

Conco

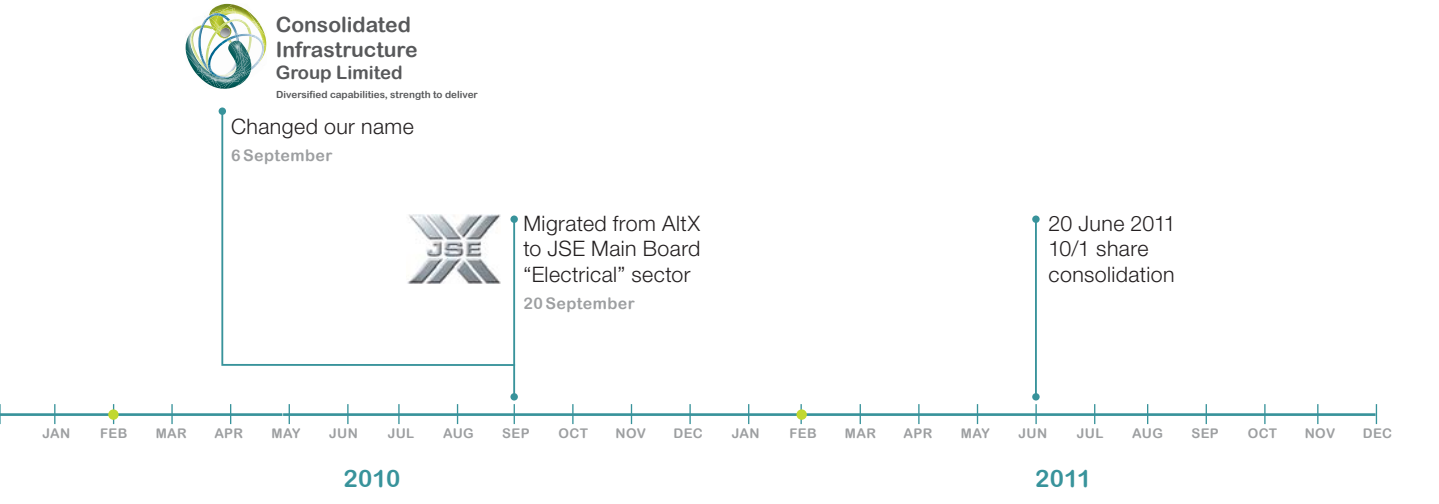
Conco, a market leader in its field, had another impressive year and completed projects across 12 sub-Saharan countries. The division tendered on 209 deals during the year and a satisfactory win rate was achieved on those tenders adjudicated. To date there are 88 tenders still awaiting adjudication. Revenue increased 20,9% to R1,242 billion (2010: R1,027 billion) and EBITDA improved 28% to R166 million (2010: R130 million). A supplier of choice, the division differentiates itself through distinctive design, a superior skills base and an excellent delivery record.

Conco responded to Africa and the Middle East's long-term power demands and maintained a robust development programme for new operating capacity and has the ability to supply different technologies across 18 geographies. Conco expanded its 400kv line capacity to contribute to an estimated 8 000 km in domestic demand. The regulatory approvals for the investment in Saudi Arabia were received and the office in Al-Khobar on the East Coast of the Arabian Gulf was opened in December 2010. This office is well positioned to respond to an 8% per annum estimated electricity growth rate in Saudi Arabia. The group currently dominates the turnkey provision of sub-stations to South African municipalities and utilities, with an estimated 50% established market share. Management believes that capacity-building precedes demand and has increased its skills capacity by 33% in key positions over the prior year. Notwithstanding CIG's capital outlay to strengthen Conco's delivery potential, trading profits from Conco improved. The division has seen an increase in potential work within its target markets with an increase of 60% in tenders awaiting adjudication, 52% of this outside South Africa.

A dedicated Renewable Energy Division has been staffed with an initial focus on providing designs, budgets and costings for wind farm developers and international turbine manufacturers. The business has submitted 45 tenders and budgets.

Building materials

Despite the economic downturn in the building sector, the Building Materials Division successfully grew its market share, resulting in a slight increase in trading profits.



(continued)

The group's strategic positioning in the provision of infrastructure to the African power market, with the majority of the clients being South African or African utilities, provides a fairly robust buffer against the volatility of the market place.

Revenue of R202 million and EBITDA of R28 million was consistent with the prior year. Management reviewed the merits of having two separate management teams and reporting lines for West End and Drift operations. It was decided that a single management team would be both effective and efficient and the operations have been consolidated into a single business unit with cost savings expected in the 2012 financial year.

Building Materials is now managed and reported on as one division.

Corporate governance

CIG is committed to the promotion of good corporate governance and executes its duties in accordance with its Board Charter. The audit, remuneration and nomination committee and the sustainability committee operated effectively throughout the year.

The Board now includes five independent non-executive directors and the correct balance exists between executive directors, non-executive directors and independent non-executive directors.

Sustainability

In developing the group's organic growth strategy and in the setting of the group's objectives for the next three years, CIG remains committed to creating a business that is sustainable environmentally, economically and within the society in which we operate.

Our initial involvement in the Renewable Energy sector is expected to grow. By positioning ourselves as a balance of plant provider to Renewable Energy project developers we intend to place the group at the forefront of delivering "Green Energy" on the continent.

The group maintains the highest of standards in its execution of its work and ensures all sites are rehabilitated within regulated levels at all times.

By recognising the important contribution that our employees make to the continued success of our business, CIG prides itself on maintaining exemplary standards with regard to Health and Safety and extensive internal audits are performed, both internally and through external consultants to ensure we continuously improve our Health and Safety standards at all times.

By establishing a dedicated Conco Skills Academy, at the Conco offices in Midrand, the group has provided an opportunity to members of the broader community to actively acquire the project skills required for our industry. We strive to transfer skills to all local employees who participate in our various projects on the continent.

Strategy

Details of CIG's progress in completing its initiatives for the past year have been included as a separate table within this report and management remains satisfied that sufficient progress has been made within the objectives set out at the beginning of the year.

Management remains committed to delivering on the group's organic growth strategy and objectives for the next three years and remains confident that these objectives and growth strategies will result in the group continuing to deliver successful returns to all stakeholders going forward.

Management will continue to evaluate the benefit of any acquisition opportunities that present themselves from time to time.

Black Economic Empowerment

CIG is reaping the benefit of the long-term plan it has with regard to Black Economic Empowerment ("BEE"). There were no internally funded schemes reliant on dividends, interest and hurdles and the BEE partners could continue to hold their equity without liquidity pressure.

According to the Code of the Broad-Based Black Economic Empowerment Act of 2003, dealing with the measurement of ownership, CIG has an effective BEE shareholding in excess of 34%.

The group has improved its implementation of the Code and although still lacking in certain aspects, key drivers are in place to continue to improve in aspects where we are currently lagging.

Share consolidation

CIG consolidated the share capital on a 10-for-1 basis with effect from 20 June 2011. Earnings per share, headline earnings per share and net asset value per share for the prior year have been adjusted accordingly.

Dividend policy

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

Accordingly, no dividend has been recommended for the year.

Prospects

The group's strategic positioning in the provision of infrastructure to the African Power Market, with the majority of the clients being South African or African utilities, provides a fairly robust buffer against the volatility of the market place.

Geographically, between 35% to 45% of the company's business is currently sourced from sub-Saharan Africa excluding South Africa, while 52% of the value of tenders awaiting adjudication relates to other African markets. This trend is set to continue with the company seeking to increase its percentage turnover earned from this region.

In South Africa, Eskom is expected to spend R26 billion on transmission upgrades over the next six years. Conco estimates that the Gauteng province alone requires between 20 to 25 new sub-stations per annum to keep up with demand. The municipality sector is required to spend between R25 billion to R30 billion on refurbishing its current distribution and transmission infrastructure. Conco is well positioned to benefit from these three areas of demand.

The South African Department of Energy has produced a clear-cut programme worth approximately R60 billion for the imminent rollout of 3 750 mw of renewable energy over the next four years.

The first window is to be installed by mid-2014 and Conco has to date submitted 45 tenders or budget proposals to obtain significant work. The first of four tender windows were submitted on 4 November 2011.

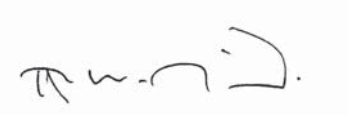
Conco is well positioned to take advantage of the South African Government's commitment to source 15% of new electricity generation from renewable energy sources within the next 20 years. We are especially excited that we have built a South African renewable energy business. This division has a highly competent team and proven track record and successful tenders in this division will have a material impact on growth. Constraints to growth do however remain in funding capacity for projects and particularly the size and scope of the individual projects.

The company has not seen indicative metrics to demonstrate a substantial improvement in the domestic construction industry and the current demand for the building material products is expected to remain weak over the medium term. At present, the Building Materials Division is trading at higher than expected levels.

Appreciation

The directors and management of Consolidated Infrastructure Group Limited wish to thank all staff for their focused efforts and loyalty over these challenging times. We also thank our customers, business partners, advisors, suppliers and our shareholders for their ongoing support and faith in the group. We would also like to extend a special word of thanks to the IDC for sharing in our vision of sustainable, renewable energy.

By order of the Board



Peter Baird
Chairman

Raoul Gamsu
Chief Executive Officer

Board of directors

Executive

Raoul Gamsu (42)

Chief Executive Officer

BAcc, CA(SA)

Raoul is the founder of the group. In 1990 he qualified with a BAcc from the University of the Witwatersrand. He is a CA(SA), as well as a Member of the National Executive of the South African Board of Jewish Education.

Raoul worked from 1994 to 2007 in various corporate roles with Bidvest, Rebhold, Rebserve and Mvelaphanda culminating in his appointment of the chief operating officer at Rebserve/ Mvelaphanda.

In May 2007 he was responsible for leading the consortium which created and subsequently listed CIG.

Ivor Klitzner (43)

Executive Director (Finance and Strategy)

BComm, CA(SA)

Ivor graduated from the University of Cape Town and completed his articles with Ernst & Young in 1993. He was financial director at Hallmark Hemdon (Pty) Limited, before leaving them in 2000 to join M&IC Distributors (Pty) Limited, a subsidiary of Brandcorp Holdings Limited, as financial director. Ivor was instrumental in assisting with the listing of CIG in 2007.

Bernard Berelowitz (61)

Executive Director and CEO of Consolidated Power Projects

Bernard's career started in 1973 as a young engineer with Hubert Davies Construction (Pty) Limited (later Cullinan Holdings Limited) after receiving his National Diploma in Electrical Engineering. In 1981 he was a company appointed executive as well as Divisional Manager, Sub-stations. Bernard helped grow the sub-station division from R1 million per annum to an approximate R20 million per annum in the period before he left.

Consolidated Power Projects (Pty) Limited ("Conco") was founded in October 1986 with Bernard at its helm. Conco is a construction company specialising in turnkey projects involving design, supply, construction, testing and commissioning of high voltage sub-stations and power lines. in addition it has divisions in protection, automation and windfarms. Conco's green legacy began with the building of the first grid-connected wind farm in the Southern Hemisphere in Crookwell, Australia, and thereafter it was awarded the contract for the Darling wind farm in the Cape, South Africa.

Conco has built a formidable reputation as an electrical infrastructure development company, driven by qualified engineers, with an impressive footprint in South Africa and Africa. In the 25 years under Bernard's leadership Conco has grown to a company employing 811 employees and achieved an impressive turnover of approximately R1,2 billion per annum.

Anthony Dixon (65)

Independent Non-Executive Director

CA(SA), FinstD

During a 29-year career with Coopers & Lybrand (PricewaterhouseCoopers), Tony Dixon became Regional Chairman – KwaZulu-Natal and a long-serving member of the firm's National Executive and Governing Board.

From 1995 to today Tony has held a number of executive and non-executive directorships on a number of major listed and unlisted boards including one of South Africa's largest short-term insurance companies – Guardian National Insurance Company – before its merger with Santam. He has considerable audit committee experience and is also currently an independent non-executive of Altech and Santova.

Tony was the Executive Director of the Institute of Directors for the four years from 2004 to 2007. He is acknowledged as an expert in corporate governance and has been instrumental in establishing the Institute of Directors in South Africa as the recognised custodians of corporate governance in the country. For a number of years he provided the secretariat role to the King Committee of which he is currently a member. He has presented on corporate governance matters at numerous seminars.

Panos Voutyritsas (35)*

Non-Executive Director

Panos is Partner and Co-Chief Investment Officer of Kingdom Zephyr Africa Management Company, a pan-African private equity company sponsored by Kingdom Holding, the private investment vehicle of HRH Prince Alwaleed of Saudi Arabia, and Zephyr Management LP, a New York-based asset manager. He has completed a number of private equity investments in Africa since Kingdom Zephyr's inception in 2004, and helped raise two funds with commitments exceeding US$500 million.

From 1999 until 2002, Panos worked in investment banking and leveraged finance at Salomon Smith Barney in New York as an Analyst and Associate. In 2002 he moved to Europe as an investment principal at Soros Real Estate Partners, Greece and South Eastern Europe. Panos is a Greek national, and has a BS in Operations Research & Industrial Engineering from Cornell.

Nathan A Mintah (50)

Independent Non-Executive Director

Nathan Mintah is a former Partner with Kingdom Zephyr Africa Management Company – a pan-African private equity fund manager. Prior to joining Kingdom Zephyr, he was Managing Director of the retained advisor to the US$400 million HSBC Kingdom Africa investment joint venture. Prior to that, he was a Director in the Global Investment Banking division of HSBC and served as Co-Head of Project Finance at HSBC Bank plc (Johannesburg). Before joining HSBC, Nathan was Head of ABB Project and Trade Finance (Sub-Saharan Africa) with ABB Asea Brown Boven in Johannesburg. He started his career in investment banking at Lehman Brothers in New York and worked previously with Morgan Stanley & Company, New York.

Nathan holds an MBA from Yale University, School of Management, and a BSc degree in Mathematics from Eckard College (USA).

His investment banking experience includes M&A, corporate finance and project finance advisory with sector experience in telecoms, energy, financial services and mining & metals. Nathan is the Chairman (Non-executive) of the Johannesburg Stock Exchange Africa Board Advisory Committee.

Peter W Baird (45)**

Independent Non-Executive Director

Peter was previously president of DJO Incorporated, a portfolio company of the Blackstone Group. Prior to that, he was a partner at McKinsey & Company and at Brait Capital Partners.

Alex Darko (58)

FCCA MSc (MIS)

Alex is a seasoned business executive and management consultant with over 30 years' experience in Europe, USA and Africa.

He was the group CIO at AngloGold Ashanti from 2005 to 2010 and CIO and Financial Controller of the Exploration & Group Projects Divisions at Ashanti Goldfields before Ashanti's merger with AngloGold.

Prior to this, Alex worked for a number of organisations in the UK. This included 14 years at Dun & Bradstreet Corporation (D&B), the global leader in business information services. Positions held at D&B include Divisional Director of Finance, European Head of Accounting Re-engineering and Director of UK Shared Services (a function he pioneered in the group).

He is a non-executive director and Chairman of the Audit Committee at Mazor Group.

Alex is a director of Skybound Capital Ventures and Chairman of Kardo Investments.

Frank Boner (65)

Non-Executive Director

CA(SA)

Frank qualified as a Chartered Accountant and served as managing partner of an accounting firm (now Horwarth Leveton Boner). He was joint Managing Director of Reichmans Limited prior to its sale to Investec Bank where Frank subsequently served as Manager of Investec's Corporate Asset-based Finance Division. Frank is currently CEO of Global Capital (Pty) Limited, a boutique investment banking and private equity firm, and has been with Global Capital since its inception in 1998.

Robert Horton (40)*

Non-Executive Director

CA(SA)

Robert is a partner of Kingdom Zephyr Africa Management. He has 11 years of private-equity investment experience, and has served as non-executive director of unlisted companies operating in the building supplies, consumer goods, distribution and light manufacturing sectors.

Robert worked in the oil and gas sector at Masefield in London. In 1998 he moved back to South Africa and worked in corporate finance before joining a leading private equity firm providing development and buyout capital to small and medium sized enterprises.

