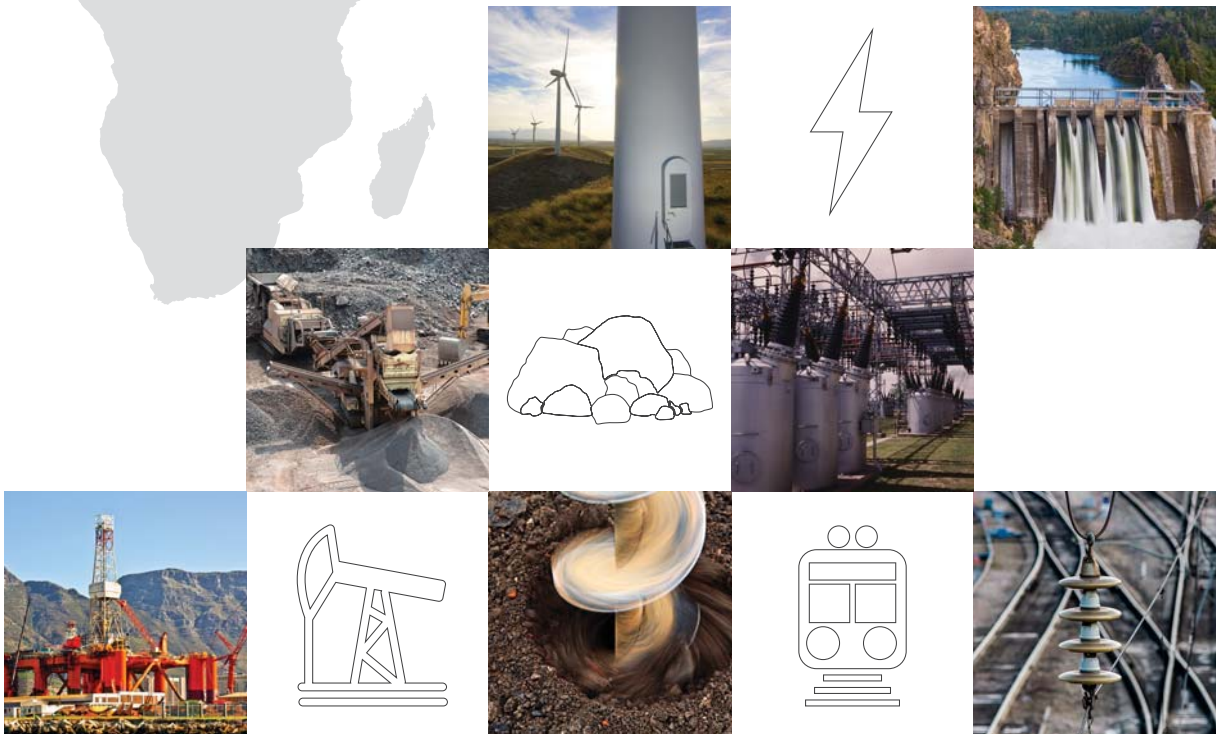
INTEGRATED ANNUAL REPORT

for the year ended 31 August 2015



Consolidated Infrastructure Group Limited

Supporting Pan-African growth through infrastructure

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ibc **CONTACT DETAILS**

OUR VISION

To enhance shareholder value by acquiring and operating infrastructure assets and services that are shaping the future of Africa.

CROSS REFERENCING ASSISTANCE

Further information on the web followed by the url

Additional information including page number

SCOPE AND BOUNDARY

CIG is an infrastructure-focused company listed on the JSE Main Board in the 'Electrical Equipment' sector. In the year under review the group operated through four reportable divisions: Power and Electricity, which supplies high voltage infrastructure to the energy sector; Consolidated Building Materials, which supplies heavy building materials to the construction industry; Oil & Gas, which provides waste management services for the industrial and natural resources exploration sectors; and Rail, which provides power maintenance solutions and railway electrification.

KEY DATA

Consolidated Infrastructure Group Limited
(Incorporated in the Republic of South Africa)
(Registration no: 2007/004935/06)
ISIN: ZAE000153888
JSE Main Board sector: Electrical Equipment
JSE share code: CIL
Listing date: 2007
Shares in issue at year-end: 148 888 624
Shares in issue at reporting date: 156 888 624

The group's executive directors are Raoul Gamsu (CEO) and Ivor Klitzner (Financial Director). They can be contacted at the registered office of the company (see inside back cover).

CIG's integrated annual report 2015 is available in hard copy from the company secretary, on request, and is also posted on the group's website http://www.ciglimited.co.za.

The company's contact details are disclosed on the inside back cover.

SCOPE OF THE REPORT

Our 2015 integrated annual report endeavours to present a concise integrated overview of the ESG performance of the group for the year 1 September 2014 to 31 August 2015, and follows our annual report for the previous year published in February 2015. Our intention is to make the report as easily navigable and accessible as possible, with all extraneous information edited out. Content is also weighted according to the size of each division relative to the group, with Conco still the major driver of group performance albeit diminished overall by ongoing diversification.

Content encompasses all divisions and subsidiaries of the company, as illustrated in the group structure on page 5, across all regions of operation.

There was no change to any measurement techniques nor were there any restatements of previously reported information. For more information please see the annual financial statements.

BASIS OF PREPARATION

This report is primarily targeted at current shareholders and potential investors in the group, but also covers areas of interest to other stakeholders such as suppliers, employees, customers, providers of capital and government.

The company has applied the majority of the principles in the King III Report. In respect of those which have not been fully applied, explanation is offered. CIG has further considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued in December 2013.

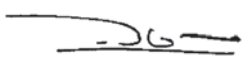
The annual financial statements have been prepared in accordance with IFRS, the requirements of the Companies Act, 71 of 2008 as amended, the Listings Requirements of the JSE, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

RESPONSIBILITY STATEMENT AND REVIEW

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this report. It has been reviewed by the audit and risk committee, the board, company secretary, sponsor and investor relations consultants. The annual financial statements included in this integrated annual report have been audited by the external auditors.

RD Gamsu
CEO

IM Klitzner
Financial Director



A Dixon
Chairman audit and risk committee

INVESTMENT CASE

ACHIEVING OUR VISION

Proven investor value
Five-year compound average growth rate of share price **40%**

Sound **Pan-African** strategy

Local knowledge and market intelligence

Significant **financial growth** through diversification
Five year compound revenue growth **25%**

Established track record in South Africa in **renewable energy**

Multi-region and multi-sector strategy

Delivery of **world-class services** and products

Long-term prudent approach

Strong **stakeholder** relationships

Innovative organic growth of new business streams

LIVING OUR VALUES

INTEGRITY

- Treat our employees with care, concern and respect
- Promote workplace diversity
- Support the right to employees' freedom of association
- Employee wellness programme
- Committed to environmental responsibility
- Actively focus on prevention of corruption and anticompetitive behaviour in a market with finite suppliers
- Committed to promoting and maintaining respect for human rights
- Independent external assurance on financials

ENCOURAGE ENTREPRENEURSHIP, INGENUITY AND OWNERSHIP

- Operate on a decentralised basis with appropriate executive and management incentivisation on performance
- Develop, empower and enable our people through ongoing training and development (Conco Skills Academy)
- "Grow our own timber"
- Provide work for newly qualified engineers through Engineer in Training Programme
- Actively encourage innovative business ideas

DELIVER SUPERIOR SOLUTIONS

- Conco Skills Academy
- Recognition and appropriate incentives for our diverse team

PROUDLY A WORLD CITIZEN (STARTING AT HOME!)

- Job creation
- Prioritise employment of locals
- Strong CSI programme
- Uplift skills in a skills-challenged industry (Conco Skills Academy)
- Ensure all sites are rehabilitated
- Develop power infrastructure in Africa for economic development
- Electrical and civil engineering internship-work integrated learning phase
- Bursaries for engineering students

EXCELLENT SERVICE, QUALITY AND ADVICE

- Delivery on time and within budget
- Target-based performance assessment
- Turnkey solutions at competitive prices
- Proven track record
- Conco ISO accreditation
- Stringent quality control

FY15 HIGHLIGHTS

REVENUE	HEADLINE EARNINGS PER SHARE	PROFIT	POWER ORDER BOOK
↑ 36,7%	↑ 17,5%	↑ 28,4%	↑ 36,7%
R3,6 BILLION (2014: R2,6 billion)	220,7 CENTS PER SHARE (2014: 187,8 cents per share)	R331 MILLION (2014: R258 million)	R4,1 BILLION (2014: R3,0 billion)

STRATEGY SCORECARD

STRATEGIC GROWTH OF DIVISIONS

Conco leveraged growth opportunities in South African municipalities and renewable energy to counter downturn in mining and Eskom

TRANSFORMATIVE INVESTMENTS

CIGenCo built significant R900 million pipeline

Tractional acquisition finalised – to develop skills and expertise in the rail sector

FORMATION OF PAN-AFRICAN GROWTH ENGINE

CIG established a group procurement office to leverage critical mass and group-wide scale

Milestones

1986

Conco established as a family business

2007

CIG lists on AltX as 'Buildworks', comprising the Consolidated Building Materials division

2008

CIG acquires Conco

2009

Achieves R1 billion revenue

2010

CIG transfers to JSE Main Board 'Electrical Equipment' sector

Establishes a renewable energy offering in Conco

Achieves R1,2 billion revenue

2011

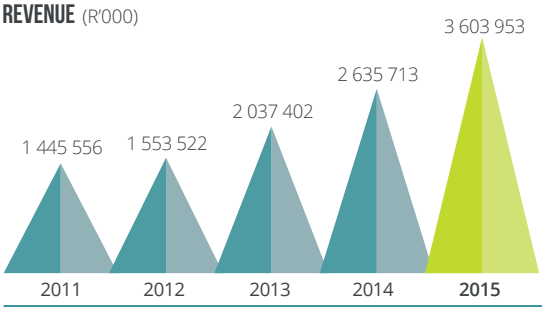
Conco secures a R200 million contract from Eskom for 400kV overhead lines

Conco pre-selected for South Africa REIPPPP bids

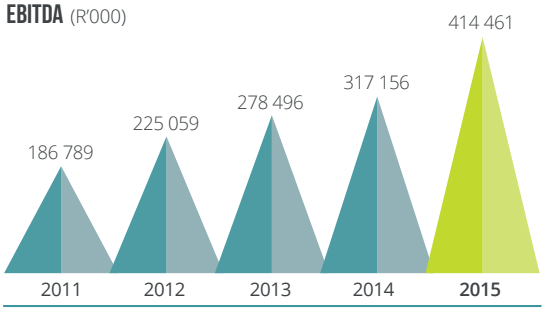
Achieves R1,4 billion revenue

FIVE-YEAR REVIEW

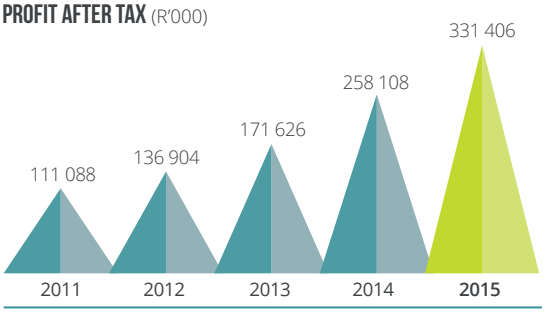
REVENUE (R'000)



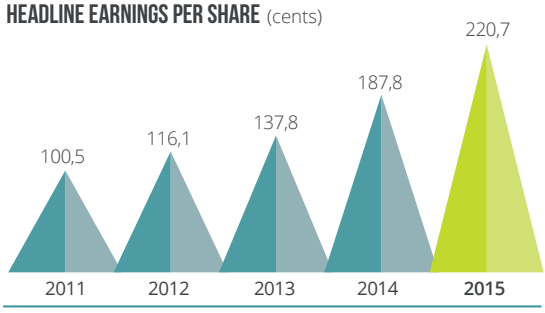
EBITDA (R'000)



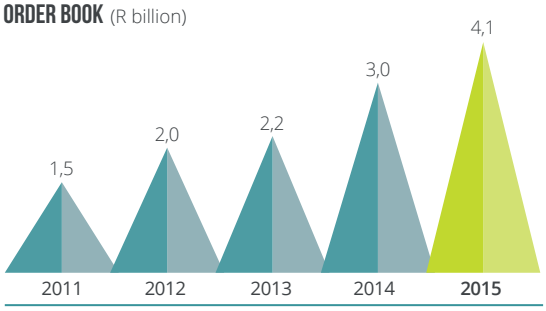
PROFIT AFTER TAX (R'000)



HEADLINE EARNINGS PER SHARE (cents)



ORDER BOOK (R billion)



For further information on the performance of our business divisions refer to pages 24 to 35.

2012

CIG announces intention to acquire 30,5% interest in AES

Establishes O&M in Conco to focus on long-term annuity contracts in renewable energy

Achieves R1,5 billion revenue

2013

Assisting in management of AES

Achieves R2,0 billion revenue

2014

AES included in results

Achieves R2,6 billion revenue

2015

Tractionel included in results

CIGenCo established

Achieves R3,6 billion revenue

POWER | BUILDING MATERIALS | OIL & GAS | RAIL

WHO WE ARE

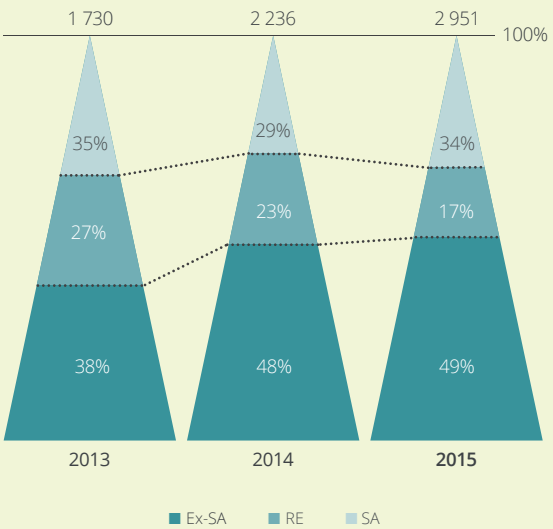
CIG is a decentralised Pan-African infrastructure group focused primarily on the energy and oil and gas sectors, with 54% of profit derived outside South Africa.

We seek to invest ahead of trends in order to capitalise fully and quickly on the upside, reinvesting our capital to fuel growth rather than returning funds to investors. We are passionate about our people and continually invest in improving our employees as well as our relationships with customers, the communities in which we work and our suppliers. We are a company looking to grow through diversification and innovation.

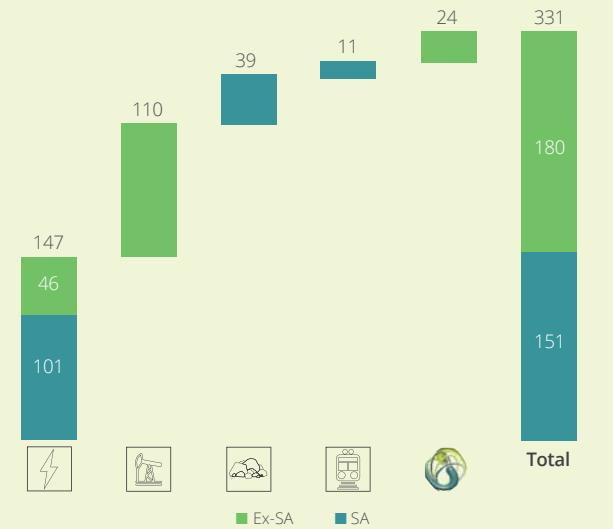
Operating on a decentralised basis means that we offer our subsidiaries strong strategic, financial and operational support while each business is headed by its own executives and management team.

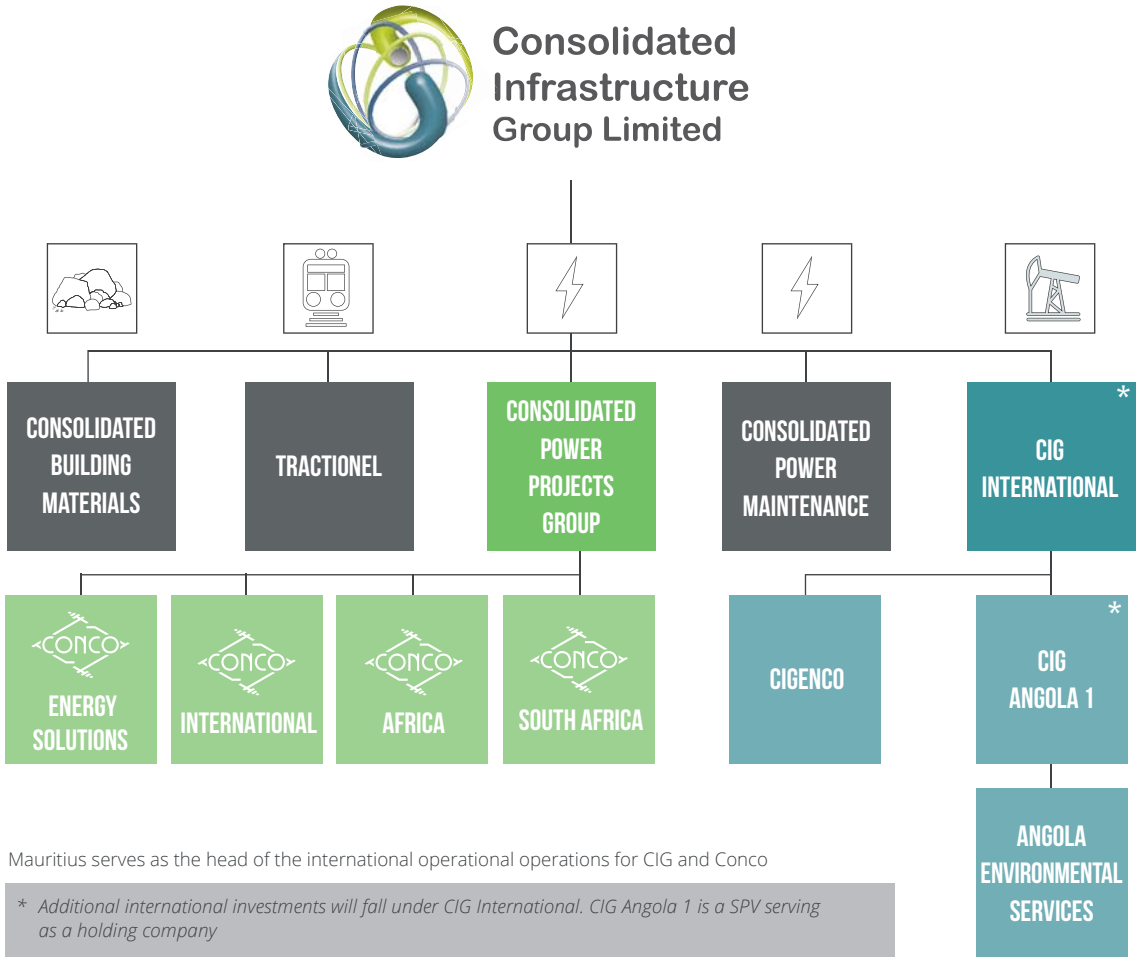
Now for who we are not. Although we are exposed to the construction industry, we are not a construction company but rather an engineering group. Nor are we a corporate finance group, as we are actively involved in our operations on an ongoing basis.

POWER SPLIT OF REVENUE: SA VS. EX-SA VS. RE (R million)

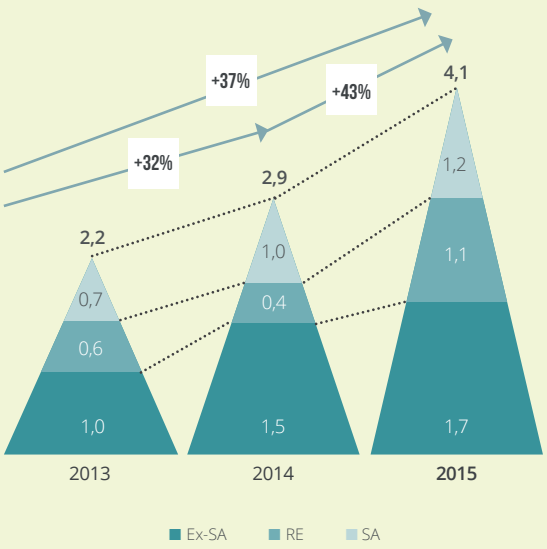


FY15 CIG SEGMENTAL PROFITS (R million)

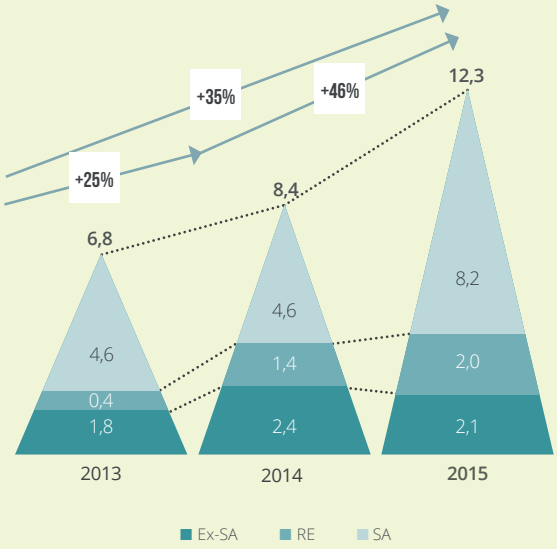




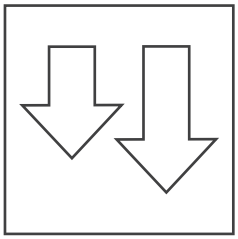
POWER ORDER BOOK (R billion)



POWER TENDERS AWAITING ADJUDICATION (R million)