Robert has a BCom in Accounting and in Information Systems from UCT and is a Chartered Accountant.

* *Subsequent to year-end Panos Voutyritsas and Rob Horton have left the employ of Kingdom Zephyr.*

** *Resigned from the Board on 10 January 2012 to take up a permanent position with a leading international financial institution.*

Corporate governance statement

The company is fully committed to the principles of the Code of Corporate Practices and Conduct set out in King III.

The directors recognise the need to conduct the enterprise with integrity and in accordance with generally acceptable corporate practices. This includes timely, relevant and meaningful reporting to Consolidated Infrastructure shareholders and other stakeholders, providing a proper and objective perspective of the company and its activities.

The directors have, accordingly, established mechanisms and policies appropriate to the company's business in keeping with its commitment to best practices in corporate governance in order to reflect its commitment to King III. The Board will review these from time to time.

The formal steps taken by the directors are summarised below:

Board of directors

The Board consists of three executive directors and seven non-executive directors of whom five are considered independent. The Board ensures that there is an appropriate balance of power and authority on the Board, such that no one individual or block of individuals can dominate the Board's decision-taking. The non-executive directors are individuals of calibre, credibility and who have the necessary skills and experience to bring judgement to bear independent of management, on issues of strategy, performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance.

The information needs of the Board are reviewed annually and directors have unrestricted access to all company information, records, documents and property to enable them to discharge their responsibilities sufficiently. Efficient and timely methods of informing and briefing Board members prior to Board meetings have been developed and in this regard steps will be taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to Consolidated Infrastructure. In this context, the directors are afforded information in respect of key performance indicators, variance reports and industry trends.

The chairperson is a non-executive director, whose role is separate from the executive directors.

The Board appraises the chairperson's performance on an annual or such other basis as the Board may determine. The chairperson, or a sub-committee appointed by the Board, will appraise the performance of the executive directors, at least annually.

All directors are subject to retirement by rotation and re-election by Consolidated Infrastructure Group Limited ordinary shareholders at least once every three years in accordance with the articles.

Board meetings are held at least quarterly, with additional meetings convened when circumstances necessitate. The Board has set the strategic objectives of the company and determines investment and performance criteria as well as being responsible for the proper management, control, compliance and ethical behaviour of the businesses under its direction. The Board conducted a self-evaluation during the year and is satisfied that all material duties have been adequately complied with.

Appointment of directors

Board appointments are conducted in a formal and transparent manner by the Board as a whole, free from any dominance of any one particular shareholder.

The meetings at which appointment of directors is discussed and/or confirmed are properly minuted.

This policy also bears reference to the need for the annual appraisal of the performance of the Board and individual directors.

New directors shall hold office until the next annual general meeting, at which they shall retire and become available for re-election. A brief *curriculum vitae* of each director standing for election or re-election at the annual general meeting shall accompany the notice of annual general meeting contained in the annual report.

Audit committee

The Board has established an audit committee and all its members are independent non-executive directors, of whom one is the chairperson. The majority of the members are financially literate. The committee's primary objective is to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in the discharge of their duties. The committee is required to provide satisfaction to the Board that adequate and appropriate financial and operating controls are in place; that significant business, financial and other risks have been identified and are being suitably managed; and that satisfactory standards of governance, reporting and compliance are in operation.

Within this context, the Board is responsible for the group's systems of internal financial and operational control. The executive directors will be charged with the responsibility of determining the adequacy, extent and effective operation of these systems.

Comprehensive reviews and testing of the effectiveness of the internal control systems in operation are performed by external practitioners, who report to the audit committee.

The audit committee meets at least three times a year. Executives and managers responsible for finance, the heads of the internal audit and the external auditors also attend by invitation.

The audit committee authorises engagements for non-audit services with the appointed external auditors or any other practising firm of auditors, after consideration of the following:

- The essence of the work to be performed may not be of a nature which any reasonable and informed observer would construe as being detrimental to good corporate governance or in conflict with that normally undertaken by the accountancy profession;
- The nature of the work being performed will not affect the independence of the appointed external auditors in undertaking the normal audit assignments;

- The work being done may not conflict with any requirement of IFRS or principles of good corporate governance;
- Consideration to the operational structure, internal standards and processes that were adopted by the audit firm in order to ensure that audit independence is maintained in the event that such audit firm is engaged to perform accounting or other non-audit services to its client base. Specifically:
    - the company may not appoint a firm of auditors to improve systems or processes where such firm of auditors will later be required to express a view as to the functionality or effectiveness of such systems or processes;
    - the total fee earned by an audit firm for non-audit services in any financial year of the company, expressed as a percentage of the total fee for audit services, may not exceed 35% without the approval of the Board;
    - a firm of auditors will not be engaged to perform any management functions (e.g. acting as curator) without the express prior approval of the Board. A firm of auditors may be engaged to perform operational functions, including that of bookkeeping, when such firm of auditors is not the appointed external auditors of the company and work is being performed under management supervision.

The audit committee may delegate the approval of the appointment of a firm of auditors for non-audit services to management when the cumulative total budgeted cost for an assignment or assignments does not exceed R50 000 from the date of the last report-back of the use of the appointed external auditors or any other practising firm of auditors, to the audit committee. Management shall report back on the use of the appointed external auditors or any other practising firm of auditors at meetings of the audit committee.

Information relating to the use of non-audit services from the appointed external auditors of the company is disclosed in the notes to the annual financial statements. Separate disclosure of the amounts paid to the appointed external auditors for non-audit services as opposed to audit services, are made in the annual financial statements.

Remuneration committee

The Board has established a remuneration committee and all its members are non-executive directors, of whom one is the chairperson. The remuneration committee comprises the following non-executive directors:

P Voutyritsas, N Mintah and P Baird (committee chairman).

It is the committee's responsibility to determine the remuneration, incentive arrangements, profit participation and benefits of the executive directors and executive management.

The committee is responsible for ensuring that levels of remuneration are sufficient to attract, retain and motivate executives of the calibre required for high-level management as well as key personnel positions. A global consulting firm is retained to ensure executives' salaries are appropriately benchmarked against similar entities. It is also responsible for measuring the performance of the executive directors in discharging their functions and responsibilities.

Directors' emoluments are reflected in note 22 of the annual financial statements.

Short-term Incentive plan

The remuneration committee has introduced a short-term incentive plan ("STIP") where the CEO, CFO and other senior executives will be awarded a cash bonus for measured performance against a set of pre agreed goals and objectives, including financial objectives.

Goals and objectives are set at the beginning of each financial year and the evaluation of performance against these goals and objectives are assessed on a weighted basis by the remuneration committee at the end of each financial year.

The STIP is not guaranteed unless 70% of the goals and objectives are achieved. Any STIP awarded below these performance levels is entirely at the discretion of the remuneration committee.

Long-term incentive plan

The remuneration committee has introduced a long-term incentive plan ("LTIP") for management in order to align performance and profits achieved with the long-term interests of the shareholders.

The LTIP scheme takes the form of options, that at the election of the employer, can be cash settled, equity settled or a combination of both. The options vest over a four year period, with a ten year expiration date. The maximum number of options that can be granted under the LTIP scheme would be equal to 6,66% (currently limited to 10 million shares) of the authorised shares in the company.

At the beginning of each financial year, LTIP participants will be granted options representing a percentage of their current guaranteed package for that year. The percentages will be determined by the remuneration committee. The strike price of the options will be calculated based on the volume weighted average price ("WAP") for the three months preceding the financial year. The vesting of the options will be over a four year period. Actual amounts vested will be determined based on a pre-determined year on year growth rate in pre-tax operating cash flow per share.

The number of options that vest in any one year period will decrease linearly if the pre-determined growth rate is not achieved.

Options not fully vested in any one year could still vest in any of the following years, provided the required cumulative growth target for the relevant period has been achieved. The maximum period of time for each potential vesting is over a four-year cycle.

Investments

The Board meets when necessary to consider acquisitions and sales of investments.

Directors' dealings and professional advice

The company operates a policy of prohibiting dealings by directors and certain other managers in periods immediately preceding the announcement of its interim and year-end financial results, any period while the company is trading under cautionary announcement and at any other time deemed necessary by the Board.

The Board has established a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the company's expense. All directors will have access to the advice and services of the Company Secretary.

Corporate governance statement

(continued)

The Company Secretary

The Company Secretary provides the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the company. The Company Secretary provides a central source of guidance and advice to the Board, and within the company, on matters of ethics and good corporate governance. The Company Secretary will be subjected to an annual evaluation by the Board.

Risk management and internal controls

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. This is a Board responsibility.

Risks are assessed and appropriate steps have been taken to mitigate these with appropriate insurance cover purchased for all material risks above predetermined self-insured limits. Levels of cover are re-assessed annually in light of claims experiences and events affecting the group, internally and externally.

Communication

It is the policy of Consolidated Infrastructure Group Limited to meet regularly with institutional shareholders and investment analysts, as well as to provide presentations on the company and its performance.

Shareholders' resolutions enable all shareholders to express their opinion to the highest governance body on all matters that require their approval.

Employees are informed that their working relationship is governed by an appropriate bargaining council and workers' councils are in place to represent employees at the highest governance body.

We engage with other stakeholders on an ongoing basis during the normal course of business as and when required.

No requests for information were lodged with the company in terms of the Promotion of Access to Information Act, 2000.

No significant topics relating to economic, environment and social performance were raised through these mechanisms during the reporting period.

Employment equity

Consolidated Infrastructure Group Limited places particular emphasis on the development and training of its people, and will endeavour to ensure that employees are offered equal opportunity and appropriate participation.

Ethics

Consolidated Infrastructure Group Limited is committed to promoting the highest standards of ethical behaviour amongst all its employees and, to this extent, a Code of Ethics for the company and its employees has been adopted and is enforced through formalised disciplinary procedures.

BBBEE and transformation

Consolidated Infrastructure Group Limited has established a transformation and sustainability committee comprising non-executive directors N Mintah and A Darko (committee chairman) and executive director I Klitzner.

The role of the committee is to assist the group to discharge its business sustainability responsibility with respect to the implementation of practices that are consistent with good corporate citizenship.

BBBEE in the group is in excess of 34% and satisfies Mining Charter requirements.

Environment

Consolidated Infrastructure Group Limited recognises that certain of its activities have an impact on the environment and strives to minimise this impact by regularly reviewing its activities and compliance with all relevant legislation.

Corporate social responsibility

As a participant in the SA economy, the company acknowledges its responsibility towards the community. Where appropriate, there is participation in programmes aimed at education, training or the improvement of previously disadvantaged communities.

Health and safety

Consolidated Infrastructure Group Limited acknowledges its responsibility to its employees and complies with applicable legislation regarding quality, safety, health and the environment. We aim to provide and maintain, as far as practicably possible, a working environment that is safe, without material risk to the health of our employees. We have committees and external consultants monitoring compliance.

The governance of information technology

- An independent review of the group's compliance with IT laws is scheduled for 2012.
- An information security framework has been developed, but a formal information security strategy is still to be finalised and implemented.

Directors' Board meetings

	26 October 2010	22 November 2010	22 February 2011	11 April 2011
Peter Baird *(Chairman)*	✓	✓	✓	✓
Frank Boner *(Director)*	✓	✓	✓	×
Anthony Dixon *(Director)*	×	×	✓	✓
Panos Voutyritsas *(Director)*	✓	✓	✓	✓
Nathan Mintah *(Director)*	✓	✓	✓	×
Alex Darko *(Director)*	✓	✓	✓	✓
Raoul Gamsu *(Director)*	✓	✓	✓	✓
Ivor Klitzner *(Director)*	✓	✓	✓	✓
Bernard Berelowitz *(Director)*	✓	✓	✓	×
Andrea Geisser *(Resigned as a director on 13 April 2011)*	×	×	×	×

** A board meeting scheduled for 27 August 2011 was rescheduled to 6 September 2011 due to the late unavailability of certain directors.*

*** R Horton was only appointed to the Board after 11 April 2011.*

Corporate social investments

Conco receives social development National Award and Accreditation

During the year, Conco, a subsidiary of Consolidated Infrastructure Group, received Level 3 Gold Community Contributor status. The South African National Department of Social Development and the CSI Registrar commended and honoured Conco for its continued compassion and generosity demonstrated in assisting those least fortunate.

The CSI Registrar congratulated Conco on its National Award and Accreditation, stating, "The National CSI Registrar on behalf of the Department of Social Development expresses recognition and strong thanks for your inputs, time and efforts contributed to assisting those least fortunate of our culturally-rich nation. Your actions are admired and revered, as a true community contributor."

Conco has achieved this status through its well-received donations to the following organisations:

- The South African Council for the Blind;
- Cotlands (a home for orphans, abandoned and abused children);
- SOS Children's Village (an organisation that provides family-based care for less fortunate children); and
- Groote Schuur Hospital which houses many children and adults who are ill and those less fortunate.

A delegation of Conco staff members visits all the aforementioned organisations regularly to interact with the people and children, and to discuss the projects to which they are contributing.

Conco is also donating funds to a hospice in Alexandra township and has sponsored a football team in Ivory Park providing them with much-needed kit.

These projects are Conco's way of giving back to the community, making a difference in the lives of the less fortunate and allowing dreams to become realities.

Major shareholders

Shareholders that are, directly and indirectly, beneficially interested in 5% or more of the company's issued ordinary shares, as far as is known to the company, are as follows:

	2011 Number of shares	2011 Percentage of shares	2010 Number of shares	2010 Percentage of shares
Pan African Investment Partners II	**27 726 429**	**24,40**	27 726 429	24,40
Consolidated Power Holdings	**16 731 028**	**14,72**	16 731 028	14,72
Firefly Investments	**9 887 383**	**8,70**	10 556 882	9,29
Phatsima Industrial	**8 900 000**	**7,83**	8 900 000	7,83
Yonbor Nominees (Global Capital)	**7 179 483**	**6,32**	5 679 483	5,00
Phatsima Brick & Clay	**7 060 957**	**6,21**	7 060 957	6,21
	77 485 280	**68,18**	76 654 779	67,45

Public and non-public shareholders* As at 31 August 2011	2011 Number of shareholders	2011 Percentage of shareholders	2011 Number of shares	2011 Percentage of shares	2010 Number of shareholders	2010 Percentage of shareholders	2010 Number of shares	2010 Percentage of shares
Non-public shareholders								
Directors and associates								
PAIP 11	**1**	**0,24**	**27 726 429**	**24,40**	1	0,27	27 726 429	24,40
Consolidated Power Holdings	**1**	**0,24**	**16 731 028**	**14,72**	1	0,27	16 731 028	14,72
Phatsima Industrial	**1**	**0,24**	**8 900 000**	**7,83**	1	0,27	8 900 000	7,83
Phatsima Brick & Clay	**1**	**0,24**	**7 060 957**	**6,21**	1	0,27	7 060 957	6,21
Yonbor Nominees (Global Capital)	**1**	**0,24**	**7 179 483**	**6,32**	1	0,27	5 679 483	5,00
Sweetman Siluleko	**1**	**0,24**	**3 665 482**	**3,23**	1	0,27	5 365 482	4,72
Phatsima Quarries	**1**	**0,24**	**3 071 252**	**2,70**	1	0,27	3 071 252	2,70
Chantilly Trading	**1**	**0,24**	**2 357 491**	**2,07**	1	0,27	2 853 491	2,51
RBG Trust	**1**	**0,24**	**1 366 359**	**1,20**	1	0,27	1 366 359	1,20
Ocean View Trust					1	0,27	1 032 979	0,91
Hooman Family Trust	**1**	**0,24**	**623 107**	**0,55**	1	0,27	623 107	0,55
Hambridge Family Trust	**1**	**0,24**	**623 107**	**0,55**	1	0,27	623 107	0,55
Raoul Gamsu	**1**	**0,24**	**383 000**	**0,34**	1	0,27	383 000	0,34
Ivor Klitzner Family Trust	**1**	**0,24**	**300 000**	**0,26**	1	0,27	300 000	0,26
Ivor Klitzner	**1**	**0,24**	**153 000**	**0,13**	1	0,27	153 000	0,13
Anthony Dixon	**1**	**0,24**	**49 500**	**0,04**	1	0,27	49 500	0,04
Frank Boner	**1**	**0,24**	**18 600**	**0,02**	1	0,27	18 600	0,02
Peter Baird	**1**	**0,24**	**25 550**	**0,02**	1	0,27	4 300	0,00
	17	**4,15**	**80 234 345**	**70,60**	18	4,79	81 942 075	72,11
Public shareholders								
General public	**393**	**95,85**	**33 406 584**	**29,40**	358	95,21	31 698 854	27,89
Total	**410**	**100,00**	**113 640 929**	**100,00**	376	100,00	113 640 929	100,00