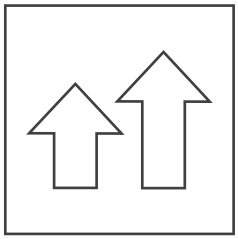


BUSINESS MODEL



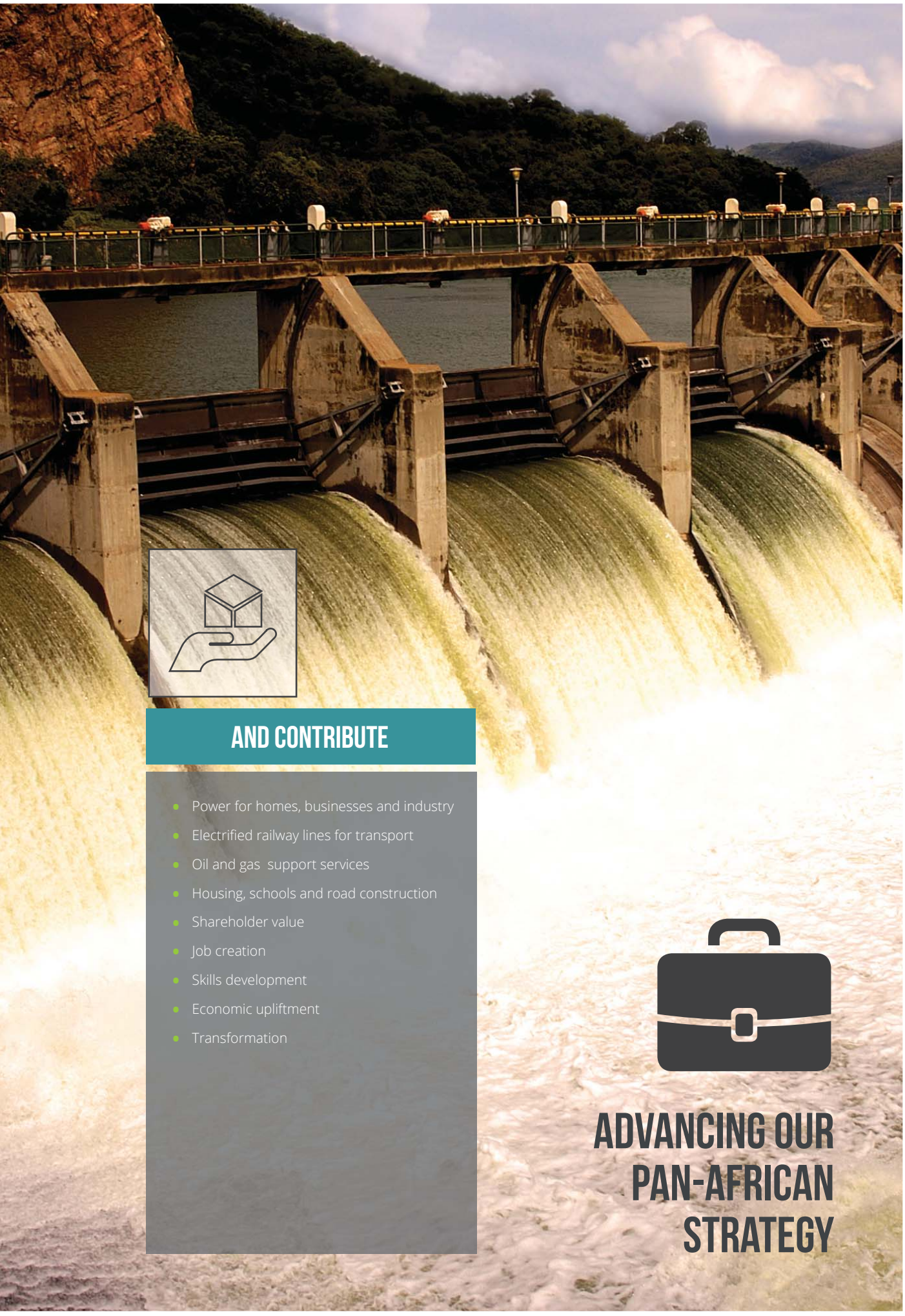
WE USE

- Funding
- Manufacturing facilities
- Financial expertise
- Engineering and manufacturing skills
- Industry expertise
- Cash resources
- Partnerships
- Stakeholder engagement



TO PROVIDE

- High voltage turnkey electrical substations
- Overhead power lines
- Renewable energy – wind and solar solutions
- Containerised substations
- Smart grid solutions
- Batteries and chargers
- Control centre applications
- Oil and gas industry waste management services
- Crushed stone and rock
- Clay bricks
- Concrete roof tiles
- Railway electrification



AND CONTRIBUTE

- Power for homes, businesses and industry
- Electrified railway lines for transport
- Oil and gas support services
- Housing, schools and road construction
- Shareholder value
- Job creation
- Skills development
- Economic upliftment
- Transformation

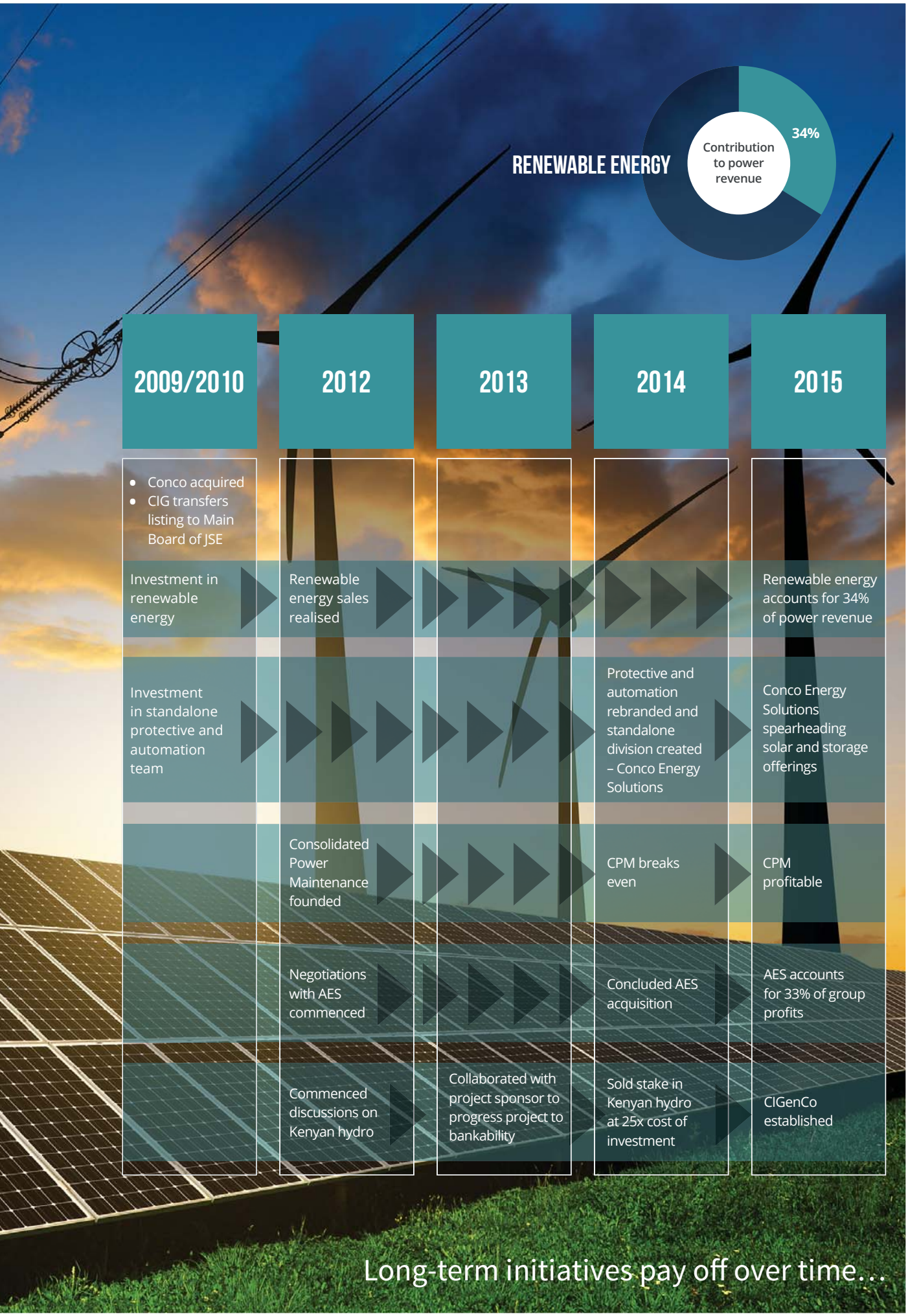
ADVANCING OUR PAN-AFRICAN STRATEGY

NOTE FROM THE CHAIRMAN

The year advanced our Pan-African strategy despite operating in a volatile market. All divisions achieved solid growth both within South Africa and throughout sub-Saharan Africa. We continued to diversify our earnings and footprint beyond South Africa, with 54% of profits derived ex-South Africa. CIGenCo made substantial progress in identifying niche power generation opportunities across Africa and created a sustainable pipeline of opportunities.

INVESTING AHEAD OF THE CURVE

We have taken a long-term approach to invest in growth areas, either geographic or sectoral. For instance, our early investment in renewable energy has positioned us well to seize the opportunity in this market. Through this approach CIG has evolved from a purely power-focused operation at inception into a diverse and growing Pan-African infrastructure group.


RENEWABLE ENERGY
34%
Contribution to power revenue
2009/2010
2012
2013
2014
2015
• Conco acquired
• CIG transfers listing to Main Board of JSE
Investment in renewable energy
Renewable energy sales realised
Renewable energy accounts for 34% of power revenue
Investment in standalone protective and automation team
Protective and automation rebranded and standalone division created – Conco Energy Solutions
Conco Energy Solutions spearheading solar and storage offerings
Consolidated Power Maintenance founded
CPM breaks even
CPM profitable
Negotiations with AES commenced
Concluded AES acquisition
AES accounts for 33% of group profits
Commenced discussions on Kenyan hydro
Collaborated with project sponsor to progress project to bankability
Sold stake in Kenyan hydro at 25x cost of investment
CIGenCo established
Long-term initiatives pay off over time…

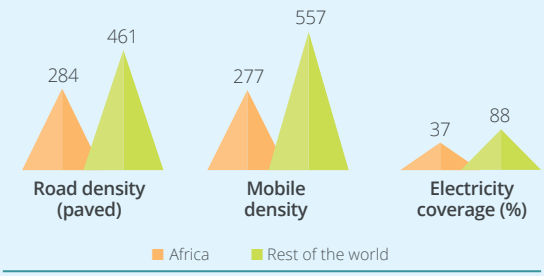
NOTE FROM THE CHAIRMAN
continued

WHY AFRICA?

We are optimistic about opportunities in the African infrastructure sector. Our multi-sector and multi-region approach ensures we prudently navigate risks and we contend that near- to long-term prospects remain positive across the continent.

SHORT TERM...