** No movements in Directors' shareholdings have occurred between year-end and authorisation date.*

The direct and indirect, beneficial interests of the directors and associates in the company's securities as at the financial year-end, as far as could be determined is as follows:

	2011 Beneficial direct and indirect (including their associates)	2011 Total beneficial percentage	2010 Beneficial direct and indirect (including their associates)	2010 Total beneficial percentage
H Mashaba (resigned 5 November 2010)			10 857 241	9,55
B Berelowitz	**8 840 675**	**7,78**	8 840 675	7,78
R Gamsu	**1 749 359**	**1,54**	1 749 359	1,54
I Klitzner	**453 000**	**0,40**	453 000	0,40
F Boner	**557 061**	**0,49**	444 559	0,39
P Baird	**25 550**	**0,02**	4 300	0,01
A Dixon	**49 500**	**0,04**	49 500	0,04
	11 675 145	**10,27**	22 398 634	19,71

Shareholder spread As at 31 August	2011 Number of shares	2011 Percentage of shares	2011 Number of shareholders	2011 Percentage of shareholders	2010 Number of shares	2010 Percentage of shares	2010 Number of shareholders	2010 Percentage of shareholders
0 – 1 000	**48 286**	**0,03**	**94**	**22,93**	68 456	0,06	151	40,16
1 001 – 10 000	**715 564**	**0,63**	**175**	**42,68**	439 556	0,39	114	30,32
10 001 – 100 000	**1 935 692**	**1,70**	**72**	**17,56**	1 527 901	1,34	48	12,77
100 001 – 500 000	**6 004 580**	**5,28**	**25**	**6,10**	4 548 182	4,00	19	5,05
500 001 – 1 000 000	**3 460 336**	**3,04**	**7**	**1,71**	5 145 425	4,53	8	2,13
1 000 001 and more	**101 476 281**	**89,30**	**18**	**4,39**	101 911 219	89,67	17	4,52
	113 640 739	**99,99**	**391**	**95,37**	113 640 739	99,99	357	94,95
Certificated								
0 – 1 000	**190**	**0,01**	**19**	**4,63**	190	0,01	19	5,05
Total	**113 640 929**	**100,00**	**410**	**100,00**	113 640 929	100,00	376	100,00

Report of the audit committee

We are pleased to present our report for the financial year ended 31 August 2011.

1. Audit committee terms of reference

The audit committee has adopted formal terms of reference that have been approved by the Board of directors. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

2. Audit committee members, meeting attendance and assessment

The audit committee is independent and consists of three independent, non-executive directors, Tony Dixon, Alex Darko and Frank Boner. It meets at least three times a year as per its terms of reference.

The CFO, internal auditor, external auditor, corporate advisor and other assurance providers attend meetings by invitation only.

During the year under review five meetings were held.

	21 Oct 2010	17 Nov 2010	14 Feb 2011	7 April 2011	4 Aug 2011
Anthony Dixon *(Director) Chairman*	×	✓	✓	✓	✓
Frank Boner *(Director)*	✓	✓	✓	×	✓
Alex Darko *(Director)*	✓	✓	✓	✓	✓

3. Role and responsibilities

3.1 Statutory duties

The audit committee's role and responsibilities include statutory duties per the South African Companies Act, (2008), as amended, and further responsibilities assigned to it by the Board. The audit committee executed its duties in terms of the requirements of King III and instances where the King III requirements have not been applied have been explained in the Corporate governance statement, included elsewhere in the Integrated Report.

External auditor appointment and independence

The audit committee has satisfied itself that the external auditor, PKF (Jhb) Limited, was independent of the company, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The committee ensured that the appointment of the auditor complied with the Companies Act, and any other legislation relating to the appointment of auditors.

The audit committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2011 year. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. The audit committee approved the terms of a master service agreement for the provision of non-audit services by the external auditor and approved the nature and extent of non-audit services that the external auditor may provide in terms of the agreed pre-approval policy. The audit committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE List of Auditors and their advisors.

Financial statements and accounting practices

The audit committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

An audit committee process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the company. No matters of significance have been raised in the past financial year.

Internal financial controls

The audit committee has overseen a process by which internal audit performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls. This written assessment by internal audit formed the basis for the audit committee's recommendation in this regard to the Board, in order for the Board to report thereon. The Board report on the effectiveness of the system of internal controls is included elsewhere in the Integrated Report. The audit committee supports the opinion of the Board in this regard.

3.2 Duties assigned by the Board

In addition to the statutory duties of the audit committee, as reported above, and in accordance with the provisions of the Companies Act, the Board has determined further functions for the audit committee to perform, as set out in the audit committee's terms of reference. These functions include the following:

Integrated reporting and combined assurance

The audit committee fulfils an oversight role regarding the company's Integrated Report and the reporting process. The audit committee considered the company's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to audit committee

members, and for consistency with the annual financial statements. The audit committee discussed the sustainability information with management and the chairman of the sustainability committee. The audit committee is satisfied that the sustainability information is reliable and consistent with the financial results.

The audit committee is satisfied that the company has optimised the assurance coverage obtained from management, internal and external assurance providers in accordance with an appropriate combined assurance model.

Going concern

The audit committee has reviewed a documented assessment, including key assumptions, prepared by management, of the going concern status of the company and has accordingly made recommendation to the Board. The Board's statement on the going concern status of the company, as supported by the audit committee, is covered elsewhere in the Integrated Report.

Governance of risk

The audit committee ensures that the Board's oversight of the risk management function is properly implemented by management and that it is integrated with the audit committee's functions where appropriate. The audit committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

Internal audit

The audit committee is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its duties. Furthermore, the committee oversees co-operation between the internal and external auditors, and serves as a link between the Board and these functions.

The audit committee considered and recommended the internal audit charter for approval by the Board. The internal audit function has been outsourced to Grant Thornton. The internal audit function's annual audit plan was approved by the audit committee. The internal audit function reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the group's operations. Grant Thornton is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the audit committee on a regular basis. Grant Thornton has direct access to the audit committee, primarily through its chairman.

The audit committee is also responsible for the assessment of the performance of the internal audit function. The audit committee is satisfied with the high quality and effectiveness of the service provided by Grant Thornton. During the year, the audit committee met with both the external auditors and internal control auditors without management being present. To the best of the audit committee's knowledge the group has complied with all relevant and material legal, regulatory or other responsibilities.

Evaluation of the expertise and experience of financial director and finance function

The audit committee has satisfied itself that the financial director has appropriate expertise and experience. The audit committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function within the group.

AD Dixon
CA(SA), Finst D
Chairman

27 October 2011

Economic value generated and distributed (EVG&D) table

Group		Total	Explanation
Direct economic value generated		**1 468 786**	
a	Revenues	**1 468 786**	Net sales plus revenues from financial investments and sale of assets.
Economic value distributed		**1 338 013**	
b	Operating costs	**1 087 347**	Payments to suppliers,non-strategic investments, royalties and facilitation payments.
c	Employee wages and benefits	**163 337**	Total monetary outflow for employees (current payments not future commitments).
d	Payments to providers of capital	**25 817**	All financial payments made to providers of the organisation's capital.
e*	Payments to government (by country)	**60 557**	Gross taxes.
f	Community investments	**955**	Voluntary contributions and investment of funds in broader community (including donations).
Economic value retained		**130 773**	

** No significant financial assistance has been received from government in the form of tax relief, subsidies and investment grants.*

Consolidated Infrastructure Group is pleased to report that during the current year satisfactory levels of compliance were achieved in key areas.

Biodiversity

No activities, products and services had a significant impact on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Emissions, effluents and waste

No significant spills occurred during the year.

Environmental laws and regulations – Compliance

No significant fines of monetary value or non-monetary sanctions for non-compliance with environmental laws and regulations were levied during the year on the group.

Social performance: Non-Discrimination and human rights

No incidents of discrimination occurred during the year.

Child labour

No operations have been identified as having significant risk for incidents of child labour.

Our quality controllers responsible for inspecting our suppliers manufacturing facilities have been tasked to ensure no child labour is utilised in the manufacturing of equipment.

Forced and compulsory labour

None of our operations or significant suppliers operations have been identified as having significant risk for incidents of forced or compulsory labour.

Anti-competitive behaviour

No significant fines of monetary value or non-monetary sanctions for non-compliance with laws and regulations regarding anti-competitive behaviour were levied during the year on the group.

Products and services compliance

No significant fines of monetary value or non-monetary sanctions for non-compliance with laws and regulations regarding products and service compliance were levied during the year on the group.

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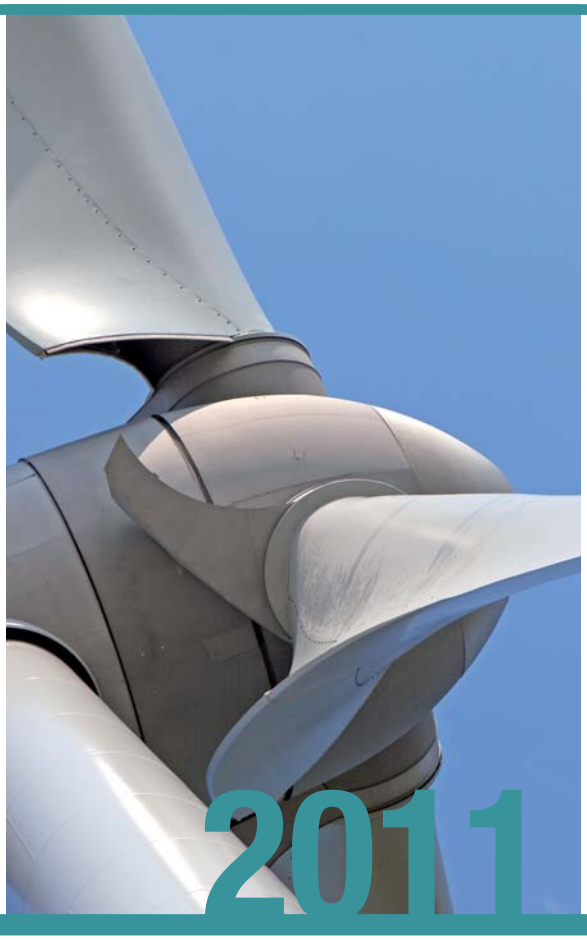


Declaration of the Company Secretary

For the year ended 31 August 2011, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act, 71 of 2008, as amended, and that all such returns are true, correct and up to date in respect of the financial year reported on.

Probity Business Services (Pty) Limited
Company Secretary

27 October 2011

Independent auditors' report

To the shareholders of Consolidated Infrastructure Group Limited

Report on the annual financial statements

We have audited the annual financial statements of Consolidated Infrastructure Group Limited, which comprise the consolidated and separate statements of financial position as at 31 August 2011, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 26 to 67 as well as the shareholders analysis as set out on pages 18 and 19.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

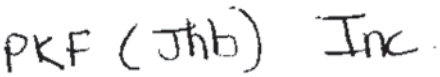
Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Consolidated Infrastructure Group Limited as at 31 August 2011, and consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



PKF (Jhb) Inc.
Registered Auditors
Chartered Accountants (SA)
Registration number: 1994/001166/21

Per: **Sone Kock**

Johannesburg
27 October 2011

Directors' responsibilities and approval

The directors are required by the Companies Act of South Africa, 2008 (as amended), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements and group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements and group annual financial statements.

The annual financial statements and group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements and group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 August 2012 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements and group annual financial statements have been examined by the group's external auditors and their report is presented on page 24.

The annual financial statements and group annual financial statements set out on pages 25 to 66, which have been prepared on the going concern basis, were approved by the Board of directors on 27 October 2011 and were signed on its behalf by:

IM Klitzner
Financial Director

RD Gamsu
Chief Executive Officer

Directors' report

The directors submit their annual report, which forms part of the annual financial statements of the company and the group for the year ended 31 August 2011.

1. Review of activities

Main business and operations

The group is engaged in the establishment of electrical infrastructure in South Africa and the rest of Africa and the supply of heavy building materials to the construction industry.

The operating results and state of affairs of the company and the group are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net profit of the group was R111,1 million (2010: R76,7 million profit), after taxation of R43,3 million (2010: R32,9 million).

2. Subsequent events

Subsequent to year-end, the directors placed 5.2 million shares at R9,80 per share with selected institutional investors. There is a minimal dilutionary impact on earnings per share and headline earnings per share as a result of the increase in the number of shares in issue.

3. Authorised and issued share capital

The number of ordinary shares in issue at 31 August 2011 was 113,6 million (2010: 113,6 million). The number of shares issued but not listed at 31 August 2011 was 3 million (2010: 3 million).

CIG consolidated the share capital on a 10 for 1 basis with effect from 20 June 2011.

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

4. Borrowing limitations

In terms of the Articles of Association of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. The borrowing powers of the directors are unlimited.

5. Dividends

No dividends were declared or paid to shareholders during the year.

6. Directors

The Articles of Association require that one third of directors retire and offer themselves for re-election at every annual general meeting.

Details of the directors' shareholding are disclosed in the analysis of shareholding report.

Details of the directors' emoluments are disclosed in note 22 to the annual financial statements. The directors of the company during the year and to the date of this report are as follows:

Name		Changes
RD Gamsu	Executive (Chief Executive Officer)	
IM Klitzner	Executive (Financial Director)	
B Berelowitz	Executive	
P Voutyritsas – Greek	Non-executive	
R Horton	Non-executive	Appointed 13 April 2011
A Geisser – American	Non-executive	Resigned 13 April 2011
P Baird – American	Independent – Non-executive	Appointed Chairman of the Board on 5 November 2010
AD Dixon	Independent – Non-executive	
A Darko – Ghanaian	Independent – Non-executive	
F Boner	Independent – Non-executive	
N Mintah – American	Independent – Non-executive	

7. Secretary

The secretary of the company is Probity Business Services (Pty) Limited.

8. Interest in subsidiaries

Name of subsidiary	Net income/(loss) after tax (R'000)
West End Claybrick (Proprietary) Limited	(4 631)
Drift Supersand (Proprietary) Limited	11 241
Consolidated Power Projects (Proprietary) Limited	108 210
Consolidated Power Maintenance and Investments (Proprietary) Limited	–

Details of the company's investment in subsidiaries are set out in note 6.

9. Auditors

PKF (Jhb) Inc. will continue in office in accordance with the New Companies Act (2008).

10. Audit committee

The audit committee met four times during the year and the internal and external auditors presented formal reports to the committee and attended meetings by invitation. In accordance with the New Companies Act (2008), as amended, the committee reports as follows:

- The scope, independence and objectivity of the external auditors was reviewed.
- The audit firm PKF (Jhb) Inc., and audit partner S Kock, are, in the committee's opinion, independent of the company, and have been proposed to the shareholders for approval to be the group's auditor for the 2012 financial year.
- On an ongoing basis, the committee reviews and approves the fees proposed by the external auditors.
- The appointment of the external auditor complies with the New Companies Act (2008), as amended, and with all other legislation relating to the appointment of external auditors.
- The nature and extent of non-audit services provided by the external auditors has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.
- The nature and extent of future non-audit services have been defined and pre-approved.
- As at the date of this report, no complaints have been received relating to accounting practices and internal audit of the company or to the content or auditing of the company's financial statements, or to any related matter.

Statements of financial position

as at 31 August 2011

Figures in Rand thousand	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Assets					
Non-current assets					
Property, plant and equipment	3	**307 528**	277 971	**114**	168
Goodwill	4	**462 220**	462 220	**–**	–
Intangible assets	5	**35 308**	38 792	**–**	–
Investments in subsidiaries	6	**–**	–	**544 360**	544 360
Financial assets	7	**2 250**	1 578	**–**	–
Deferred tax	8	**10 118**	7 522	**–**	–
		817 424	788 083	**544 474**	544 528
Current assets					
Inventories	9	**40 228**	34 388	**–**	–
Loans to group companies	10	**–**	–	**203 246**	214 746
Current tax receivable		**7 811**	6 568	**307**	323
Amounts due from contract customers	11	**569 624**	328 683	**–**	–
Trade and other receivables	12	**51 103**	59 952	**5 996**	20
Cash and cash equivalents	13	**138 763**	243 195	**9 931**	8 359
		807 529	672 786	**219 480**	223 448
Total assets		**1 624 953**	1 460 869	**763 954**	767 976
Equity and liabilities					
Equity					
Share capital	14	**676 015**	676 164	**676 015**	676 164
Foreign currency translation reserve		**(3 925)**	(3 379)	**–**	–
Accumulated income		**274 220**	163 132	**19 016**	18 974
		946 310	835 917	**695 031**	695 138
Liabilities					
Non-current liabilities					
Financial liabilities	15	**70 469**	37 734	**20 000**	20 000
Instalment sale liabilities	16	**11 182**	7 047	**–**	–
Deferred tax	8	**43 038**	31 492	**20**	20
Provisions	17	**7 881**	8 283	**–**	–
		132 570	84 556	**20 020**	20 020
Current liabilities					
Loans from group companies	10	**–**	–	**41 525**	2 945
Financial liabilities	15	**10 029**	53 698	**–**	46 320
Current tax payable		**9 914**	14 393	**–**	–
Instalment sale liabilities	16	**6 852**	5 160	**–**	–
Trade and other payables	18	**299 816**	170 137	**7 378**	3 553
Amounts received in advance		**45 883**	45 954	**–**	–
Amounts due to contract customers	11	**170 851**	241 719	**–**	–
Bank overdraft	13	**2 728**	9 335	**–**	–
		546 073	540 396	**48 903**	52 818
Total liabilities		**678 643**	624 952	**68 923**	72 838
Total equity and liabilities		**1 624 953**	1 460 869	**763 954**	767 976

Statements of comprehensive income

for the year ended 31 August 2011

		Group		Company	
Figures in Rand thousand	Notes	**2011**	2010	**2011**	2010
Revenue	20	**1 445 556**	1 229 748	**–**	–
Cost of sales		**(1 036 075)**	(886 241)	**–**	–
Gross profit		**409 481**	343 507	**–**	–
Other income		**1 274**	1 209	**9 307**	2 945
Operating expenses		**(251 435)**	(227 942)	**(14 942)**	(9 590)
Operating profit/(loss)	21	**159 320**	116 774	**(5 635)**	(6 645)
Investment revenue	23	**3 627**	7 299	**5 709**	9 076
Finance costs	24	**(8 546)**	(14 529)	**(16)**	(515)
Profit before taxation		**154 401**	109 544	**58**	1 916
Taxation	25	**(43 313)**	(32 889)	**(16)**	(537)
Profit for the year attributable to equity holders of the parent		**111 088**	76 655	**42**	1 379
Other comprehensive income:					
Exchange differences on translating foreign operations		**(546)**	(3 379)	**–**	–
Total comprehensive income attributable to equity holders of the parent		**110 542**	73 276	**42**	1 379
Earnings per share (cents)	27				
Basic		**97,76**	79,85		
Fully diluted		**97,76**	67,45		
Headline		**100,51**	105,24		
Fully diluted headline		**100,51**	88,90		

Statements of changes in equity

for the year ended 31 August 2011

Figures in Rand thousand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Accumulated income	Total equity
Group						
Balance at 1 September 2009	140 009	536 387	676 396	–	86 477	762 873
Changes in equity						
Total comprehensive income for the year	–	–	–	(3 379)	76 655	73 276
Issue of shares	2	–	2	–	–	2
Issue of shares to be issued	(140 000)	139 998	(2)	–	–	(2)
Share issue costs	–	(232)	(232)	–	–	(232)
Balance at 1 September 2010	**11**	**676 153**	**676 164**	**(3 379)**	**163 132**	**835 917**
Changes in equity						
Total comprehensive income for the year	**–**	**–**	**–**	**(546)**	**111 088**	**110 542**
Share issue costs	**–**	**(149)**	**(149)**	**–**	**–**	**(149)**
Balance at 31 August 2011	**11**	**676 004**	**676 015**	**(3 925)**	**274 220**	**946 310**
Company						
Balance at 01 September 2009	140 009	536 387	676 396	–	17 595	693 991
Changes in equity						
Total comprehensive income for the year	–	–	–	–	1 379	1 379
Issue of shares	2	–	2	–	–	2
Issue of shares to be issued	(140 000)	139 998	(2)	–	–	(2)
Share issue costs	–	(232)	(232)	–	–	(232)
Balance at 1 September 2010	**11**	**676 153**	**676 164**	**–**	**18 974**	**695 138**
Changes in equity						
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**42**	**42**
Share issue costs	**–**	**(149)**	**(149)**	**–**	**–**	**(149)**
Balance at 31 August 2011	**11**	**676 004**	**676 015**	**–**	**19 016**	**695 031**

Statements of cash flows

for the year ended 31 August 2011

		Group		Company	
Figures in Rand thousand	Notes	2011	2010	2011	2010
Cash flows from operating activities					
Cash generated from/(used in) operations	28	**10 995**	195 424	**(7 721)**	(5 508)
Interest income		**3 627**	7 299	**5 709**	9 076
Finance costs		**(8 546)**	(14 529)	**(16)**	(515)
Tax paid	29	**(39 986)**	(75 724)	**–**	(3 495)
Net cash flows from operating activities		**(33 910)**	112 470	**(2 028)**	(442)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(70 023)**	(20 372)	**(11)**	–
Proceeds on sale of property, plant and equipment		**12 128**	468	**–**	–
Repayment of loans receivable from group companies		**–**	–	**50 080**	29 127
Acquisition of financial assets		**(672)**	(571)	**–**	–
Net cash flows from investing activities		**(58 567)**	(20 475)	**50 069**	29 127
Cash flows from financing activities					
Transaction costs allocated to share premium	14	**(149)**	(227)	**(149)**	(227)
Repayment of financial liabilities		**(10 934)**	(7 986)	**(46 320)**	(25 000)
Movement in instalment sale liabilities		**5 827**	(69 708)	**–**	–
Net cash flows from financing activities		**(5 256)**	(77 921)	**(46 469)**	(25 227)
Total cash and cash equivalents movement for the year		**(97 733)**	14 074	**1 572**	3 458
Cash and cash equivalents at the beginning of the year		**233 860**	219 970	**8 359**	4 901
Effect of foreign currency translation reserve movement on cash balances		**(92)**	(184)	**–**	–
Total cash and cash equivalents at end of the year	13	**136 035**	233 860	**9 931**	8 359

Accounting policies

for the year ended 31 August 2011

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act of South Africa, 2008 (as amended), the JSE Listings Requirements and the AC 500 series of interpretations as issued by the Accounting Practices Board. The annual financial statements have been prepared on the historical cost basis, unless otherwise stated in the policies, and incorporate the principal accounting policies set out below.

The accounting policies are consistent with the prior year.

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Property, plant and equipment
Judgement is required in determining the residual value and estimated useful lives of property, plant and equipment. The estimation is done at each reporting date and revised accordingly.

Trade receivables
The group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock
An allowance to write stock down to the lower of cost or net realisable value, is made at each reporting date. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation profit note.

Impairment testing
The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the future cash flows may be different to the current projections which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill, tangible- and intangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill, tangible – and intangible assets are inherently uncertain and could materially change over time. Additional disclosure of impairments are included in note 4 – Goodwill.

Provisions
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 – Provisions.

Taxation
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	20 years
Leasehold property	Lease period
Plant and machinery	
• Earthmoving equipment	6 years
• Plant and equipment	4 – 15 years
Furniture and fixtures	3 – 5 years
Motor vehicles	4 – 5 years
Office equipment	3 – 5 years
IT equipment	3 years
Computer software	1 year
Leasehold improvements	2 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis other than for the order book which is done on a percentage of completion method, to their residual values as follows:

Item	Useful life
Mining rights	20 years
Brand names	10 years
Order book	Percentage of completion

1.5 Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition. Subsidiaries are de-consolidated on the date that the group ceases to control.

The acquisition method of accounting is used to account for the acquisition of subsidiaries.
The cost of an acquisition is the sum of:

(i) the consideration transferred measured in accordance with IFRS 3
(ii) the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3; and
(iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

All acquisition related costs are expensed when incurred.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchase from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment. The purchase method of accounting is used to account for the acquisition of subsidiaries.

1.5 Investments in subsidiaries continued

The cost of an investment in a subsidiary is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments. Financial instruments are derecognised when the group ceases the control or the obligation relating to the financial instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when the obligations expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Where the carrying value of short-term financial instruments measured at amortised cost approximate their amortised cost values, discounting is not applied as the effects thereof are considered immaterial.

Impairment of financial assets

At each statement of financial position date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to/(from) group companies

These include loans to and from subsidiaries, and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables which are subsequently measured at amortised cost using the effective interest rate method.

Loans from group companies are classified as financial liabilities measured at amortised cost using the effective interest rate method.

Environmental Rehabilitation Trust Fund

These financial assets are classified as loans and receivables and measured at amortised cost using the effective interest rate method.

1.6 Financial instruments continued

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value, including transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit (accounting loss) nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit (accounting loss) nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

1.7 Tax continued

Deferred tax assets and liabilities continued

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership to the lessee.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability which is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Instalment sale liabilities

Instalment sale liabilities are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as an instalment sale liability. The assets are depreciated over the shorter of their useful lives and the term of the instalment sale liability.

The discount rate used in calculating the present value of the minimum instalment sale payments is the interest rate implicit in the agreement.

The instalment sale payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the term of the agreement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in, first-out (FIFO) basis.

Inventories are disclosed net of any allowances for slow moving, damaged and obsolete inventories. The allowance is based on management estimates made by management of the net realisable value of certain inventory items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.11 Amounts due from contract customers

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

1.11 Amounts due from contract customers continued

Amounts due from contract customers are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Advance payments received are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost using the effective interest rate method. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost.

1.12 Impairment of assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.14 Employee benefits

Short-term employee benefits

The costs of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave and bonuses) are recognised in the period in which the service is rendered and are not discounted.

1.14 Employee benefits continued

Short-term employee benefits continued

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or State plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan. The group has no further obligation once the payments due have been settled.

1.15 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate used is in line with the length of the particular mining operation. Discounting is only performed when the effects of time value of money are considered to be material.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.16 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue associated with construction contracts is recognised by reference to the stage of completion of the construction contract at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the construction contract will flow to the group;
- the stage of completion of the construction contract at the reporting date can be measured reliably; and
- the cost incurred on the construction contract and the costs to complete the contract can be measured reliably.

Stage of completion is determined by the proportion costs incurred to date bear to the total estimated costs of the construction contract.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The amount of any reversal of any write down of inventories is limited to the original carrying amount had no write down been recognised.

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; or
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate; and
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the group's presentation currency are translated into the functional currency as follows:

- assets and liabilities for each reporting period presented are translated at the closing rate ruling at the financial year-end date;
- income and expenses for each statement of comprehensive income item are translated at average exchange rates for the year to the extent that such average rates approximates rates ruling at the date of transactions.

Exchange differences arising on the translation are recognised directly in a separate component of other comprehensive income (foreign currency translation reserve). When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

1.20 Earnings per share

Earnings per share is based on the attributable profit for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

1.21 Headline earnings per share

Headline earnings per share is based on the same calculation as in earnings per share above except that attributable profit specifically excludes items as set out in Circular 03/2009 'Headline Earnings' issued by the South African Institute for Chartered Accountants. Fully diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.22 Share Based payments

The group grants share options to its employees under a number of equity compensation plans. These options can, at the election of the employer, be cash-settled, equity settled or a combination of both. In accordance with IFRS 2, the group has recognised an employee benefit expense in profit or loss, representing the fair value of options granted to the group's employees. A corresponding credit to liabilities has been raised for plans. For cash-settled plans, the group remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

2. New Standards and Interpretations

2.1 Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's financial statements.

Standard	Details of amendment	Effective date
IAS 1 amendment	• Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012
IAS 24 (revised)	• Related Party Disclosures	Annual periods beginning on or after 1 January 2011
IAS 27	• Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013
11 individual amendments to 6 standards	• Improvements to International Financial Reporting Standards 2010	Amendments are effective for annual periods beginning on or after 1 January 2011
IFRS 7 amendment	• Disclosures – Transfers of Financial Assets	Annual periods beginning on or after 1 July 2011
IFRS 9	• Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 10	• Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 12	• Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 13	• Fair Value Measurement	Annual periods beginning on or after 1 January 2013

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IAS 27, IFRS 7 amendment, IFRS 12 and the 11 individual amendments to 6 standards are currently not applicable to the business of the entity and will therefore have no impact on future financial statements.

The aggregate impact of the initial application of the statements and interpretations on the group's annual financial statements has not yet been assessed by the directors.

3. Property, plant and equipment

Figures in Rand thousand	2011 Cost	2011 Accumulated depreciation	2011 Carrying value	2010 Cost	2010 Accumulated depreciation	2010 Carrying value
Group						
Land and buildings	**125 174**	**(3 084)**	**122 090**	114 352	(1 594)	112 758
Plant and machinery	**203 058**	**(46 116)**	**156 942**	180 844	(34 871)	145 973
Furniture and fixtures	**2 564**	**(1 408)**	**1 156**	2 397	(989)	1 408
Motor vehicles	**41 837**	**(21 821)**	**20 016**	31 349	(17 996)	13 353
Office equipment	**1 417**	**(957)**	**460**	3 065	(745)	2 320
IT equipment	**10 990**	**(6 782)**	**4 208**	6 669	(4 983)	1 686
Computer software	**3 836**	**(1 180)**	**2 656**	1 245	(772)	473
Leasehold improvements	**88**	**(88)**	**–**	88	(88)	–
Total	**388 964**	**(81 436)**	**307 528**	340 009	(62 038)	277 971
Company						
Furniture and fixtures	**196**	**(97)**	**99**	196	(65)	131
Office equipment	**20**	**(13)**	**7**	20	(9)	11
IT equipment	**162**	**(154)**	**8**	151	(125)	26
Leasehold improvements	**88**	**(88)**	**–**	88	(88)	–
Total	**466**	**(352)**	**114**	455	(287)	168

Figures in Rand thousand	Opening balance	Additions	Disposals	Depreciation	Total
Reconciliation of property, plant and equipment					
Group 2011					
Land and buildings	**112 758**	**10 823**	**–**	**(1 491)**	**122 090**
Plant and machinery	**145 973**	**35 180**	**(11 088)**	**(13 123)**	**156 942**
Furniture and fixtures	**1 408**	**191**	**(21)**	**(422)**	**1 156**
Motor vehicles	**13 350**	**15 612**	**(2 451)**	**(6 495)**	**20 016**
Office equipment	**2 320**	**190**	**(1 862)**	**(188)**	**460**
IT equipment	**1 686**	**4 882**	**(549)**	**(1 811)**	**4 208**
Computer software	**473**	**3 145**	**(505)**	**(457)**	**2 656**
	277 968	**70 023**	**(16 476)**	**(23 987)**	**307 528**
Reconciliation of property, plant and equipment					
Group 2010					
Land and buildings	113 180	938	–	(1 360)	112 758
Leasehold property	48	–	(48)	–	–
Plant and machinery	151 445	5 669	(20)	(11 121)	145 973
Furniture and fixtures	1 099	685	–	(376)	1 408
Motor vehicles	10 013	9 340	(112)	(5 888)	13 353
Office equipment	383	2 064	–	(127)	2 320
IT equipment	1 602	1 236	–	(1 152)	1 686
Computer software	174	440	–	(141)	473
Leasehold improvements	22	–	–	(22)	–
	277 966	20 372	(180)	(20 187)	277 971

3. Property, plant and equipment continued

Figures in Rand thousand	Opening balance	Additions	Depre-ciation	Total
Reconciliation of property, plant and equipment				
Company 2011				
Furniture and fixtures	**131**	**–**	**(32)**	**99**
Office equipment	**11**	**–**	**(4)**	**7**
IT equipment	**26**	**11**	**(29)**	**8**
	168	**11**	**(65)**	**114**

	Opening balance	Depre-ciation	Total
Reconciliation of property, plant and equipment			
Company 2010			
Furniture and fixtures	162	(31)	131
Office equipment	14	(3)	11
IT equipment	75	(49)	26
Leasehold improvements	22	(22)	–
	273	(105)	168

	Opening balance	Additions	Depre-ciation	Total
Assets subject to instalment sale liabilities				
Group (net carrying amount)				
Plant and machinery	–	4 555	–	–
Motor vehicles	13 621	6 659	–	–
Office equipment	2 713	1 895	–	–
	16 334	13 109	–	–

Refer to note 15 for details of property, plant and equipment provided as security to the group's lenders.