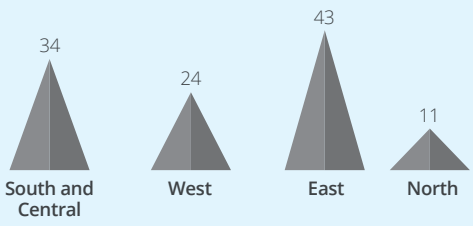
AFRICA INFRASTRUCTURE DEFICIT



- Major currencies have dropped by **20%+** in the past year against USD
- Africa share of Global FDI and manufacturing only **2,6% and 1%,** respectively
- SA load shedding for the next two to three years, **short 3GW** "any given day" along with supply issues for hydro and gas across sub-Saharan Africa (Ghana, Zambia, etc.). Signs of easing
- **Violence** in Sudan, Burkina Faso, Nigeria, Malawi, Mali

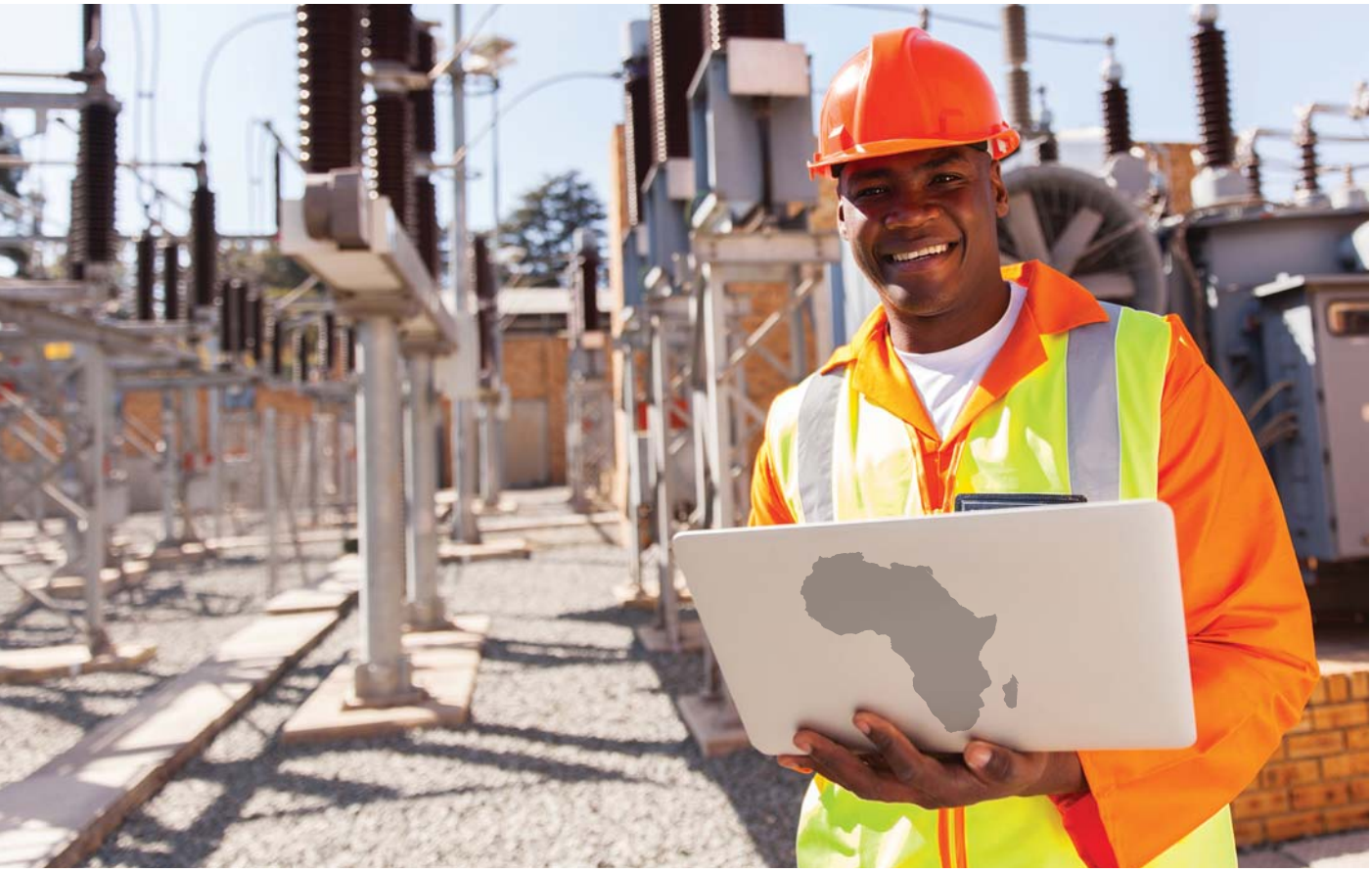
MEDIUM TERM...

PLANNED RAIL INVESTMENT (USD billion)



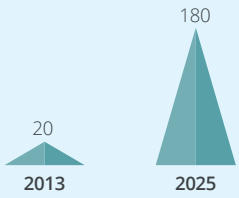
- Only **11 countries ranked as good or better** as places to operate in RMB survey
- Planned rail investments aiming to increase from only **15%** inter-regional trade

Sources: eNCA, RMB, Standard Bank, McKinsey, CIG analytics



LONG TERM...

EXPECTED INFRASTRUCTURE SPEND (USD billion)



- Population living in cities by **2050 projected to be 1 billion**, over 50% of the population, equalling today's population across sub-Saharan Africa
- By 2040 home to **one in five** of the planet's young people

WHAT HAVE WE LEARNED

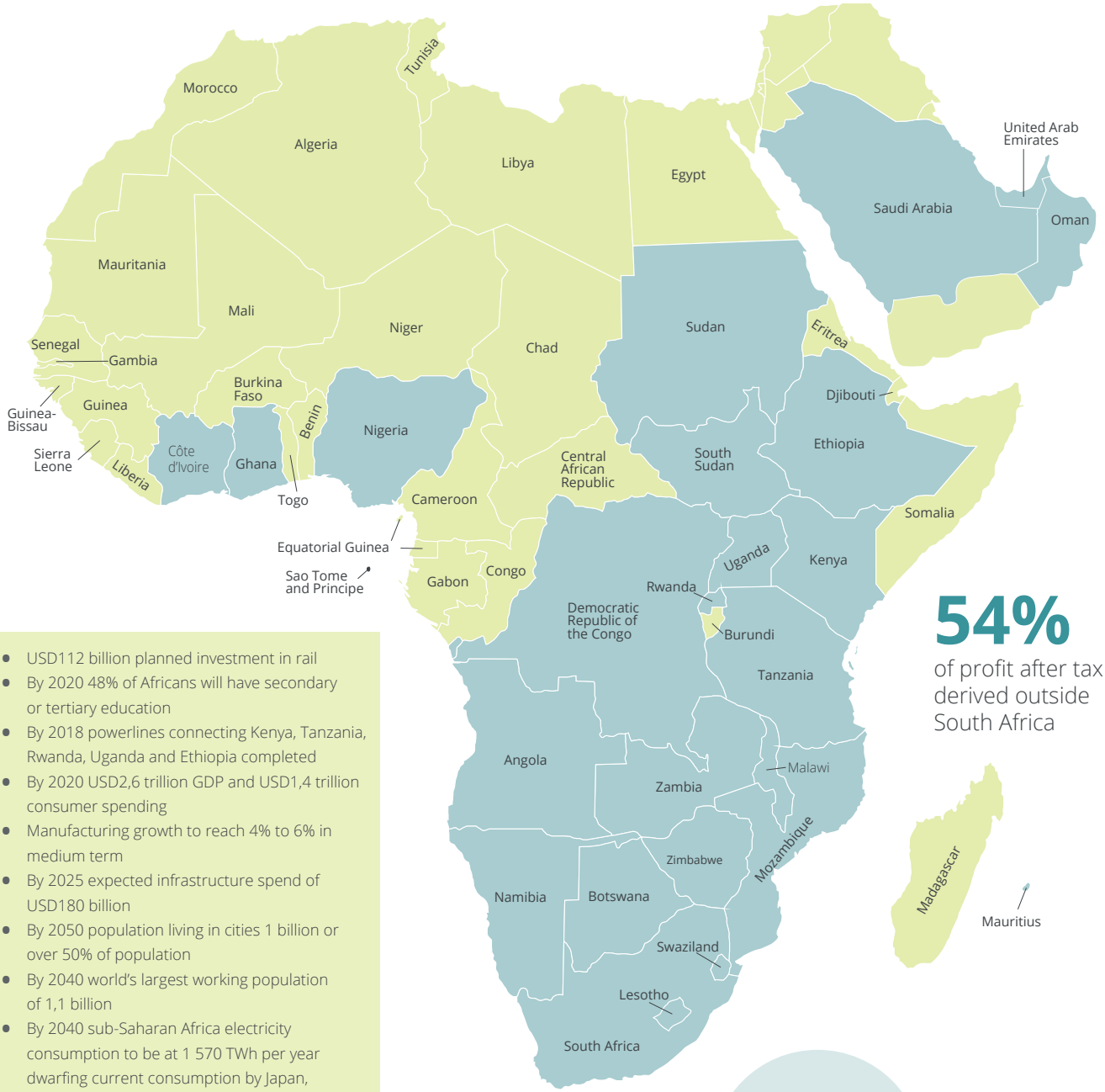
- Power and tackling infrastructure bottlenecks are on the agenda
- Localisation is becoming increasingly important – CIG supports this through our emphasis on employing local labour and ongoing skills transfer
- Currency risks are the 'new normal'
- Chinese investment is evolving – China-Africa trade is down 25% and exports to China are likely to fall by 40%
- Access to funding is improving
- Regional infrastructure projects are now progressing from planning to construction
- Governance is improving in pockets, driven by vocal media and social media

Sources: Standard Bank, McKinsey

NOTE FROM THE CHAIRMAN
continued

OUR REGIONAL APPROACH AND MARKETS IN CONTEXT

Our focus remains on the big 5 + 1 (South Africa, Angola, Ghana, Nigeria, Saudi Arabia, East Africa)

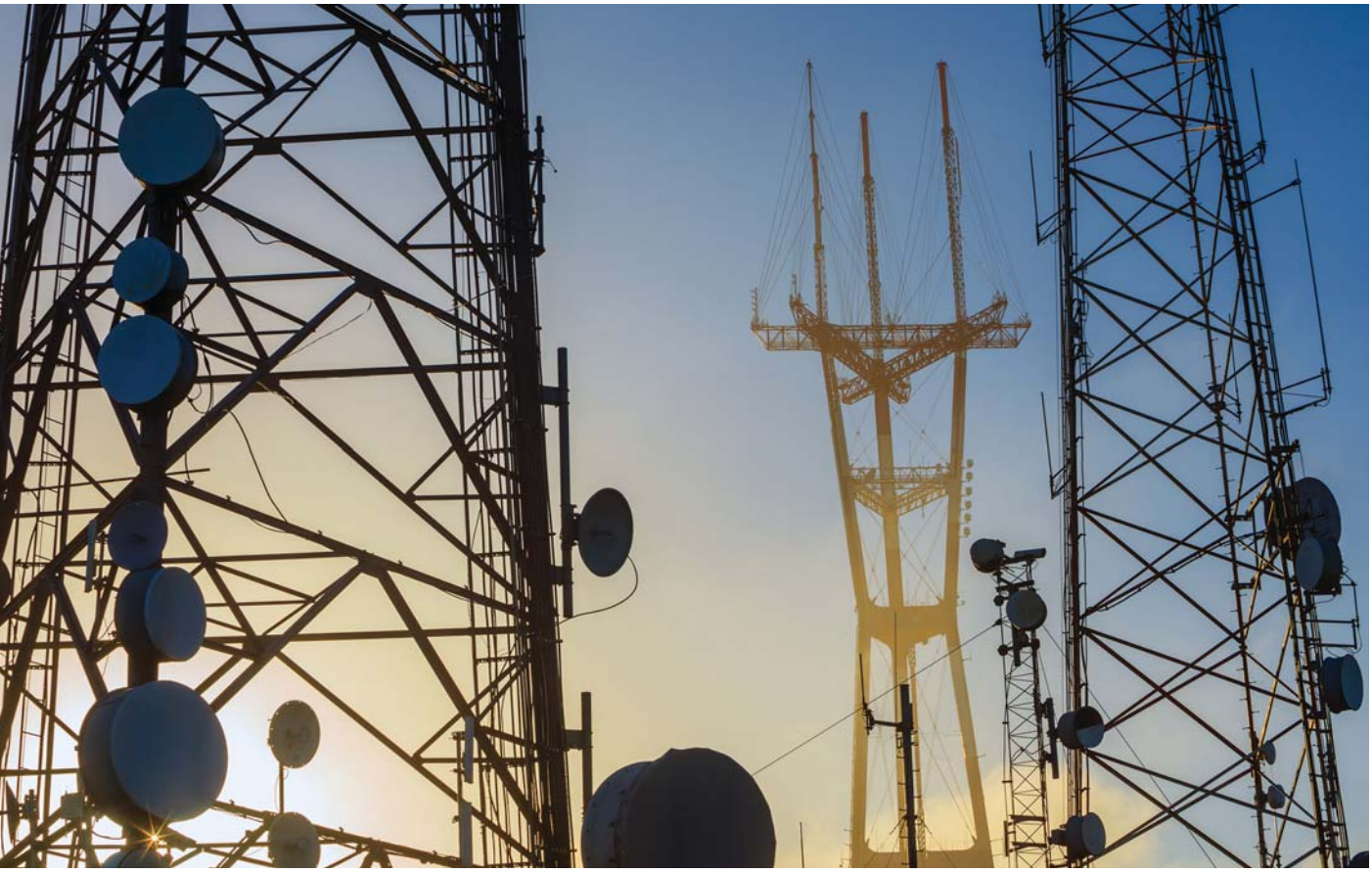


- USD112 billion planned investment in rail
- By 2020 48% of Africans will have secondary or tertiary education
- By 2018 powerlines connecting Kenya, Tanzania, Rwanda, Uganda and Ethiopia completed
- By 2020 USD2,6 trillion GDP and USD1,4 trillion consumer spending
- Manufacturing growth to reach 4% to 6% in medium term
- By 2025 expected infrastructure spend of USD180 billion
- By 2050 population living in cities 1 billion or over 50% of population
- By 2040 world's largest working population of 1,1 billion
- By 2040 sub-Saharan Africa electricity consumption to be at 1 570 TWh per year dwarfing current consumption by Japan, Latin American and India
- USD490 billion investment in generation and USD345 billion investment in transmission and distribution to meet demand for sub-Saharan Africa

Sources: eNCA, RMB, Standard Bank, McKinsey, CIG analytics

54%
of profit after tax derived outside South Africa

Supporting Pan-African growth through infrastructure



WELL-DEVELOPED INFRASTRUCTURE IS CRITICAL TO THE STRENGTH OF A COUNTRY'S ECONOMY. **EFFECTIVE TRANSPORT** AND **POWER NETWORKS** CREATE THE CONDITIONS UNDER WHICH BUSINESSES GROW AND THE WIDER ECONOMY FUNCTIONS EFFECTIVELY.

NOTE FROM THE CHAIRMAN
continued

OUR MARKETS

REGIONS	CHALLENGES AND OPPORTUNITIES	CIG APPROACH
South Africa	• Severe macro-economic headwinds • Uncertain electricity supply • Rand depreciation • Labour issues and high unemployment • Fear of stagflation • PRASA contract awards turmoil • Transnet capital raise • Significant infrastructure spend – but slow roll-out	• Maintain growth and find opportunities to strengthen our long-term platform • Continue to deliver world class services and products • Skills development to build a capable local workforce that can effectively compete with international peers who do not engage in skills development at local level • Leverage trends e.g. renewable energy • Invest ahead of the curve as opportunities moderate to sustain growth • Treat workers with respect and pay fairly. Keep them
Southern Africa	• Falling commodity prices • Infrastructure shortages • Increased power outages • Angola – Oil price stifling economy – Structural reforms presenting challenges for new investment in the short term – Remittability of currency	• Build strong local businesses in key markets backed by real skills and an entrepreneurial DNA • Foster partnerships in local markets. Look to improve communication and CIG's value add • Build understanding of how to time market movements in smaller markets • Leverage relatively stable governance in 'quieter' economies (Botswana)
West Africa	• Critical election years in largest economies – Nigeria, Ivory Coast, Ghana • Ebola impacted negatively on GDP • Initiatives to tackle corruption (Senegal) • Ghana – Challenging short- to medium-term environment – Liquidity issues • Nigeria – Oil price and overdue structural reform have not severely impacted economy – Power privatisation yielding slow results – Aiming for production capacity of 5GW by end 2015	• Take long-term view • Committed to markets which have proven successful for CIG • Develop existing strong businesses (Ghana) • Explore opportunities with solid business fundamentals • Assess each trend on merit • Boldly explore opportunities with solid business fundamentals despite possible difficulties. 'Wait and see' approach (Nigeria)

OUR MARKETS continued

REGIONS	CHALLENGES AND OPPORTUNITIES	CIG APPROACH
East Africa	• Improved governance, resources and fluidity of people • Abundance of untapped oil and gas • East Africa Community most homogeneous region in sub-Saharan Africa • Regional power projects executed as planned • Kenya – Issued six oversubscribed infrastructure bonds since 2009 – Goal of 5GW capacity by 2017 • Tanzania addressing corruption and restructuring power sector	• Despite homogeneity, don't treat each market the same • Spend time to build trust with appropriate stakeholders • Customer service and project integrity above all else • Invest more deeply in local presence where appropriate
Saudi Arabia and the Middle East	• Oil price denting spending	• Focus solely on power opportunities • Success = springboard to North Africa

Sources: Engineering News, McKinsey, AfrElec, Standard Bank, World Bank

DIVIDEND

Our dividend policy was reviewed by the board in the year. After taking into account current circumstances and future cash requirements, we continued with our strategy that all earnings generated by the group be utilised to fund anticipated growth in the coming year. Accordingly, no dividend was recommended for the year.

OUTLOOK

We will continue to build on our Pan-African growth engine, seeking out opportunities ahead of the trend curve. CIGenCo gives us a new avenue to expand our offering and has already proven promising. We remain on the look-out for small bolt-on acquisitions that will further enhance our subsidiaries and expand our offering or geographic reach.

We pride ourselves on our skills-set in the group and our competitive advantage of a strong localisation programme. We will continue to invest in developing skills and to foster our solid relationships with our local partners.

THANKS

I extend my appreciation to Raoul Gamsu, our CEO, and his team for their hard work which has again guided a stand-out performance for the group and delivered on our strategic objectives. I also thank my fellow board members for their valuable contribution and our shareholders for their ongoing support.

Frank Boner
Chairman

23 February 2016

CEO'S REPORT

CIG delivered another excellent performance, posting double-digit growth for all key indicators. Revenue was up by 37%, earnings by 31% and HEPS by 18%. Notwithstanding the challenging economic environment across our footprint, we achieved significant growth while maintaining focus on efficiency and margins across the group. We are continuing to invest in diversification into new offerings and new regions. The bolt-on acquisitions of assets and new hires to date have positioned us well for future growth.

The bulk of profit for the year continued to be generated by our Power division (45%), followed by Oil & Gas's contribution (33%). Consolidated Building Materials and Rail contributed 12% and 3%, respectively. Our operations are discussed in more detail on pages 24 to 35.

INVESTING FOR GROWTH

	FY15
Four-year investment in renewable energy division	Renewable energy = 34% of Conco revenue
Two years pursuing AES deal	AES = 33% of group profit
Building pipeline for CIGenCo	Optimal capital structure

OUR STRATEGY IN ACTION

OBJECTIVE	STATUS	HIGHLIGHTS FY15
Strategic growth of divisions Accelerate growth by applying strategic, operational and financial levers to navigate market conditions and outperform competition	• Restructure at Conco providing continued benefits • Assessing adding capacity at Conco • CPM progressing well • Consolidated Building Materials gaining market share • AES continuing to perform well in challenging market	**Power** • Revenue up 32% • EBITDA up 34% • South Africa MD settling in well • Renewable Energy holding up hitting targets **Consolidated Building Materials** • Revenue up 25% **Oil & Gas** • AES profit contribution up to 33%
Transformative investments Seek and acquire infrastructure companies and projects which can significantly enhance the value of the group, strategically and financially	• Tractionel being integrated and refocused • CIGenCo up and running • Conco International and CPM small bolt-on acquisitions of assets	• Tractionel – Solid results – Integration to take 12 months – Invest in new strategy • Healthy CIGenCo pipeline • Bolt-ons enhancing operations, markets insight and reach
Formation of Pan-African growth engine Build a group support structure and capabilities which extend reach, add management capacity to divisions, maintain entrepreneurial spirit and properly 'corporatise' new investments, making the whole greater than the sum of its parts and managing group risks	• Roll-out of Conco shared services model slower than anticipated • Group activities increasingly coordinated • Investment in human capital • Evolution of support model	• Urgent focus on implementing shared services at Conco • Efficient set up of CIGenCo without major challenges • Support functions heavily utilised to add value across group • Increased focus on group value-add

CEO'S REPORT
continued

TAKING A PAN-AFRICAN APPROACH

Pan-African expansion remains a significant growth driver for CIG and we direct our strategy according to our rigorous analysis of the trends we see on the continent.

We have recently been engaging more actively with operating management on the ground in regions outside South Africa to encourage strategic transformation in each country. To this end we have prioritised the personal development of our subsidiary leadership alongside that of their teams. We further take ownership of the underlying businesses' critical commercial activities to mitigate risks and ensure the optimal outcome.

We focus continually on unlocking additional value add between subsidiaries, which includes knowledge-sharing in our employee rotation programme, helping steer strategy, communicating market insights and partnering on more challenging projects.

We believe that key to unlocking our subsidiary power is a strong executive team at group level. We are currently looking at bolstering the CIG and CIG International boards to include directors with new perspective and insights across sub-Saharan Africa.

POWER

The local power sector is currently thriving, driven by both the upsurge in renewable energy and high demand from municipalities. Outside of South Africa industry activity is picking up, albeit not yet to the levels seen in South Africa. Demand for electrification remains high across the African markets.

Overall our **Conco** South Africa business remains strong and we are looking to cement our gains to entrench as a leading 'home-grown' business. CPM is growing in line with expectations and making steady progress and we are pleased at the innovations introduced by Conco Energy Solutions. Conco International is currently lagging due mainly to execution delays. However, the outlook for the business is positive.

In the year Conco expanded its footprint across the African continent in line with the group's expansion strategy and R490 million revenue was generated ex-South Africa. On the ground presence is improving the business's ability to source new projects and Conco is making steady strides in becoming a favoured supplier in each of the regional markets in which it operates. This progress helped drive growth of the international order book to USD100 million at year-end.

In South Africa the Renewable Energy division executed R981 million of projects and currently has an order book of R1,1 billion, which excludes the R1 billion of signed awards as part of Round 4 of the Department of Energy's REIPPPP programme. The South African substation and lines business executed R1,4 billion of work during the year and secured an additional R1,7 billion of awards going forward.

The statutory reorganisation of Conco, which was completed by year-end, has effectively simplified the South African operation's structure and improved its B-BBEE compliance. The next step will be the acquisition of a significant interest in the business by our highly experienced, long-serving team of black engineers and managers led by Mr Slu Gesha (managing director of Conco South Africa).

Conco Energy Solutions performed well with growth in revenue and EBITDA. Our investment to build capacity in the business is bearing fruit and the division is now developing smart grid, battery storage and rooftop solar solutions, which management anticipates will provide access to new high growth opportunities.

The **CPM** division established good traction in the renewable energy sector and successfully secured multiple long- and short-term contracts, most notably in the Solar Photovoltaic market.

Our new operation – **CIGenCo** – was established in the year as a transformative investment division. Its role is to invest in and oversee the development, construction and operation of power and electrical infrastructure. Substantial advancements were achieved in the year under the guidance of the group CIO and the divisional CEO, who have identified a strong pipeline of projects locally and in Africa.