4. Goodwill

Figures in Rand thousand	2011 Cost	2011 Accumulated impairment	2011 Carrying value	2010 Cost	2010 Accumulated impairment	2010 Carrying value
Group						
Goodwill	**500 361**	**(38 141)**	**462 220**	500 361	(38 141)	462 220

	Opening balance	Impairment	Total
Reconciliation of goodwill			
Group 2010			
Goodwill	486 799	(24 579)	462 220

Impairment testing

The recoverable amounts of the cash-generating units have been determined based on value in use calculations. The assumptions applied for each of the variables are conservative and match those applied in the preparation of group budgets and forecasts. Assumptions are supported by past experience. Future cash flows were discounted at a rate of 15% to 20% over a 10 year period and assuming a growth rate of 8,5%. A period of 10 years was used as it is in line with the minimum investment period envisaged at the acquisition date. The value of goodwill determined on this basis significantly exceeds the carrying value at year-end for Drift and Conco and an impairment of R Nil (2010: R24,6 million) was made with respect to West End.

	2011	2010
Allocation of goodwill		
Drift Supersand	**22 717**	22 717
West End Claybrick	**41 565**	41 565
Conco	**397 938**	397 938
Total	**462 220**	462 220

5. Intangible assets

Figures in Rand thousand	2011 Cost	2011 Accumulated amortisation	2011 Carrying value	2010 Cost	2010 Accumulated amortisation	2010 Carrying value
Group						
Mining rights	**21 743**	**(4 349)**	**17 394**	21 743	(3 261)	18 482
Brand names	**23 959**	**(6 045)**	**17 914**	23 959	(3 649)	20 310
Order book	**21 951**	**(21 951)**	**–**	21 951	(21 951)	–
Total	**67 653**	**(32 345)**	**35 308**	67 653	(28 861)	38 792

	Opening balance	Amortisation	Total
Reconciliation of intangible assets			
Group 2011			
Mining rights	**18 482**	**(1 088)**	**17 394**
Brand names	**20 310**	**(2 396)**	**17 914**
	38 792	**(3 484)**	**35 308**
Reconciliation of intangible assets			
Group 2010			
Mining rights	19 569	(1 087)	18 482
Brand names	22 706	(2 396)	20 310
Order book	8 780	(8 780)	–
	51 055	(12 263)	38 792

	2011	2010
Remaining useful lives of intangible assets (years)		
Mining rights	**16**	17
Brand names	**7**	8

5. Intangible assets continued

Synopsis of mining rights

	Drift Supersand Mining	West End Claybrick	Regal Brick	Regal Brick
Reference number	ML06/1998	ML07/2003	MR78/2007	MR68/2007
Mineral	Sand, gravel and igneous rock	Clay	Sand occurring in the slimes dam	Clay
Properties	Portion 116, a portion of portion 79 of Roodekrans No. 183, District Krugersdorp, Gauteng measuring 26,8480 hectares in extent	Remaining portion 1 of the farm Waterspan 292 – IQ Westonaria	Mine residue deposit RMT 273/77 located on portion 3 of the farm Witpoortjie 245 – IQ Mogale City District, measuring 18,1590 hectares in extent	Remaining portion of portion 1 and a portion of portion 32 of the farm Waterspan 292 – IQ Westonaria, measuring 49,9934 hectares in extent
	Portion 80 of Roodekrans No. 183, District Krugersdorp, Gauteng measuring 38,86 hectares in extent			
	Portion 79 of Roodekrans No. 183, District Krugersdorp Gauteng measuring 26,84 hectares in extent			
Issue date	1 July 1998	18 May 2010	6 March 2007	6 March 2007
Expiration date	30 April 2009	17 May 2040	5 March 2017	5 March 2037
Status	Old order mining right Application for new order mining right has been submitted but conversion is still pending	New order mining right	New order mining right	New order mining right

No land is owned, leased or adjacent to any protected areas and areas of high biodiversity value outside protected areas.

As at year-end no impairment indicators existed.

6. Investments in subsidiaries

Figures in Rand thousand	% holding 2011	% holding 2010	Cost 2011	Cost 2010
Name of company				
Drift Supersand (Proprietary) Limited	**100**	100	**28 841**	28 841
West End Claybrick (Proprietary) Limited	**100**	100	**61 558**	61 558
Consolidated Power Projects (Proprietary) Limited	**100**	100	**453 960**	453 960
Consolidated Power Maintenance and Investments (Proprietary) Limited			**1**	1
			544 360	544 360

All subsidiaries are incorporated in South Africa.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
7. Financial assets				
Loans and receivables carried at amortised cost				
Environmental Rehabilitation Trust Fund	**2 250**	1 578	**–**	–
The carrying value of the financial assets approximate their fair value. Discounting is only performed when the effects of the time value of money are considered material.				
Non-current assets				
At amortised cost	**2 250**	1 578	**–**	–
8. Deferred tax				
Deferred tax breakdown				
Property, plant and equipment	**(24 596)**	(25 103)	**(20)**	(20)
Deferred taxation on intangible assets	**(8 694)**	(8 801)	**–**	–
Debtors and income received in advance	**(33 529)**	(20 717)	**–**	–
Tax losses available for set off against future taxable income	**33 171**	30 499	**–**	–
Other provisions	**908**	1 340	**–**	–
Temporary differences arising on property, plant and equipment	**(7 842)**	(7 379)	**–**	–
Provision for doubtful debts	**1 703**	1 534	**–**	–
Accrual for leave pay and bonus	**5 959**	4 657	**–**	–
	(32 920)	(23 970)	**(20)**	(20)
Reconciliation of deferred tax				
At beginning of the year	**(23 970)**	(25 396)	**(20)**	(20)
Reversing/(originating) temporary difference on property, plant and equipment	**507**	(9 864)	**–**	–
Decrease in deferred tax acquired through business combination	**107**	3 433	**–**	–
Originating temporary difference on debtors and income received in advance	**(12 812)**	(4 627)	**–**	–
Increase in tax losses available for set off against future taxable income	**2 672**	14 802	**–**	–
Reversing temporary difference on other provisions	**(432)**	(965)	**–**	–
Increase in deferred tax on intangible assets acquired through business combination	**(463)**	(1 542)	**–**	–
Originating/(reversing) temporary difference on provision for doubtful debts	**169**	(925)	**–**	–
Originating temporary difference on accrual for leave pay and bonus	**1 302**	1 114	**–**	–
	(32 920)	(23 970)	**(20)**	(20)

Recognition of deferred tax asset

A deferred tax asset of R33,2 million (2010: R30,5 million) was raised based on tax losses available for set off against future taxable income. The projected future taxable income is in excess of the tax losses.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
9. Inventories				
Raw materials, components	**16 415**	14 930	**–**	–
Work in progress	**12 189**	11 830	**–**	–
Finished goods	**11 624**	7 628	**–**	–
	40 228	34 388	**–**	–
Inventory is carried at the lower of cost and net realisable value. There were no write downs of inventory during the current financial year.				
Inventory pledged as security R31,7 million (2010: R28,7 million) of inventory in West End Claybrick was pledged as security for overdraft facilities in the form of a notarial bond. At year-end the overdraft amounted to R2,7 million (2010: R9,3 million).				
10. Loans to/(from) group companies				
Subsidiaries				
Drift Supersand (Proprietary) Limited	**–**	–	**58 856**	60 356
The loan is unsecured, bears interest at prime interest rate plus 0,5% and has no fixed terms of repayment.				
The group has subordinated R20 million (2010: R20 million) in favour of the subsidiary's bankers, Nedbank Limited, in accordance with the terms of the loan granted.				
West End Claybrick (Proprietary) Limited	**–**	–	**144 390**	154 390
The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.				
The group has subordinated the loan in favour of the subsidiary's bankers.				
Consolidated Power Projects (Proprietary) Limited	**–**	–	**(41 525)**	(2 945)
The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.				
	–	–	**161 721**	211 801
Current assets	**–**	–	**203 246**	214 746
Current liabilities	**–**	–	**(41 525)**	(2 945)
	–	–	**161 721**	211 801

The carrying value of the loans to and from group companies approximate their fair value due to the short-term nature of these instruments. Discounting is only performed when the effects of the time value of money are considered material.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
11. Amounts due from contract customers				
Cost incurred plus recognised profits/(less recognised losses) on contracts in progress at year-end	**113 328**	47 564	**–**	–
Amounts receivable on contracts (net of impairments)	**336 407**	175 358	**–**	–
	449 735	222 922	**–**	–
Advances received in excess of work completed	**(170 851)**	(241 719)	**–**	–
Amounts receivable/(payable) from contracts	**278 884**	(18 797)	**–**	
Retentions receivable (net of impairments)	**119 889**	105 761	**–**	–
	398 773	86 964	**–**	
Amounts due from contract customers	**569 624**	328 683	**–**	–
Amounts due to contract customers	**(170 851)**	(241 719)	**–**	–
	398 773	86 964	**–**	–
Amounts due from contract customers past due but not impaired				
Amounts due from contract customers which are less than 90 days past due are not considered to be impaired. At 31 August 2011, R50,9 million (2010: R50,4 million) was past due but not impaired.				
A provision of R31,4 million (2010: R30,1 million) was raised for past due amounts receivable from contract customers.				
The ageing of amounts past due but not impaired is as follows:				
61 – 90 days	**50 897**	50 442	**–**	–
Reconciliation of provision for impairment of amounts due from contract customers				
Opening balance	**30 087**	30 868	**–**	–
Movement in provision	**1 351**	(781)	**–**	–
	31 438	30 087	**–**	–

R569,6 million (2010: R328,7 million) amounts due from contract customers in Conco have been ceded to the bank as security for facilities granted.

The carrying value of amounts due from contract customers approximate their fair value due to the short-term nature of these instruments. Discounting is only performed when the effects of the time value of money are considered material.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
12. Trade and other receivables				
Trade receivables	**39 061**	47 881	**–**	–
Prepayments	**2 032**	1 748	**169**	20
Deposits	**301**	226	**–**	–
VAT	**3 273**	6 184	**–**	–
Professional indemnity fund	**4 404**	3 649	**–**	–
Other	**2 032**	264	**5 827**	–
	51 103	59 952	**5 996**	20
Trade and other receivables pledged as security R10,7 million (2010: R9,4 million) trade receivables in West End Claybrick (Proprietary) Limited have been ceded to the bank as security for facilities granted.				
Trade and other receivables past due but not impaired Trade and other receivables which are less than 90 days past due are not considered to be impaired.				
At 31 August 2011, R0,5 million (2010: R0,8 million) was past due but not impaired.				
A provision of R1,7 million (2010: R3,0 million) was raised for past due trade and other receivables.				
The ageing of amounts past due but not impaired is as follows:				
61 – 90 days	**459**	829	**–**	–
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	**2 985**	3 894	**–**	–
Movement in provision	**(1 285)**	(909)	**–**	–
	1 700	2 985	**–**	–

The carrying value of the trade and other receivables approximate their fair value due to the short-term nature of these instruments. Discounting is only performed when the effects of the time value of money are considered material.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
13. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**2 967**	1 918	**–**	–
Bank balances	**135 790**	241 271	**9 931**	8 359
Short-term deposits	**6**	6	**–**	–
Bank overdraft	**(2 728)**	(9 335)	**–**	–
	136 035	233 860	**9 931**	8 359
Current assets	**138 763**	243 195	**9 931**	8 359
Current liabilities	**(2 728)**	(9 335)	**–**	–
	136 035	233 860	**9 931**	8 359
The carrying value of the cash and cash equivalents approximate their fair value due to the short-term nature of these instruments. Discounting is only performed when the effects of the time value of money are considered material.				
Certain inventory (refer note 9), certain amounts due from contract customers (refer note 11), certain trade and other receivables (refer note 12) and an R8,0 million (2010: R5,0 million) surety by Consolidated Infrastructure Group Limited were pledged as security for overdraft facilities.				
14. Share capital				
Authorised				
150 million (2010: 130 million) ordinary shares of R0,0001 each	**15**	13	**15**	13
Reconciliation of number of shares issued:				
Reported as at 1 September 2009	**113 641**	93 641	**113 641**	93 641
Issue of shares – ordinary shares	**–**	20 000	**–**	20 000
	113 641	113 641	**113 641**	113 641
The authorised share capital was increased by 20 million shares to 150 million during the current financial year.				
20 million additional shares were issued to the Conco vendors after all warranted profits were met in the 2010 year. A further 36,4 million (2010: 16,4 million) unissued ordinary shares are under the control of the directors. This authority remains in force until the next annual general meeting.				
Issued share capital and share premium				
Ordinary	**11**	11	**11**	11
Share premium	**676 004**	676 153	**676 004**	676 153
	676 015	676 164	**676 015**	676 164

CIG consolidated the share capital on a 10 for 1 basis with effect from 20 June 2011. The comparative figures have been adjusted accordingly.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
15. Financial liabilities				
Held at amortised cost				
15.1 Bank loan The loan is secured over property at Drift Supersand (Proprietary) Limited valued at R68 million, bears interest at prime less 1,5% and is repayable in 60 instalments of R0,9 million.	**16 441**	25 112	**–**	–
15.2 IDC suspensive sale agreement The loan is secured by a first mortgage bond over all land and buildings and by a general notarial bond over all moveable assets. The loan only requires interest payments in arrears compounded monthly until 30 May 2012. Thereafter capital repayments will become payable on 1 June 2012. Capital repayable in 71 monthly instalments of R357 650 with a final instalment of R356 850. Interest charged is at prime less 3% compounded monthly in arrears from drawing date to 29 February 2016, thereafter at the variable rate of 0,4% below prime until repaid in full.	**24 057**	–	**–**	–
15.3 IDC Portion A of working capital loan The loan is secured by a first mortgage bond over all land and buildings and by a general notarial bond over all moveable assets. The loan only requires interest payments in arrears compounded monthly until 30 May 2012. Thereafter capital repayments will become payable on 1 June 2012. Capital repayable in 47 monthly instalments of R208 350 with a final instalment of R207 550. Interest at the rate of 3% below prime from drawing date until 29 February 2016. Thereafter at the variable rate of 0,4% below prime until repaid in full.	**10 000**	–	**–**	–
15.4 IDC Portion B of working capital loan The loan is secured by a first mortgage bond over all land and buildings and by a general notarial bond over all moveable assets. The loan only requires interest payments in arrears compounded monthly until 30 May 2012. Thereafter capital repayments will become payable on 1 June 2012. Capital repayable in 71 monthly instalments of R138 900 with a final instalment of R138 100. Interest charged at fixed rate of 6,3% compounded monthly in arrears from drawing date to 31 March 2015, thereafter at the normal rate of 0,7% below prime until repaid in full.	**10 000**	–	**–**	–
15.5 Bank loans – other R41,3 million was paid on 1 November 2010. The remainder is interest-free and is payable over an extended period based on the free cash flow generated by West End Claybrick (Proprietary) Limited.	**20 000**	61 320	**20 000**	61 320
15.6 Phatsima Holdings (Proprietary) Limited The loan was unsecured, bore interest at prime interest rate and was repaid in September 2010.	**–**	5 000	**–**	5 000
	80 498	91 432	**20 000**	66 320
Non-current liabilities At amortised cost	**70 469**	37 734	**20 000**	20 000
Current liabilities At amortised cost	**10 029**	53 698	**–**	46 320
	80 498	91 432	**20 000**	66 320

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
16. Instalment sale liabilities				
Minimum payments due				
– within one year	**12 343**	6 112	**–**	–
– in second to fifth year inclusive	**7 981**	7 691	**–**	–
	20 324	13 803	**–**	–
Less: Future finance charges	**(2 290)**	(1 596)	**–**	–
Present value of minimum payments	**18 034**	12 207	**–**	–
Present value of minimum payments due				
– within one year	**6 852**	5 160	**–**	–
– in second to fifth year inclusive	**11 182**	7 047	**–**	–
	18 034	12 207	**–**	–
Non-current liabilities	**11 182**	7 047	**–**	–
Current liabilities	**6 852**	5 160	**–**	–
	18 034	12 207	**–**	–

It is group policy to acquire certain plant and machinery, motor vehicles and office equipment under instalment sale liabilities.