CONSOLIDATED BUILDING MATERIALS

Building sector activity held steady in the year. Increased demand across operations, especially in the residential sector, together with our attractive service and price offering helped grow market share. Operational improvements are also paying off. On the flipside margins were impacted in the year when we were forced to move a high volume of low grade material at the Laezonia quarry in order to access higher grade product. This process is expected to continue during 2016 but the effect on margins should moderate as the product mix improves.

OIL & GAS

Oil prices are hampering the Angolan oil and gas sector to which AES offers specialised waste management services. In the year AES addressed this by working extensively with customers to reduce supply chain costs and the business managed to up profits, due also to increased rentals on capital equipment and processing higher volumes of waste. The business opened a second facility in Soyo, Angola in July in order to free up around 30% of additional capacity in Luanda. Management is confident that it will handle the new drill cuttings from existing and new customers in the north of Angola and deliver significant cost savings to them.

The volatility in emerging market currencies resulted in AES incurring currency losses when the Angolan Kwanza depreciated against the US Dollar. The effect of these currency losses was not fully offset against translation gains given that the South African Rand, the currency in which our operations are recorded, also depreciated against the US Dollar in the year.

The currency volatility had a further impact. Combined with a shortage of foreign currency in Angola, it led to substantial delays of up to 60 days in paying for international services such as those of AES. However CIG has no significant amounts owing from the AES operation and the division has contractually agreed, as part of its inbound investment into Angola, not to repatriate any dividends before October 2016.

RAIL

Following our acquisition of Tractionel on 1 November 2014, integration has been slower than anticipated. Performance fell below par as a result of delays in substantial new order expectations on the back of internal disruptions at PRASA and slower spending patterns at Transnet. Given that rail planning in sub-Saharan Africa is slowly increasing, management is now developing a five-year sub-Saharan Africa strategy and is focused on delivering more solid results over the 12 months ahead.

PROSPECTS

We are optimistic that our geographic and sectoral strategies are yielding results and that we have sufficient capital at our disposal to take advantage of the opportunities.

Prospects in **Power** are heartening. The order book has continued to grow substantially – in absolute terms and in terms of the average size of projects, demonstrating Conco's reputation for providing innovative, large-scale, technical solutions on time and on budget. The execution horizon of the larger projects has expanded. Conco's focus across multiple sectors and regions effectively mitigates the potential risk of a downturn in any one of its individual markets.

Prospects in South Africa within the municipalities and Renewable Energy Feed-In Tariff programme are expected to yield solid growth. Substantial contracts and proposals have been signed and submitted as part of the government's Round 4 REIPPPPP. These have not been included in the order book and a short delay in closure is expected as Eskom deliberates on a proposal by the Department of Energy to resolve the issue of Transmission Budget Quotes. The group, which has an outstanding reputation and significant competence in the provision of electrical Balance of Plant in the wind sector, is working extensively to expand our offerings in this regard and has been building capacity to enhance our solutions to the Solar Photovoltaic market.

CEO'S REPORT
continued

African utilities are expected to continue offering above average growth prospects and the majority of the countries on the continent are oil importers and remain committed to the expansion of infrastructure. As a result, Conco International is seeing a greater number of quality opportunities, particularly in East Africa and Ethiopia.

As mentioned often by management, the biggest constraint to growth over the medium- to long-term is the availability of suitably qualified engineers to execute on the expected increase of technically complex work. Further, the current opportunity in CIGenCo is substantial and will require significant capital to support the development and ownership of power projects. To ensure the group maximises this opportunity, various optimal capital structures are being considered. We will give more detailed feedback on the process at the appropriate time.

In the **Consolidated Buildings Materials** division there have been no signs of a slowdown despite pressure on consumer spending, and we expect the division to sustain its current activity levels.

In **Oil & Gas** legislated environmental requirements in the drill cutting law have been implemented and AES will continue to grow as expected.

A consortium agreement with FIPA, which owns 16% of AES, gives FIPA a put option to sell its shareholding to CIG on 1 May 2016. The option expires after four years. At present, should FIPA exercise the put option we intend to acquire the shares, currently estimated to cost between USD40 million and USD50 million. At these valuations, earnings per share is expected to improve by approximately 10%. In the event of a material adverse condition at the time the put option is triggered by FIPA, CIG has the right to delay the process. In these circumstances FIPA has the right to jointly market CIG's and their own shares. The decision on this further investment can only be made with certainty when FIPA triggers the option.

The **Rail** business provides short- and medium-term potential for CIG as the South African government seeks to upgrade rail infrastructure to manage the roll-out of the new locomotive programme and activity picks up in sub-Saharan Africa. We can only pursue these opportunities once there is further momentum and clarity amongst sector stakeholders, especially locally.

APPRECIATION

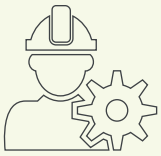
I would like to thank the management teams at each subsidiary and all employees for their commitment and efforts which have been critical in enabling the group to achieve our performance heights. I also thank the board for their wise counsel and guidance throughout the year. My appreciation further extends to our customers, business partners, advisers and suppliers for their ongoing support.

Raoul Gamsu
CEO

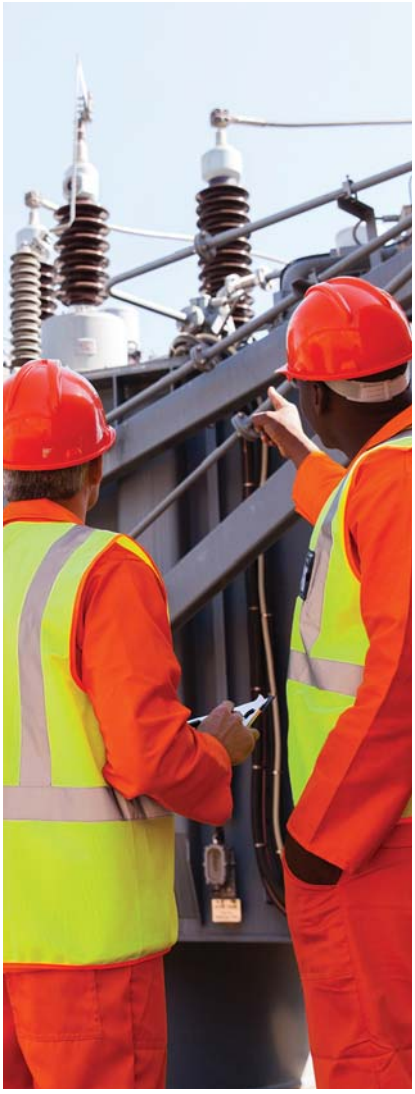
23 February 2016

OPERATIONAL OVERVIEW

OUR OPERATIONS IN A SNAPSHOT

	POWER		
	Conco SA and Conco International *See page 24*	**Consolidated Power Maintenance** *See page 28*	**Conco Energy Solutions** *See page 29*
CEO	David van Zyl	Pius Gumbi	Andreas Richelmann
WHAT WE DO	• Africa's leading supplier of high voltage turnkey electrical substations, overhead power lines, renewable energy – wind and solar – and related products • Completed almost 1 000 projects • Recognised as the largest high voltage turnkey solutions provider in sub-Saharan Africa constructing 11kV to 765kV substations	• Provides long-term operational and maintenance services to wind farms, solar parks, municipalities and utilities – often on projects constructed by Conco • Responsible for maintaining the power infrastructure for clients (typically municipalities and mines) or owners of renewable assets	• Provides customised secondary plant solutions to protect and automate EHV, HV and MV electrical infrastructure. These include containerised substations, smart grid solutions, low voltage products and services, batteries and chargers, control centre applications as well as telecommunications solutions • Offering includes remote monitoring with full visualisation of substations
WHAT MAKES US STAND OUT 	• Skilled, committed and engaged workforce with solid Africa knowledge • Agnostic product = flexibility in tailoring solutions to customer requirements • Largest Africa-based turnkey EPC in sub-Saharan Africa • Deep African market knowledge • Active in over 25 countries in sub-Saharan Africa and the Middle East	• Only large scale local operator • Redeploy skills transfer recipients to other projects – maintain skills • Well established skills training model (Conco Skills Academy)	• In-house design • Strong automation and protection • Having all processes in-house ensures full supervision and provides flexibility to clients in customisation • No supplier allegiance – tailor solution to project requirements
OUR ACCREDI-TATIONS	• International Electrotechnical Commission • South African National Standards • ISO 9001:2008 • 9EP Construction Industry Development Board rating	• ISO 9000 in process	• SAPVIA (South African Photovoltaic Industry Association) • ISO 9001:2008

CONSOLIDATED BUILDING MATERIALS	OIL & GAS	RAIL
Drift Supersand **West End Claybrick** *See page 30*	**AES** *See page 32*	**Tractionel** *See page 34*
Jannie Hooman	Morten Eriksen	Johan Boshoff
Drift Supersand • Provides crushed stone and rock for the construction industry for application in roads, ready mix, concrete and for stabilisation • Produces 2,2 million tonnes of aggregate per annum **West End Claybrick** • Manufactures face, semi-faced and plaster clay bricks and a range of concrete roof tiles for the building sector including developers, contractors and wholesalers • Produces 15 million roof tiles and 70 – 75 million bricks per annum	• Provides full integrated waste management services to the oil and gas industry. This encompasses the collection, recycling and disposal of oil-based waste created during the drilling process	• Largest railway electrification company in South Africa • Provides transmission lines, substations up to 132 kV as well as installation and maintenance of electrical lines for railway lines • Provision of railway maintenance services to Gautrain, Transnet, PRASA, private siding owners such as mining houses
• Continued strong performance in challenging market • Availability of material (aggregates) • Production to sales ratio of 1:1 – no stockpiling • Quality of product (aggregates) – both inherent and production • SABS certified • Reliable supplier • Strong service and client relationships – single largest supplier to large scale projects and clients • Efficient and effective fixed plant backed up by flexible mobile crushing units	• Local company with over 95% local content • World class technology • Ten-year track record servicing major players • Cradle to grave services • One-stop-shop to oil and gas industry in Angola	• 33-year track record • Largest railway electrification company in South Africa • Largest privately owned fleet of specialised rail/road vehicles to execute rail-based construction and maintenance • Turnkey solutions • Four sole agencies for specialised railway electrification materials • Diversified in railway and power sector
		• ISO 9001 • OHSAS 18001 • ISO 14001



POWER

CONCO SA AND CONCO INTERNATIONAL

We delivered a positive performance with double-digit growth in all key financial indicators and entrenched our position as the dominant electrical Balance of Plant EPC in the South African wind sector (a sub-set of the broader renewable energy sector). Our average contract size more than doubled in the year and our focus on expansion broadened our regional footprint.

The year did, however, present some challenges. Working capital remained under pressure due to higher than expected growth. Increased competition from international competitors pressured our margins, where low global commodity prices and slowing growth globally impacted our mining customers. The stringent qualification criteria from international funding donors is still making the inclusion of African companies difficult, (which is particularly problematic given that the need for infrastructure development funding is pressing). In addition delays in awarding ex-South Africa work continued to challenge our management of executing capability.

The South African business still contributes the largest proportion of group revenue and Conco is targeting a more balanced portfolio between South African and international work.

POWER

FY15 HIGHLIGHTS

- Revenue up
  32% TO R2,9 BILLION
- EBITDA up
  34% TO R301 MILLION
- Order book up
  36% TO R4,1 BILLION

ACHIEVING OUR STRATEGIC GOALS

We completed our restructuring of the business into the South African and international operations, allowing for a more targeted focus on discrete key markets and customers. We have seen a 300% growth in our sales pipeline with a balanced portfolio of regular and mega projects. Our footprint was expanded into Ethiopia and Ivory Coast.

Looking ahead we expect high growth in Africa, especially in the East Africa region, as well as increased activity on large interconnector transmission line projects across sub-Saharan Africa. We also foresee greater revenue and margin contribution from financed projects. The Chinese market slowdown will continue to impact investment in sub-Saharan Africa and create opportunities for alternative funding.

Tenders awaiting adjudication total R13 billion and is fairly balanced across regions and size of projects. We are looking at the possible expansion into small-scale, full EPC renewable contracts.

OUR PEOPLE

We have 790 permanent employees, of which 162 are women. During the year we created 223 LDC jobs.
To support our commitment to job creation, we maintain records of the LDCs employed from the local communities and trained in specific skills, and seek to redeploy them to new projects where possible.

Our skills and development programme is designed to identify the gaps within the organisation and close these through development and training.

R6 MILLION

SPEND ON TRAINING
FOR FORMAL EDUCATION

55%

SKILLS

- Continuing professional development
- Leadership development programme
- Bursary programmes
- Compliance training e.g. construction regulations in FY15
- Internships
- Mentorship
- Engineer in training programme

With the increased focus on formal qualifications our training spend increased 55% year-on-year to R6 million. During the year 43 employees were studying towards a formal qualification.

TRAINING HOURS

- Average training hours per employee **34,74**
- Average training hours per employee – female **21,57**
- Average training hours per employee – black **36,37**

We are a member of the industry bargaining council. There was no labour unrest during the year.

POWER
continued

HEALTH AND SAFETY

We are committed to a Zero Harm/Zero Tolerance approach and achieved a LTIFR of 0,11. There was one lost time injury and one regrettable fatality recorded during the year, corrective actions have been put in place to prevent recurrence.

Overall our proactive approach has seen a significant improvement in LTIFR over the past three years. During the year in review we implemented a safety culture drive to support this. In addition we appointed a SHEQ officer at each operation and now have in place a full time environmental specialist.

We are OHSAS 18001:2007 accredited and are seeking ISO 14001 accreditation. External OHSAS 18001:2007 and ISO 9001:2008 audits are conducted. Regular internal audits are also conducted and any non-conformance is recorded electronically and addressed.

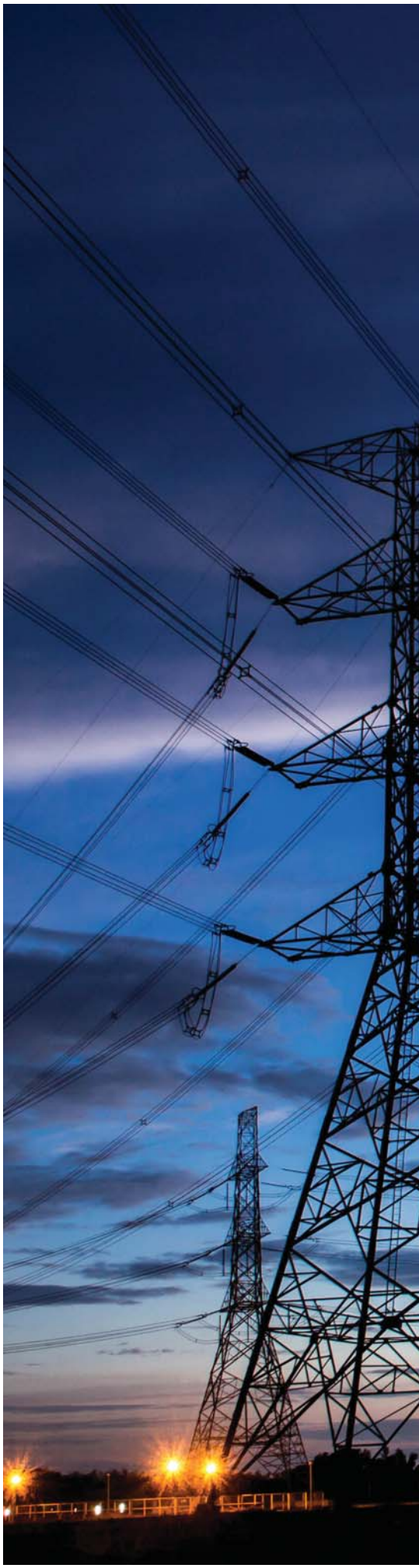
Employees receive periodic medical examinations and occupational hygiene monitoring is in place at all sites. During induction employees are trained in occupational hygiene. Due to the nature of the work, we have developed and implemented a fatigue management procedure.

OUR COMMUNITIES

We are committed to providing CSI that goes beyond financial assistance. We intend to improve the environment and help the communities in which we operate – to this end we increased our CSI spend by 19% year-on-year to R1,7 million for FY 15. It is also notable that our CSI spend in the past two years has exceeded the regulated 1% of NPAT.

UPSKILLING THE COMMUNITY

Thapelo Mnisi is part of the Conco bursary programme. Born in rural Limpopo, he comes from a single-parent family of eight in a community with few professionals. Studying science at school heightened his interest in studying electricity and tackling related challenges that exist in most small communities in South Africa. From fixing appliances and wiring homes, he decided to study electrical engineering at the University of Pretoria where he was awarded the Conco bursary. Along with providing all education needs Conco offers him practical work experience. In his third year he looks forward to a bright future with Conco.



Our programme focuses on the following areas:

Poverty alleviation	**HIV/AIDS** awareness	**Community** wellness	**Community** upliftment
Skills transfer	**Education**	**Support for abused** women and children	

In terms of this we supported 17 programmes in the year with donations of over R0,1 million each and additional support. The majority of the programmes have more than 75% black beneficiaries.

These included:

- Education centre Township Roots
- Eye screening service AMT
- Children's homes Botshabelo and Oliver's House
- Social services provider Compass
- Médecins Sans Frontières
- Stop Hunger Now
- Al Noor Orphanage Centre
- Youth charity Lifechoices
- United Cerebral Palsy Association
- Rural water supplier Roundabout Water Solutions
- Healthcare education provider SAME Foundation
- After care facility Setshabelo

POWER
continued

CONSOLIDATED POWER MAINTENANCE

We started trading independently in FY15, having previously been included as part of a larger Conco. CPM managed to break even in the year. Our aim is to secure annuity contracts and to date we have six such projects in the Western Cape, Northern Cape and Free State.

Going forward we are targeting the Eastern Cape. We have a further six projects in the pipeline and seek to sign on the contracts while the asset is still in the warranty period, which provides the customer with added assurance. Traditionally contracts are renewable and run on a five-year term.

OUR PEOPLE

CPM currently employs approximately 40 people. The staff complement was more than doubled during the year to reach this number. We have a stated commitment to employing people from communities within 50km radius of our projects. We focus on on-the-job training thereby ensuring we upskill the local community and we have used the Conco Skills Academy to assist in this regard.

HEALTH AND SAFETY

Health and safety is a priority throughout the group and we have relevant policies and procedure in place. There were no major incidents during the year.

OUR COMMUNITIES

We ensure that CSI spend is at least 1% of NPAT and during the year we made donations to local schools and also assisted with refurbishments at a clinic.

UPSKILLING IN ACTION

One of our technicians was formerly a taxi driver. He excelled in the group and is now working at one of our projects in the Western Cape. Another employee used to work at a tyre fitment centre and through dedication and commitment to our training programme, is now a technician on one of our projects.

CONCO ENERGY SOLUTIONS

While we continue to have strong ties with the Conco group, we are assured of continued autonomous growth through awarded projects where Conco Energy Solutions (Conco ES) stands as an independent entity.

Having recently gone through a complete re-branding process from being Conco's Protection and Automation division, Conco ES has become a leading secondary plant solutions provider which has expanded its product range to meet the growing demands of an ever-evolving industry.

The past year was testament to the reputation that Conco ES has built for itself in the industry. Despite economic deterioration, which has to some extent affected the industry, project delays and non-awarded/pending tenders, Conco ES has managed to end the year on a positive note.

By continually providing the highest quality products for each customer, Conco ES has secured long-lasting relationships with NamPower, Eskom and the City of Cape Town. Although the local market has waned somewhat, our growth remains aligned to the group's growth on the continent.

This past year, we have built, installed and commissioned our first MCC (Motor Control Centre), which is primarily used in industrial plants, opening a new revenue stream for the company.

We have also included Photovoltaic (PV) solutions as one of our product offerings, which addresses multiple concerns regarding energy production in remote and harsh environments throughout the African continent. The PV industry is cost-effective, requires minimal maintenance, saves overhead costs and the electricity generated recovers initial installation costs.

We are on target with projected sales for the year ahead, and are still actively seeking new opportunities through our highly experienced sales and business development teams.

Increasing our BEE rating remains a priority, but we have adopted various strategic policies which focus on developing SMMEs and suppliers from previously disadvantaged backgrounds, while also focusing on developing and mentoring our own staff.

It is our business to remain a market leader which promotes sustainable growth in our economy, our industry and amongst our staff.

COMMITMENT TO TECHNOLOGY

We continually seek to ensure we are at the forefront of technology. This enables us to offer unique and innovative solutions to our customers. Our staff attend and present technical papers regularly at international conferences in order to participate and engage with members of our technical community. One of our engineers was one of only two people elected to represent South Africa at the IEC General Meeting for Young Professionals in 2015 and is now a member of the international technical working group within the IEC. This demonstrates our commitment and support to technology.

CONSOLIDATED BUILDING MATERIALS

We enjoyed another strong year despite challenging market conditions. We continued to manufacture quality products which remain in demand, ensuring that we do not incur costly stockpiles. Debtors have increased but we have successfully maintained control of collections. Our bricks business benefited from low cost housing developments in the year and roof tiles were boosted by government's move to using these in developments.

BUILDING MATERIALS

FY15 HIGHLIGHTS

- Revenue up **25% TO R500 MILLION**
- EBITDA up **13% TO R86 MILLION**

The enduring skills shortage, particularly at higher levels such as artisans and operators, remains a key obstacle to growth and we invest heavily in skills development.

We are currently located only in Gauteng, expansion further afield is a focus going forward. However we are targeting specific growth nodes and any acquisition would have to provide both a broader footprint as well as critical mass. Within bricks and roofing we are looking at alliances with suppliers along the supply chain to further expand our offering.

OUR PEOPLE

Within Aggregates we employ 98 employees, while Bricks has 273 employees. During the year we created 118 jobs within Bricks (including LDCs) and eight new jobs in Aggregates. We are committed to closing the wage gap and our remuneration policies are adjusted accordingly. Employees are members of NUM with 47% representation. There were no incidents of labour unrest during the year.

In efforts to overcome the skills shortage, we place great emphasis on skills and development training. All of our programmes are in line with our Social and Labour Plan (SLP) and include ABET training and basic maths. Total training spend within Consolidated Building Materials was R700 000.

HEALTH AND SAFETY

We ensure a safe and healthy workplace and appropriate policies and procedures are in place. There were no major incidents during the year and the LTIFR for both businesses was zero.