The average term was three to five years and the average effective borrowing rate was 10% (2010: 10%).

Interest rates are linked to prime at the contract date. All instalment sales have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under instalment sale agreements are secured by the lessor's charge over the assets subject to instalment sales. Refer note 3.

Figures in Rand thousand	Opening balance	Additions	Reversed during the year	Total
17. Provisions				
Reconciliation of provisions				
Environmental rehabilitation Group 2011	**8 283**	**151**	**(553)**	**7 881**
Environmental rehabilitation Group 2010	8 084	199	–	8 283

The provision has been raised due to the group's obligation to rectify environmental damage on the mine situated at remaining portion 1 of the farm Waterpan 292 – IQ Westonaria and the Drift Supersand quarry situated at Muldersdrift.

In accordance with legislation, the land contaminated by the company must be restored to a condition as prescribed by the Department of Mineral Resources ("DMR"), when mining activities come to an end. During the current year the company provided for this purpose. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. In particular, the company has assumed that the site will be restored using technology and materials that are available currently. Estimated costs are based on current tariffs and guidelines. It is forecast that, due to continuing operations, the land will not have to be rehabilitated within the next 25 years, but as part of continuing operations portions of land are rehabilitated as part of ongoing operations from time to time.

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
18. Trade and other payables				
Trade payables	**181 953**	124 078	**–**	–
VAT	**534**	1 476	**76**	218
Accrued leave pay	**9 676**	7 987	**–**	–
Accrued bonus	**12 380**	8 153	**1 200**	715
Accrued audit fees	**1 597**	953	**400**	440
Accrued expenses	**93 519**	27 385	**1 675**	2 180
Other payables	**157**	105	**4 027**	–
	299 816	170 137	**7 378**	3 553
The carrying value of the trade and other payables approximate their fair value due to the short-term nature of these instruments. Discounting is only performed when the effects of the time value of money are considered material.				
19. Retirement benefits				
Defined contribution plan				
It is the policy of the group to provide retirement benefits to all its employees. A defined contribution provident fund, which is subject to the Pensions Fund Act, exists for this purpose.				
The group is under no obligation to cover any unfunded benefits.				
The total group contribution to such schemes	**5 403**	4 525	**–**	–
20. Revenue				
Sale of goods	**202 890**	202 312	**–**	–
Construction contracts	**1 242 666**	1 027 436	**–**	–
	1 445 556	1 229 748	**–**	–
21. Operating profit/(loss)				
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
– Premises	**5 162**	3 885	**298**	264
– Equipment	**301**	381	**–**	–
	5 463	4 266	**298**	264
Loss/(profit) on sale of property, plant and equipment	**4 348**	(284)	**–**	–
Gain on settlement of instalment sale liabilities	**–**	(21 786)	**–**	–
Loss on exchange differences	**7 096**	12 611	**–**	–
Employee costs	**150 445**	124 024	**7 090**	6 358

22. Directors' emoluments

Figures in Rand thousand	Salary	Bonus and performance related payments	Retirement contri-butions	Medical aid contri-butions	Subsis-tence and travel allowance	Share based payment	Total
Executive – 2011							
Paid by the company							
RD Gamsu	**2 630**	**2 475**	**–**	**–**	**120**	**1 472**	**6 707**
IM Klitzner	**1 616**	**1 360**	**–**	**–**	**84**	**644**	**3 704**
Paid by subsidiaries							
B Berelowitz	**2 583**	**500**	**466**	**100**	**471**	**–**	**4 120**
	6 829	**4 335**	**466**	**100**	**675**	**2 116**	**14 531**

The Board of Directors confirmed the proposal of the remuneration committee to award the CEO and CFO 1,964,912 and 896,491 performance based share options respectively on 10 December 2010 at a strike price of R5,34 and R5,47 respectively.

Based on the fair value of the options that vested at reporting date, the cost of the share-based payment to the directors at 31 August 2011 is included in the directors emoluments table above.

22. Directors' emoluments continued

In terms of IFRS2 the value of the shares vested by CEO and CFO amounted to R2,8 million and R1,226 million respectively.

The options form part of the long term incentive plan and have the optionality of being cash or equity settled. None of these options have been exercised during the reporting period

Refer to note 38 for further details on the terms of the scheme.

Figures in Rand thousand	Salary	Bonus and performance related payments	Retirement contri-butions	Medical aid contri-butions	Subsis-tence and travel allowance	Share based payment	Total
Executive – 2010							
Paid by the company							
RD Gamsu	2 380	750	–	–	120	–	3 250
IM Klitzner	1 416	450	–	–	84	–	1 950
Paid by subsidiaries							
B Berelowitz	2 483	450	406	92	314	–	3 745
	6 279	1 650	406	92	518	–	8 945
The 3 highest earning employees within the group (excluding executive directors) 2011							
J Hooman	**2 662**	**227**	**–**	**91**	**144**		**3 124**
IM Hambridge	**2 662**	**227**	**–**	**71**	**144**		**3 104**
A Clacher	**1 367**	**500**	**240**	**95**	**155**		**2 357**
	6 691	**954**	**240**	**257**	**443**		**8 585**
2010							
J Hooman	2 459	210	–	98	144		2 911
IM Hambridge	2 459	210	–	61	144		2 874
A Clacher	1 164	–	201	77	106		1 548
	6 082	420	201	236	394		7 333

Figures in Rand thousand	Board fees	Total
Non-executive – 2011		
Paid by the company		
P Voutyritsas	**120**	**120**
F Boner	**120**	**120**
R Horton (appointed 13 April 2011)	**20**	**20**
N Mintah	**120**	**120**
A Geisser (resigned 13 April 2011)	**28**	**28**
P Baird	**158**	**158**
AD Dixon	**115**	**115**
A Darko	**163**	**163**
	844	**844**
Non-executive – 2010		
Paid by the company		
HSP Mashaba	164	164
P Voutyritsas	101	101
F Boner	60	60
NC Machingawuta	84	84
N Mintah	58	58
A Geisser	58	58
F Baird	67	67
AD Dixon	188	188
A Darko	74	74
	854	854

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
23. Investment revenue				
Interest revenue				
Bank	**3 172**	7 214	**169**	1 159
Other	**455**	85	**–**	–
Loans to subsidiaries	**–**	–	**5 540**	7 917
	3 627	7 299	**5 709**	9 076
24. Finance costs				
Financial liabilities	**6 058**	4 637	**–**	–
Instalment sale liabilities	**1 185**	8 507	**–**	–
Bank and other	**1 303**	1 385	**16**	515
	8 546	14 529	**16**	515
25. Taxation				
Major components of the tax expense/(income)				
Current				
Local income tax – current period	**34 360**	34 181	**16**	537
Local income tax – recognised in current tax for prior periods	**–**	133	**–**	–
	34 360	34 314	**16**	537
Deferred				
Originating and reversing temporary differences	**(3 283)**	(8 628)	**–**	–
Other deferred tax	**12 236**	6 920	**–**	
Arising from prior period adjustments	**–**	283	**–**	–
	8 953	(1 425)	**–**	–
	43 313	32 889	**16**	537
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit/(loss)	**154 401**	109 544	**58**	1 916
Tax at the applicable tax rate of 28%	**43 232**	30 672	**16**	537
Tax effect of adjustments on taxable income				
Non-deductible expenditure	**64**	1 164	**–**	–
Permanent differences	**–**	782	**–**	–
Other	**–**	288	**–**	–
Arising from prior period adjustments	**–**	133	**–**	–
Tax losses carried forward	**–**	(150)	**–**	–
Exempt income	**17**	–	**–**	–
	43 313	32 889	**16**	537
The estimated tax loss available for set off against future taxable income is R133,9 million (2010: R110,7 million).				
26. Auditors' remuneration				
Fees	**1 403**	2 141	**326**	395
Consulting	**679**	288	**–**	–
	2 082	2 429	**326**	395

27. Earnings per share

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
Basic earnings per share				
Profit for the year attributable to equity holders of the parent	**111 088**	76 655	**–**	–
Shares in issue at 1 September ('000)	**113 641**	93 641	**–**	–
Shares issued to vendors ('000)	**–**	2 330	**–**	–
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**113 641**	95 971	**–**	–
Basic earnings per share (cents)	**97,76**	79,85	**–**	–
Fully diluted earnings per share				
Profit for the year attributable to equity holders of the parent	**111 088**	76 655	**–**	–
Shares in issue at 1 September ('000)	**113 641**	93 641	**–**	–
Shares issued to vendors ('000)*	**–**	20 000	**–**	–
Weighted average number of ordinary shares for the purpose of fully diluted earnings per share ('000)	**113 641**	113 641	**–**	–
Fully diluted earnings per share (cents)	**97,76**	67,45	**–**	–
Headline earnings per share				
Profit for the year attributable to equity holders of the parent	**111 088**	76 655	**–**	–
Add/(less) IAS 16 loss/(profit) on disposal of property, plant and equipment	**3 131**	(205)	**–**	–
Impairment of goodwill	**–**	24 578	**–**	–
Headline earnings for the year attributable to equity holders of the parent	**114 219**	101 028	**–**	–
Weighted average number of ordinary shares for the purpose of headline earnings per share ('000) (Refer basic earnings per share)	**113 641**	95 997	**–**	–
Headline earnings per share (cents)	**100,51**	105,24	**–**	–
Fully diluted headline earnings per share				
Profit for the year attributable to equity holders of the parent	**111 088**	76 655	**–**	–
Add/(less) IAS 16 loss/(profit) on disposal of property, plant and equipment	**3 131**	(205)	**–**	–
Impairment of goodwill	**–**	24 578	**–**	–
Headline earnings for the year attributable to equity holders of the parent	**114 219**	101 028	**–**	–
Shares in issue at 1 September ('000)	**113 641**	93 641	**–**	–
Shares issued to vendors ('000)*	**–**	20 000	**–**	–
Weighted average number of ordinary shares for the purpose of fully diluted headline earnings per share ('000)	**113 641**	113 641	**–**	–
Fully diluted headline earnings per share (cents)	**100,51**	88,90	**–**	–

**Shares issued to vendors on 20 July 2010 in the 2010 financial year.*

Share consolidation

CIG consolidated the share capital on a 10 for 1 basis with effect from 20 June 2011. Earnings per share, headline earnings per share and net asset value per share for the prior year have been adjusted accordingly.

for the year ended 31 August 2011

Figures in Rand thousand	Group 2011	Group 2010	Company 2011	Company 2010
28. Cash generated from/(used in) operations				
Profit/(loss) before taxation	**154 401**	109 544	**58**	1 916
Adjustments for:				
Depreciation and amortisation	**27 470**	32 450	**65**	105
Loss/(profit) on sale of assets	**4 348**	(284)	**–**	–
Interest received	**(3 627)**	(7 299)	**(5 709)**	(9 076)
Finance costs	**8 546**	14 529	**16**	515
Gain on settlement of instalment sale liabilities	**–**	(21 786)	**–**	–
Impairments	**–**	24 578	**–**	–
Movements in provisions	**(402)**	199	**–**	–
Changes in working capital:				
Inventories	**(5 840)**	8 787	**–**	–
Trade and other receivables	**8 291**	(5 887)	**(5 976)**	419
Amounts due from contract customers	**(240 941)**	66 485	**–**	–
Amounts due to contract customers	**(70 868)**	(1 190)	**–**	–
Trade and other payables	**129 688**	(20 963)	**3 825**	613
Advance payments	**(71)**	(3 739)	**–**	–
	10 995	195 424	**(7 721)**	(5 508)
29. Tax paid				
Balance at beginning of the year	**(7 825)**	(49 835)	**323**	(2 635)
Current tax for the year recognised in statement of comprehensive income	**(34 360)**	(34 314)	**(16)**	(537)
Effect of foreign currency translation reserve movement tax balance	**96**	600	**–**	–
Balance at end of the year	**2 103**	7 825	**(307)**	(323)
	(39 986)	(75 724)	**–**	(3 495)
30. Commitments				
Authorised capital expenditure				
Not yet contracted for and authorised by directors	**27 454**	22 215	**–**	–
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**4 733**	4 086	**–**	–
– in second to fifth year inclusive	**15 453**	19 342	**–**	–
	20 186	23 428	**–**	–

No contingent rent is payable.

31. Contingencies

The group has procured the following performance bonds:

- Lombards Insurance: R237,7 million (2010: R281,2 million) for 93 bonds (2010: 98 bonds);
- Standard Bank: R128,8 million (2010: R46,0 million) for 42 bonds (2010: 16 bonds);
- First National Bank: R68,5 million (2010: R32,6 million) for 3 bonds (2010: 3 bonds); and
- Construction Guarantee: R3,8 million (2010: R3,8 million) for 1 bond (2010: 1 bond).

The group has issued letters of intent to the value of R53,0 million (2010: R5,3 million).

32. Related parties

Relationships

Subsidiaries	Refer to note 6
Company controlled by director(s) of subsidiary	Consolidated Power Properties (Proprietary) Limited West End Cement Plant (Proprietary) Limited

Members of key management

RD Gamsu	L Heymans
IM Klitzner	A Richelman
J Hooman	M Mulligan
IM Hambridge	R de Villiers
F Aveling	A Clacher
B Reynecke	M Farmer
W Rossouw	M Prasti
T Ferreira	R Dijkstra
H Thomas	L Bushney
S Michelmore	M Grobler
B Berelowitz	S Zondi
H Boessenkool	M Mabaso
S Gesha	
D van Zyl	

	Group		Company	
Figures in Rand thousand	**2011**	2010	**2011**	2010
Related party balances (refer note 10)				
Related party transactions				
Interest paid to (received from) related parties				
Drift Supersand (Proprietary) Limited	**–**	–	**(5 540)**	(6 259)
Consolidated Power Projects (Proprietary) Limited	**–**	–		(1 132)
West End Claybrick (Proprietary) Limited	**–**	–	**(16 704)**	(525)
The full amount (2010: R3,1 million) receivable has been impaired by Consolidated Infrastructure Group Limited				
Rent paid to related party				
Consolidated Power Properties (Proprietary) Limited	**3 684**	3 804	**–**	–
Management fees paid to/(received from) related parties				
West End Claybrick (Proprietary) Limited	**–**	–	**(480)**	–
Consolidated Power Projects (Proprietary) Limited	**–**	–	**(8 827)**	(2 945)
West End Cement Plant (Proprietary) Limited	**(4 487)**	(4 705)	**–**	–

33. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 10, 16, 15, cash and cash equivalents disclosed in note 13, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the group monitors capital on the basis of the debt:equity ratio.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The debt:equity ratio at 2011 and 2010 respectively were as follows:

		Group		Company	
Figures in Rand thousand	Note	**2011**	2010	**2011**	2010
Total borrowings					
Instalment sale liabilities	16	**18 034**	12 207	**–**	–
Financial liabilities	15	**80 498**	91 432	**20 000**	66 320
		98 532	103 639	**20 000**	66 320
Less: Cash and cash equivalents	13	**136 035**	233 860	**9 931**	8 359
Net (cash)/debt		**(37 503)**	(130 221)	**10 069**	57 961
Total equity		**946 310**	835 917	**695 031**	695 138
Total capital		**908 807**	705 696	**705 100**	753 099
Debt/equity ratio (%)		**(4)**	(18)	**1**	8

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

33. Risk management continued

Figures in Rand thousand	Within 1 year	2nd to 5th year inclusive	Over 5 years
Group			
At 31 August 2011			
Financial liabilities	**10 029**	**70 469**	**–**
Instalment sale liabilities	**7 981**	**12 343**	**–**
Trade and other payables	**299 282**	**–**	**–**
Bank overdraft	**2 728**	**–**	**–**
At 31 August 2010			
Financial liabilities	53 698	37 734	–
Instalment sale liabilities	7 691	6 112	–
Trade and other payables	168 661	–	–
Bank overdraft	9 335	–	–
Company			
At 31 August 2011			
Financial liabilities	**–**	**20 000**	**–**
Loans from group companies	**41 525**	**–**	**–**
Trade and other payables	**7 302**	**–**	**–**
At 31 August 2010			
Financial liabilities	46 320	20 000	
Loans from group companies	2 945	–	–
Trade and other payables	3 335	–	–

Interest rate risk

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

At 31 August 2011, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R0,3 million (2010: R0,1 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of loans to group companies, financial assets, amounts due from contract customers, cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Amounts due from contract customers and trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate. Other receivables are evaluated on a portfolio basis.

Financial assets exposed to credit risk at year-end were as follows:

	Group		Company	
Figures in Rand thousand	**2011**	2010	**2011**	2010
Financial instrument				
Loans to group companies	**–**	–	**203 246**	214 746
Financial assets	**2 250**	1 578	**–**	–
Amounts due from contract customers	**569 624**	328 683	**–**	–
Trade and other receivables	**45 497**	51 794	**5 827**	–
Cash and cash equivalents	**138 763**	243 195	**9 931**	8 359

33. Risk management continued

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, Euro and Botswana Pula. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency exposure to financial instruments as follows:

Figures in Rand thousand	Total	Rand	US Dollar	Euro	Botswana Pula	Other
Financial Instrument						
Group – 2011						
Amounts due from contract customers	569 624	391 143	78 040	34 498	58 678	7 265
Other receivables	51 103	35 791	–	–	12 649	2 663
Cash and cash equivalents	138 763	40 582	72 893	9 585	10 818	4 885
Trade and other payables	(299 816)	(243 455)	(27 831)	(4 375)	(22 400)	(1 755)
Amounts due to contract customers	(170 851)	(162 585)	–	–	(3 487)	(4 779)
Net exposure	288 823	61 476	123 102	39 708	56 258	8 279
Group 2010						
Amounts due from contract customers	328 683	229 497	44 893	–	42 361	11 932
Other receivables	59 952	53 900	4 293	–	1 759	–
Cash and cash equivalents	243 195	159 703	59 858	19 836	3 798	–
Trade and other payables	(170 137)	(164 103)	(1 980)	(2 775)	(1 279)	–
Amounts due to contract customers	(241 719)	(232 250)	–	–	(9 469)	–
Net exposure	219 974	46 747	107 064	17 061	37 170	11 932

The group does not hedge foreign exchange fluctuations.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through the earnings in the relevant foreign currencies.

At 31 August 2011, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been R0,9 million (2010: R0,8 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated amounts due from contract customers, other receivables, and cash and cash equivalents and foreign exchange losses/gains on translation of US dollar denominated trade and other payables and amounts due to contract customers.

At 31 August 2011, if the currency had weakened/strengthened by 1% against the Euro with all other variables held constant, post-tax profit for the year would have been R0,3 million (2010: R0,1 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated amounts due from contract customers, other receivables, and cash and cash equivalents and foreign exchange losses/gains on translation of Euro denominated trade and other payables and amounts due to contract customers.

At 31 August 2011, if the currency had weakened/strengthened by 1% against the Botswana Pula with all other variables held constant, post-tax profit for the year would have been R0,4 million (2010: R0,3 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Botswana Pula denominated amounts due from contract customers, other receivables, and cash and cash equivalents and foreign exchange losses/gains on translation of Botswana Pula denominated trade and other payables and amounts due to contract customers.

Exchange rates used for conversion of foreign items were:

US dollar	7.013	7.376
Euro	10.105	9.380
Botswana Pula	1.050	1.073

34. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousand	Loans and receivables	Held to maturity	Available for sale	Non-financial assets	Total
Group 2011					
Property, plant and equipment	–	–	–	307 528	307 528
Goodwill	–	–	–	462 220	462 220
Intangible assets	–	–	–	35 308	35 308
Financial assets	2 250	–	–	–	2 250
Deferred tax	–	–	–	10 118	10 118
Inventories	–	–	–	40 228	40 228
Current tax receivable	–	–	–	7 811	7 811
Amounts due from contract customers	569 624	–	–	–	569 624
Trade and other receivables	45 497	–	–	5 606	51 103
Cash and cash equivalents	138 763	–	–	–	138 763
	756 134	–	–	868 819	1 624 953
Group 2010					
Property, plant and equipment	–	–	–	277 971	277 971
Goodwill	–	–	–	462 220	462 220
Intangible assets	–	–	–	38 792	38 792
Financial assets	1 578	–	–	–	1 578
Deferred tax	–	–	–	7 522	7 522
Inventories	–	–	–	34 388	34 388
Current tax receivable	–	–	–	6 568	6 568
Amounts due from contract customers	328 683	–	–	–	328 683
Trade and other receivables	51 794	–	–	8 158	59 952
Cash and cash equivalents	243 195	–	–	–	243 195
	625 250	–	–	835 619	1 460 869

Figures in Rand thousand	Loans and receivables	Held to maturity	Available for sale	Non-financial assets	Total
Company 2011					
Property, plant and equipment	–	–	–	114	114
Investments in subsidiaries	–	–	–	544 360	544 360
Loans to group companies	203 246	–	–	–	203 246
Current tax receivable	–	–	–	307	307
Trade and other receivables	5 827	–	–	169	5 996
Cash and cash equivalents	9 931	–	–	–	9 931
	219 004	–	–	545 433	764 437
Company 2010					
Property, plant and equipment	–	–	–	168	168
Investments in subsidiaries	–	–	–	544 360	544 360
Loans to group companies	214 746	–	–	–	214 746
Current tax receivable	–	–	–	323	323
Trade and other receivables	–	–	–	20	20
Cash and cash equivalents	8 359	–	–	–	8 359
	223 105	–	–	544 871	767 976

35. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousand	Financial liabilities at amortised cost	Fair value through profit or loss – held for trading	Non–financial liabilities	Total
Group 2011				
Financial liabilities	**80 498**	**–**	**–**	**80 498**
Instalment sale agreements	**18 034**	**–**	**–**	**18 034**
Deferred tax	**–**	**–**	**43 038**	**43 038**
Provisions	**–**	**–**	**7 881**	**7 881**
Current tax payable	**–**	**–**	**9 914**	**9 914**
Trade and other payables	**299 282**	**–**	**534**	**299 816**
Amounts received in advance	**–**	**–**	**45 883**	**45 883**
Amounts due to contract customers	**–**	**–**	**170 851**	**170 851**
Bank overdraft	**2 728**	**–**	**–**	**2 728**
	400 542	**–**	**278 101**	**678 643**
Group 2010				
Financial liabilities	91 432	–	–	91 432
Instalment sale liabilities	12 207	–	–	12 207
Deferred tax	–	–	31 492	31 492
Provisions	–	–	8 283	8 283
Current tax payable	–	–	14 393	14 393
Trade and other payables	168 661	–	1 476	170 137
Amounts received in advance	–	–	45 954	45 954
Amounts due to contract customers	–	–	241 719	241 719
Bank overdraft	9 335	–	–	9 335
	281 635	–	343 317	624 952
Company 2011				
Financial liabilities	**20 000**	**–**	**–**	**20**
Loans from group companies	**41 525**	**–**	**–**	**41 525**
Trade and other payables	**7 302**	**–**	**76**	**7 378**
	68 827	**–**	**76**	**68 903**
Company 2010				
Financial liabilities	66 320	–	–	66 320
Deferred tax	–	–	20	20
Other financial liabilities	2 945	–	–	2 945
Trade and other payables	3 335	–	218	3 553
	72 600	–	238	72 838

36. Subsequent events

Subsequent to year-end, the directors placed 5.2 million shares at R9,80 per share with selected institutional investors. There is a minimal dilutionary impact on earnings per share and headline earnings per share as a result of the increase in the number of shares in issue.

37. Segmental information

Figures in Rand thousand	Group 2011	Group 2010
Operating segments		
Revenue		
Heavy Building Materials	**202 890**	202 312
Power	**1 242 666**	1 027 436
Power – local operations	**807 236**	662 696
Power – foreign operations	**435 430**	364 740
Corporate	**–**	–
Total	**1 445 556**	1 229 748
Depreciation, amortisation and impairments		
Heavy Building Materials*	**11 792**	35 782*
Power	**12 130**	8 876
Corporate	**3 548**	12 370
Total	**27 470**	57 028
** Impairment loss recognised*	**–**	*24 578*
EBITDA		
Heavy Building Materials	**28 299**	28 840
Power	**165 866**	129 716
Corporate	**(7 375)**	(6 538)
Total	**186 790**	152 018
Reconciliation of EBITDA to profit before tax		
EBITDA	**186 790**	152 018
Gain on settlement of instalment sale liabilities		21 786
Depreciation and amortisation	**(27 470)**	(32 452)
Impairment of goodwill	**–**	(24 578)
Net interest paid	**(4 919)**	(7 230)
Profit before tax	**154 401**	109 544
Assets acquired		
Heavy Building Materials	**28 523**	4 425
Power	**41 489**	15 947
Corporate	**11**	–
Total	**70 023**	20 372
Total assets		
Heavy Building Materials	**422 956**	400 768
Power	**848 016**	673 635
Corporate	**1 137 134**	1 178 202
Total assets including group loan accounts	**2 408 106**	2 252 605
Inter-group elimination	**(783 153)**	(791 736)
Total	**1 624 953**	1 460 869
Liabilities		
Heavy Building Materials	**336 104**	318 276
Power	**515 704**	448 986
Corporate	**60 630**	94 417
Inter-group elimination	**(233 795)**	(236 727)
Total	**678 643**	624 952

West End Claybrick and Drift Supersand were consolidated into a single business unit, Heavy Building Materials.

38. Share based payments

During the reporting period three share option schemes were introduced. The details of the schemes are as follows:

Director share option scheme

Grant date	10 December 2010
Number of options granted	2 861 403
Vesting period	4 years
Vesting conditions	16% real growth in earnings to be achieved for 100% of options to vest
Expiry date	10 years
Fair value of options vested at reporting date	R4,02 million

The fair value of the options was calculated using the Black Scholes Option Model and was based on the following inputs:

Weighted average share price at reporting date	R8,34
Expected volatility	30%
Exercise price	R5,38
Expected dividends	Nil
Risk-fee interest rate	5%
Remaining vesting period	3 years

Expected volatility was based to a large extent on historical volatility

Non-Director share option scheme

Grant date	11 April 2011
Number of options granted	1 050 000
Vesting period	4 years
Vesting conditions	Continued employment required during vesting period
Expiry date	10 years
Fair value of options vested at reporting date	R1,01 million

The fair value of the options was calculated using the Black Scholes Option Model and was based on the following inputs:

Weighted average share price at reporting date	R 8,34
Expected volatility	
Exercise price	R 7,00
Expected dividends	Nil
Risk-fee interest rate	5%
Remaining vesting period	3 years

Expected volatility was based to a large extent on historical volatility

Conco employee option scheme

Grant date	11 April 2011
Number of options granted	1 010 000
Vesting period	4 years
Vesting conditions	15% real growth in Conco EBITDA to be achieved for 100% of options to vest
Expiry date	10 years
Fair value of options vested at reporting date	R0,37 million

The fair value of the options was calculated using the Black Scholes Option Model and was based on the following inputs:

Weighted average share price at reporting date	R8,34
Expected volatility	
Exercise price	R8,00
Expected dividends	Nil
Risk-fee interest rate	5%
Remaining vesting period	3 years

Expected volatility was based to a large extent on historical volatility

38. Share based payments continued

	Group		Company	
Figures in Rand thousand	2011	2010	2011	2010
Recon of share options	–	–	–	–
Outstanding at the beginning of the year				
Granted during the year	4 921 403	–	2 861 403	–
Outstanding at the end of the year	4 921 403	–	2 861 403	–
Cash-settled share option payment expense recognised in staff costs	5 421	–	4 027	–
Value of the cash-settled share option liability at year-end incorporated into trade and other payables	5 421	–	4 027	–
Intrinsic value of liability	2 555	–	2 117	–

The cash settled option expense and liability has been based on managements calculation of expected earnings going forward.

GRI index

	GRI Content Table	Fully Complied	Partial Compliance	Reference
	Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organisation (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.	✓		pg 8: Cm and CEO report
	Organisational Profile			
2.1	Name of the organisation.	✓		outside front cover
2.2	Primary brands products and/or services.	✓		"pg 1: About us pg 3: Divisional summary pg 2: Operational footprint"
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	✓		"pg 1: About us pg 3: CIG structure"
2.4	Location of organisation's headquarters.	✓		pg 71: General information
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	✓		pg 2: Operational footprint
2.6	Nature of ownership and legal form.	✓		pg 22: Analysis of shareholding
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	✓		"pg 1: About us pg 2: Operational Footprint pg 3: Divisional summary"
2.8	Scale of the reporting organisation.	✓		"Scope and boundaries pg 1: Highlights pg 7: Capacity – focus area pg 22: Analysis of shareholding pg 2: Operational footprint"
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	✓		pg 8: CM and CEO report
2.10	Awards received in the reporting period.	✓		pg 17: Corporate Social Investments
	Report Profile			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	✓		outside front cover
3.2	Date of most recent previous report (if any).	✓		scope and boundaries
3.3	Reporting cycle (annual, biennial, etc.)	✓		scope and boundaries
3.4	Contact point for questions regarding the report or its contents.	✓		scope and boundaries
	Report Scope and Boundary			
3.5	Process for defining report content, including:	✓		scope and boundaries
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	✓		scope and boundaries
3.7	State any specific limitations on the scope or boundary of the report.	✓		scope and boundaries – scope limited to risks and opportunities facing the power division
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.			Subsidiaries consolidated – information presented includes info relating to subs. No JVs, outsourcing limited. No leased facilities only instalment sales
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	n/a		first report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	n/a		first report
	GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report.	✓		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s). [Not a required disclosure for a level C, although it is addressed]	✓		scope and boundaries
	Governance			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	✓		"pg 14: Corporate Governance Statement pg 12: Board of Directors"

	GRI Content Table	Fully Complied	Partial Compliance	Reference
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	✓		pg 14: Corporate Governance Statement
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	✓		pg 14: Corporate Governance Statement
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	✓		pg 14: Corporate Governance Statement
4.14	List of stakeholder groups engaged by the organisation.	✓		pg 14: Corporate Governance Statement
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓		pg 14: Corporate Governance Statement
	Economic Performance			
	EC1 Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)	✓		"pg 21: Economic Value Generated and Distributed
	EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change. (Core)		✓	pg 8: CEO and CM statement
	EC4 Significant financial assistance received from government. (Core)	✓		pg 21: EVG&D – no assistance received
	Environmental			
	Energy			
	EN6 Initiatives to provide energy-efficient or renewable energy – based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)		✓	"pg 4: Initiatives and progress pg 8: CM and CEO report quantification of reductions not yet determined"
	Biodiversity			
	EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	✓		pg 21: Biodiversity- no significant impacts
	Emissions, Effluents, and Waste			
	EN23 Total number and volume of significant spills. (Core)	✓		pg 21: Emissions, effluents and waste – no significant spills
	Compliance			
	EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	✓		pg 21: Environmental laws and regulations- no significant fines
	Social Performance: Labour Practices & Decent Work			
	Diversity and Equal Opportunity			
	LA14 Ratio of basic salary and remuneration of women to men by significant locations of operation. (Core)	✓		pg 21: Non-discrimination
	Social Performance: Human Rights			
	Non-Discrimination			
	HR4 Total number of incidents of discrimination and actions taken. (Core)	✓		pg 21: Non-discrimination
	Child Labour			
	HR6 Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. (Core)	✓		pg 21: child labour – no incidents
	Forced and Compulsory Labour			
	HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. (Core)	✓		pg 21: Forced or compulsory labour
	Social Performance: Society			
	Anti-Competitive Behaviour			
	SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. (Additional)	✓		pg 21: Anti-competitive behaviour- no fines
	Social Performance: Product Responsibility			
	Compliance			
	PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core).	✓		pg 21: Products and services compliance

Notice of annual general meeting

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED
Share code: CIL ISIN: ZAE000148201
(Registration Number: 2007/004935/06)
(incorporated in the Republic of South Africa)

Notice is hereby given that the annual general meeting of members of Consolidated Infrastructure Group Limited ("CIG" or "the company") will be held at 6A Sandown Valley Crescent, Sandown, Sandton, on Monday, 16 April 2012 at 10:00 with the purposes of transacting the following business, with or without amendment:

A. To receive, consider and adopt the annual financial statements of the company and the group as at and for its year ended on 31 August 2011, together with the reports of the directors and auditors thereon;

B. Transacting any other business as may be transacted at the annual general meeting of shareholders of a company; and

C. Considering and, if deemed fit, adopting with or without modification the shareholder ordinary and special resolutions set out herein.

Important dates to note

	2012
Record date for receipt of notice purposes	Friday, 9 March
Last day to trade in order to be eligible to vote	Thursday, 29 March
Record date for voting purposes ("voting record date")	Thursday, 5 April

In terms of section 62(3)(e) of the Companies Act, 71 of 2008 ("the Companies Act" or "the Act"):

- A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the meeting in the place of the shareholder, by completing the proxy in accordance with the instructions set out therein;
- A proxy need not be a shareholder of the company; and
- CIG shareholders recorded in the register of the company on the voting record date (including shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting: in this regard, all CIG shareholders recorded in the register of the company on the voting record date will be required to provide identification satisfactory to the chairman of the meeting. Forms of identification include valid identity documents, driver's licences and passports.

1. Considering and, if deemed fit, adopting with or without notification, the following shareholder ordinary resolutions.

1.1. Ordinary Resolution 1: Confirmation of appointment of directors

"Resolved that the appointment of R Horton, who was appointed as a director of the company by the Board since the last annual general meeting, be and is hereby confirmed."

A brief *curriculum vitae* of the above-mentioned director can be found on page 13.

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

1.2. Ordinary Resolution 2: Re-election of directors

"Resolved that P Voutyritsas, who retires by rotation in terms of article 15.1 of the company's memorandum of incorporation ("MOI"), who being eligible, offers himself for re-election, be re-elected as a director of the company."

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

1.3. Ordinary Resolution 3: Re-election of directors

"Resolved that N Mintah who retires by rotation in terms of article 15.1 of the company's MOI, who being eligible, offers himself for re-election, be re-elected as a director of the company."

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

1.4. Ordinary Resolution 4: Re-election of directors

"Resolved that B Berelowitz who retires by rotation in terms of article 15.1 of the company's MOI, who being eligible, offers himself for re-election, be re-elected as a director of the company."

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

A brief *curriculum vitae* of each director standing for re-election can be found on pages 12 to 13.

1.5. Ordinary Resolution 5: Re-appointment of members of the audit committee

"Resolved that A Dixon (Chairperson), A Darko and F Boner be re-appointed as members of the audit committee."
This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

1.6. Ordinary Resolution 6: Re-appointment of Auditors

"Resolved that PKF (JHB) Inc be re-appointed as the auditors of the company."

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

1.7. Ordinary Resolution 7: Unissued shares

"Resolved that the authorised but unissued shares in the share capital of the company be placed under the control of directors of the company until the next annual general meeting and the directors be authorised and empowered by way of a general authority to allot and issue any and all unissued shares in the authorised share capital of the company at such time or times to such person or persons or bodies corporate and upon such terms and conditions as the directors may from time to time in their sole discretion determine, subject to the provisions of the Companies Act, the MOI and the Listings Requirements of the JSE Limited ("Listings Requirements")."

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

1.8. Ordinary Resolution 8: Issue of shares for cash

"Resolved that, pursuant to the MOI of the company, the directors of the company be and are hereby authorised until this authority lapses at the next annual general meeting of the company, provided that this authority shall not extend beyond 15 months, to allot and issue shares for cash subject to the Listings Requirements and the Companies Act, on the following bases:

(a) the allotment and issue of shares for cash shall be made only to persons qualifying as public shareholders and not to related parties, as defined in the Listings Requirements;
(b) the number of shares issued for cash shall not in the aggregate in the financial year of the company (which commenced 1 September 2011) exceed 15% of the company's issued share capital. The number of shares which may be issued for cash shall be based on the number of shares in issue at the date of the application, less any shares issued by the company during the current financial year, provided that any shares to be issued for cash pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were shares in issue at the date of application;
(c) the maximum discount at which shares may be issued for cash is 10% of the weighted average price on the JSE of those shares over 30 days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares;
(d) after the company has issued shares for cash which represent, on a cumulative basis within a financial year 5% or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value, net tangible asset value, earnings, headline earnings, and if applicable, diluted earnings and diluted headline earnings shares of the company; and
(e) the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights as are convertible into a class already in issue."

In terms of the Listings Requirements, a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of Ordinary Resolution 8 for it to be approved.

1.9. Ordinary Resolution 9: Signature of documentation

"Resolved that any director of the company and the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Ordinary Resolution numbers 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolutions number 1 and 2 which are passed by the shareholders with and subject to the terms thereof."

This resolution will require the support of 50% of the voting rights exercised on it in order for it to be adopted.

2. To consider and if deemed fit, to pass with or without modification, the following special resolutions:

2.1. Special Resolution 1: Financial assistance to related or inter-related companies

"Resolved that, to the extent required by the Companies Act, the Board of directors of the company may, subject to compliance with the requirements of the MOI, the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect Financial Assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provisions of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting provided that such authority shall not extend beyond 15 months, and further provided that inasmuch as the company's provision of Financial Assistance to its subsidiaries will at any and all times be in excess of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact."

In order for Special Resolution Number 1 to be adopted, the support of 75% of the total number of votes exercisable by shareholders is required to pass this resolution.

Reason and effect:

The company, when the need previously arose, had to provide loans to and guarantee loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act. The company would like the ability to continue to provide Financial Assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. This authority is necessary for the company to continue to provide Financial Assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the Board of directors of the company be satisfied that the terms under which the Financial Assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the Financial Assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in Special Resolution Number 1. Therefore, the reason for, and effect of, Special Resolution Number 1 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in Special Resolution Number 1 above.

2.2. Special Resolution 2: Share repurchases

"Resolved that the directors be authorised in terms of the company's MOI, until this authority lapses at the next annual general meeting of the company unless it is then renewed at the next annual general meeting of the company and provided that this authority shall not extend beyond 15 months, to enable the company or any subsidiary of the company to acquire shares of the company subject to the Listings Requirements and the Companies Act, on the following bases:

(a) the acquisition of shares must be implemented through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counterparty;
(b) the company (or any subsidiary) must be authorised to do so in terms of its MOI;
(c) the number of shares which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2011) may not in the aggregate exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's share capital as at the date of this notice of annual general meeting;
(d) repurchases may not be made at a price more than 10% above the weighted average of the market value on the JSE of the shares in question for the five business days immediately preceding the repurchase;
(e) repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements of the JSE) unless a repurchase programme is in place and the dates and quantities of shares to be repurchased during the prohibited period have been determined and full details thereof announced on SENS prior to commencement of the prohibited period;
(f) after the company has acquired shares which constitute, on a cumulative basis, 3% of the number of shares in issue (at the time that authority from shareholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the JSE Listings Requirements applicable from time to time;
(g) the company's sponsor must confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE prior to the company (or any subsidiary) entering the market to proceed with the repurchase;
(h) the company (or any subsidiary) shall appoint only one agent to effect repurchases on its behalf."

In accordance with the Listings Requirements of the JSE the directors record that:

Although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise the general authority to repurchase shares as and when suitable opportunities present themselves, which may require immediate action.

The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the buyback general authority, for a period of 12 months after the date of this annual general meeting:

- *the company and the group will, in the ordinary course of business, be able to pay its debts;*
- *the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and the group after the buyback; and*
- *the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.*

The following additional information, some of which may appear elsewhere in the integrated report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of this general authority:

- Directors – pages 12 and 13;
- Major beneficial shareholders – page 18;
- Directors' interests in shares – page 19; and
- Capital structure of the company – page 51.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names appear on pages 12 and 13 of the integrated report of which this notice forms part, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 months) a material effect on the company's financial position.

Directors' responsibility statement

The directors whose names appear on pages 12 and 13 of the integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act, 71 of 2008, as amended, and the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the integrated report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2011 and up to the date of this notice.

Reason for and effect of Special Resolution 2

The reason for Special Resolution Number 2 is to afford directors of the company a general authority for the company (or a subsidiary of the company) to effect a buy-back of the company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the Listings Requirements and the Companies Act, to effect acquisitions of the company's shares on the JSE.

This resolution will require the support of 75% of the voting rights exercised on it in order for it to be adopted.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, must be represented) and entitled to vote at the annual general meeting. In addition, a quorum for the purposes of considering the resolutions above shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Pty) Ltd (Ground Floor, 70 Marshall Street, Johannesburg), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is Thursday, 5 April 2012 (the "voting record date").

Form of proxy

A form of proxy is attached for the convenience of any CIG shareholder holding certificated shares who cannot attend the annual general meeting but who wishes to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office. The completed form of proxy must be deposited at or posted to the office of the transfer secretaries of the Company, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Thursday, 12 April 2012. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

Attached to the proxy form is an extract of section 58 of the Companies Act, to which shareholders are referred.

Shareholders who have already dematerialised their shares through a CSDP or broker and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.

Dematerialised shareholders, who have elected "own–name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the annual general meeting must complete and return the attached form of proxy and lodge it with the transfer secretaries, Computershare Investor Services (Proprietary) Limited, PO Box 61051, Marshalltown, 2107 to be received by no later than 10:00 on Thursday, 12 April 2012.

All beneficial owners whose shares have been dematerialised through a CSDP or broker other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the annual general meeting. Such shareholder must not complete the attached form of proxy.

In terms of section 63(1), meeting participants will be required to provide identification to the reasonable satisfaction of the chairman of the meeting and the chairman must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder has been reasonably satisfied).

Electronic participation

Shareholders or their proxies may participate in the annual general meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the annual general meeting by telephone conference call as aforesaid, will be required to advise the company thereof by no later than 10:00 am on Thursday, 12 April 2012 by submitting by email, to Ronelle Adant at ronelle@ciglimited.co.za or by fax, to be faxed to 011 722 7431 marked for the attention of Ronelle Adant, relevant contact details, including an email address, cellular number and landline, as well as full details of the shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of materialised shares) and (in the case of dematerialised shares) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility. Shareholder who wish to participate in the annual general meeting by electronic communication must note that they will not be able to vote during the annual general meeting. Such shareholders, should they wish to have their vote counted at the annual general meeting, must, to the extent applicable:

(i) complete the proxy form; or
(ii) contact their CSDP or stockbroker,

in both instances as set out above.

By order of the Board

Probity Business Services (Pty) Limited
Company Secretary

23 February 2012

Extract from the Companies Act

"58. Shareholder right to be represented by proxy

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
  (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –
  (a) must be in writing, dated and signed by the shareholder; and
  (b) remains valid for –
    (i) one year after the date on which it was signed; or
    (ii) any longer or shorter period expressly set out in the appointment
  unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –
  (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    (ii) delivering a copy of the revocation instrument to the proxy and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
  (a) the date stated in the revocation instrument, if any; or
  (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
  (a) the shareholder; or
  (b) the proxy or proxies, if the shareholder has –
    (i) directed the company to do so, in writing; and
    (ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –
  (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –
    (i) bear a reasonably prominent summary of the rights established by this section;
    (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  (c) the company must not require that the proxy appointment be made irrevocable; and
  (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

Notes

Form of proxy

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED
Share code: CIL ISIN: ZAE000148201
(Registration Number: 2007/004935/06)
(incorporated in the Republic of South Africa)
("CIG") or (the "Company")

For use by shareholders of CIG holding certificated shares and/or dematerialised shareholders who have elected "own-name" registration, nominee companies of CSDP's and brokers' nominee companies, registered as such at the close of business on the voting record date, at the annual general meeting to be held at 10:00 on Thursday, 12 April 2012, at 6A Sandown Valley Crescent, Sandown, Sandton ("annual general meeting") or any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (BLOCK LETTERS PLEASE)

of (address)

being the holder/s of CIG shares hereby appoint:

1. or failing him/her,

2. of failing him/her,

3. the chairman of the annual general meeting,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner (see note 2):

	Number of votes		
	Shares		
	*For	*Against	*Abstain
Ordinary resolution 1 – Confirmation of appointment of R Horton as a director of the Company			
Ordinary resolution 2 – Re-election of P Voutyritsas as a director of the company			
Ordinary resolution 3 – Re-election of N Mintah as a director of the company			
Ordinary resolution 4 – Re-election of B Berelowitz as a director of the company			
Ordinary resolution 5 – Re-appointment of the members of the Audit Committee			
Ordinary resolution 6 – Re-appointment of PKF (JHB) Inc as the auditors of the Company			
Ordinary resolution 7 – Authority to place the unissued shares under the control of the directors			
Ordinary resolution 8 – General authority to enable the company to issue up to 15% of the authorised but unissued share capital of the company			
Ordinary resolution 9 – Signature of documentation			
Special resolution 1 – General authority for the company to grant financial assistance to related and inter-related companies			
Special resolution 2 – General authority to enable the company (or any subsidiary) to repurchase shares of the company			

* *One vote per share held by CIG shareholders recorded in the register on the voting record date.*

* *Mark "for", "against" or "abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.*

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this day of 2012

Signature

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy must be deposited at Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, or posted to PO Box 61051, Marshalltown, 2107 so as to arrive by no later than 10:00 on Thursday, 12 April 2012.

Please read the notes on the reverse side hereof.

Notes

1. This form of proxy is only to be completed by those ordinary shareholders who are:
   (a) holding ordinary shares in certificated form; or
   (b) recorded in the sub-register in electronic form in their "own name",
   on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, being 5 April 2012 (the "voting record date"), and who wish to appoint another person to represent them at the annual general meeting.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services (Proprietary) Limited) that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If: (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the proxy form is modified or amended, the member will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat. If, however, the member has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
6. The forms of proxy should be lodged at Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to PO Box 61051, Marshalltown, 2107 so as to be received by no later than 10:00 on Thursday, 12 April 2012.
7. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date state in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
8. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
9. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services (Proprietary) Limited or waived by the chairman of the annual general meeting.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Proprietary) Limited.
12. Where there are joint holders of shares:
    12.1. any one holder may sign the form of proxy; and
    12.2. the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
13. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services (Proprietary) Limited, at Ground Floor, Marshall Street, Johannesburg, to reach the company by no later than 10:00 on 12 April 2012.
14. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
15. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, 2008 (the "Companies Act"), as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act, is attached to this form of proxy.

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Turnkey constructor for the electricity supply industry and supplier of heavy building materials to the construction industry
Directors	RD Gamsu IM Klitzner B Berelowitz P Voutyritsas – Greek F Boner N Mintah – American P Baird – American AD Dixon A Darko – Ghanaian R Horton
Registered office	6A Sandown Valley Crescent Sandown Sandton 2196
Postal address	PO Box 651455 Benmore 2010
Auditors	PKF (Jhb) Inc. Chartered Accountants (SA) Registered Auditors Registration number 1994/001166/21 Johannesburg 2196
Secretary	Probity Business Services (Pty) Limited
Company registration number	2007/004935/06

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