We follow the DMR approved ISHE (Shield) health and safety system and are further subjected to regular ASPASA audits. We pride ourselves on our exemplary performance in this regard, with Laezonia rated as best improved quarry in the country and Drift Supersand one of the Top Quarries in South Africa in terms of health and safety. We were subjected to SHE audits by the DMR, regional inspectors, presidential audits and ad hoc audits. In the year each reflected a clean audit.

All employees receive annual and exit health screening including hearing, eyesight and blood pressure checks. Health agreements are in place with local clinics and doctors for treatment of staff where necessary. While there is a low incidence of HIV within the company, we continue to provide voluntary counselling and testing.

On the environmental front we adhere to best industry practices with regards to environmental systems.

OUR COMMUNITIES

Our commitment to community upliftment forms part of our SLP. We have LED projects in place at all operations and these have included building an admin block and ablutions for a school in Diepsloot as well as a combined project to build chicken coops for a self-sustaining business. Our CSI spend is 1% of NPAT and further includes ad hoc donations to schools and old age homes in our surrounding communities. In addition we have provided support to a black enterprise producing stumbleblocks (interlocking bricks).

UPLIFTMENT IN ACTION

Flo started at our operations with operator training, and soon progressed to becoming an excavator operator and doubled her salary. She then advanced to a weighbridge operator and from there was promoted into the sales office where she is now a dispatch manager and telesales operator.

OIL & GAS

AES

The year was marked by the commissioning of our new Soyo facility, which took us from a single-site operation to a multi-site business. The opening of this drill cuttings treatment facility and landfill will enable us to better service our clients in northern Angola.

Challenges during the year included the downturn in oil prices, a consequent decrease in rig activity and subsequent cost-cutting at a number of clients. We renegotiated existing contracts and faced increased competition in the areas of tank cleaning and the rental of CCUs.

With the implementation of the zero discharge regulation in Angola in January 2016, we expect to see demand for our services spike. Accordingly we are currently installing a bulk facility to align with the zero discharge decree and enable us to seize this growth opportunity.

OUR PEOPLE

We employ 466 people, of which 95% are Angolan. In all, 10% of the workforce are women. During the year we created approximately 80 jobs, primarily at Soyo.

We are committed to ongoing communication with employees and collective agreements are in place with STOSPA –Sindicato dos Trabalhadores de Operação do Sector Petrolífero de Angola – the union covering 74% of employees. The strength of our relationship was evidenced in zero incidence of labour unrest in the year.

We provide formal and informal on-the-job training to continually upskill our employees. During the year this included:

- AES 70 Top Leaders
- AES Core Value training to provide managers with the tools to lead effectively and in line with company values
- English
- Legal, financial management, sales and marketing and IT courses
- Apprenticeship programmes to develop specific skills.

OIL & GAS

FY15 HIGHLIGHTS

- Profit contribution to CIG up **33% TO R109 MILLION**

Notably we introduced a one-year thermal desorption unit apprenticeship, aiming to fast track external candidates into a key technical area for AES.

HEALTH AND SAFETY

WE HAVE A COMMENDABLE LTIFR OF 0.0

We are subjected to, at a minimum, annual audits by our major clients (Total, BP, ESSO, Chevron, SNL, ENI). To maintain our exemplary record health and safety training was conducted during the year and included:

- Helicopter underwater escape training
- Fire fighting
- First aid
- Confined space entry
- Radioprotection
- Risk assessment training conducted.

We also conduct annual health checks for all employees, who, together with up to four family members, receive health insurance.

OUR COMMUNITIES

As our core activity is treating, recycling and disposing of industry waste in line with international standards, we are continually aiding in the protection of the environment for future generations.

During the year we sponsored a power generator for the local Soyo community. We are also committed to employing locals and 60 new jobs were created in Soyo in the year.

NEW SOYO FACILITY

Our new waste treatment facility and associated landfill were brought online during the year to service Angolan oil and gas operations in the northern blocks. The new facility provides large cost benefits while ensuring responsible operation following international best practice in waste management.

More than 60 staff were hired and integrated into the Soyo business unit. The majority of new hires were local with 90% of employees being Angolan. The new facility will serve as an important tool for local sustainable development in Soyo, where several key national projects in the oil and gas industry are currently being developed.

RAIL

TRACTIONEL

We have now been fully integrated into the CIG group and have adopted a new growth plan underpinned by a platform for growth.

In the year we achieved some notable results – we secured three long-term annuity contracts for Tractionel Maintenance Services including the maintenance contract for the Gautrain; established Overhead Track Supplies to supply specialised materials to the railway market; and expanded regionally into Kathu. Further we substantially improved our B-BBEE from Level 5 to Level 3.

Attracting skills remains a challenge for us, as for all group companies, and we are focused on developing engineering skills in the industry to alleviate this. Other stumbling blocks in the year included project award delays and low commodity prices which constrained spend at mining clients.

Looking ahead, the decline in local government spend will demand we secure additional work in the private sector, all while commodity prices are expected to continue dropping. On the upside the renewable energy market remains robust and presents a number of opportunities. Further, we have submitted a number of tenders for various electrification upgrade projects and are expecting a massive push from African governments to construct railway lines.

OUR PEOPLE

We employ 219 permanent employees and 158 LDCs. During the year we created 212 jobs, of which 12 went to women.

We are a member of the National Electricity Bargaining Council and 79% of the workforce is covered by collective agreements with 23% unionised. We focus on maintaining open and effective channels of communication and there was no labour unrest during the year.

We view skills and development as imperative to our continued success with a focus on empowering black females wherever possible. In all, R4,4 million was spent on training during the year, equating to 4,61% of the wage bill.

We provide LDCs with contract-specific training and those specifically identified receive further formal training where appropriate. All permanent employees are regularly sent on formal training and during the year our focus was on the construction regulations.

RAIL

FY15 HIGHLIGHTS

- Revenue of **R153 MILLION**
- EBITDA of **R20 MILLION**
- Order book of **R240 MILLION**

Courses included:

- SAQA accredited Trainee Linesman
- Black Female Business Administration Learnerships
- Electrical artisans.

In our efforts to address the skills shortage we have implemented an engineering training programme. Four learners were identified to start in January 2016, of which three are women.

HEALTH AND SAFETY

Our commitment to providing a safe and healthy work environment is evidenced in our LTIFR of 0,73, ahead of the industry average. All mandatory procedures for OHSAS 18001, ISO 14001 and ISO 9001 are in the process of being updated and risk assessments are being aligned to ISO 31000. We are also revising our safe work procedures to be clearer and more easily accessible through the use of graphics. All safety officers are currently in the process of registering at SACPCMP as Professional Construction Safety Officers.

We conduct extensive informal and formal health and safety training and during the year the focus was on SHE legal compliance and the prevention of injuries.

We underwent four third party audits during the year and received clean audits. There were no reportable environmental incidents and no fines were received.

Employees receive annual full medicals and occupational hygiene surveys are conducted every 24 months.

OUR COMMUNITIES

Our approach to CSI is to provide a sustainable benefit by imparting transferable skills and enabling access to the workplace. We are committed to the Youth Subsidy Scheme and since becoming involved on inception, we have employed 403 youths. In addressing the nomadic lifestyle of our employees given the nature of their work, we have introduced a monthly 'rest and relaxation' weekend to allow more family time.

SUPPORTING ENTERPRISE DEVELOPMENT

Bongani Sithole, the managing member of Usendo Security, approached us with his vision of growing his business into a leading security provider. We offered Usendo the opportunity to provide security services to one of our sites and the business has now grown to become our preferred security provider across the company. Through the years we have assisted Usendo with preferred payment terms, interest-free loans and flexible repayment options.
At the 2015 Construction Awards, we were most proud when Usendo received the award for the best Security Provider to the Construction Industry.

OUR STAKEHOLDERS

As engagement with stakeholders guides our strategic objectives, fostering and maintaining stakeholder relationships is critical to our sustainability. This is particularly important in the context of our partnerships in local markets, where we are making a concerted effort to improve communications. We are committed to open and timeous communication and this is done via our website, integrated report, SENS, one-on-one meetings, media, the annual general meeting and ongoing informal discussions.

Our key stakeholders and what is material to them are set out below:

KEY STAKEHOLDERS

Government, regulators
Employment equity, environmental impact, taxation, compliance, adherence to the JSE Listings Requirements and company legislation

Local communities
Job creation, impact on the communities and environment, rehabilitation of site on completion

Investors
Sustainability, profitability, ROI (share price and dividends), ROCE, cash generation, corporate governance and compliance, risk management, growth prospects, accessibility of leadership, succession

Funders
Solvency and liquidity, capital management, sustainability, credit rating

Suppliers
Timely payment, fair business practices

Local business partners
Job creation, skills transfer, fair business practices

Customers
Project execution and delivery, quality, service, value for money, security of supply

Employees
Job security, sustainability, personal growth and development, skills development, remuneration and incentives, working conditions, safety, support of families during absences, wellness checks

RISK REPORT

Risk management is becoming increasingly important as the group grows. With growth comes risk – margin erosion, localisation, partnership risk and capital constraints feature increasingly on our risk matrix. We address these risks proactively by taking pre-emptive steps well in advance of the risk being realised.

RISK MANAGEMENT FRAMEWORK

Board

Audit and risk committee

CEO, financial director

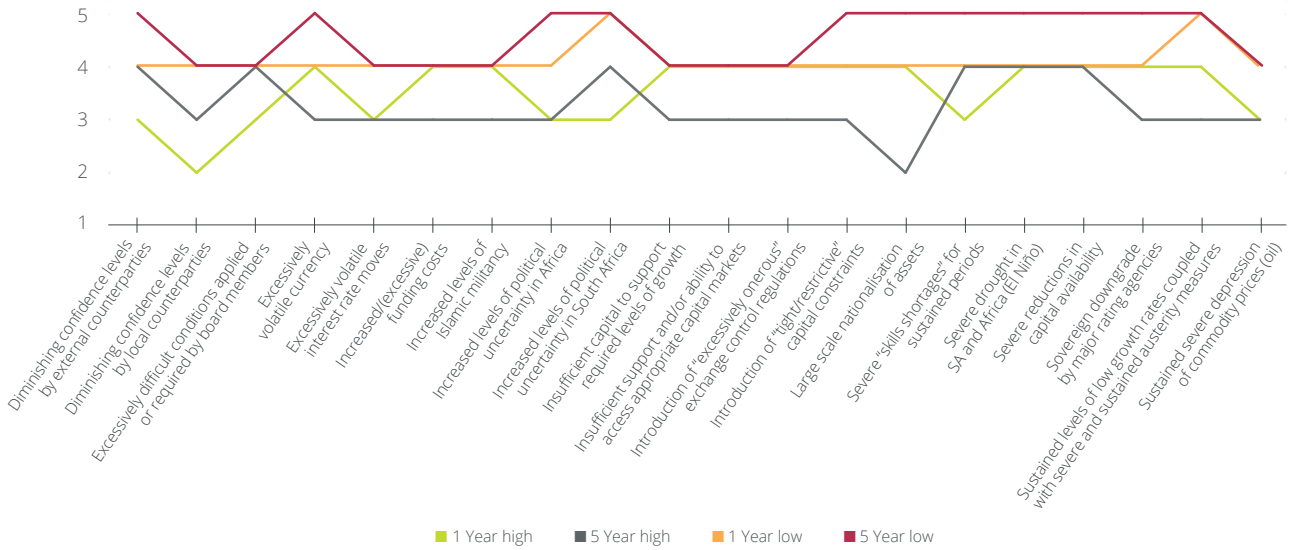
Independent risk consultant, Graham Croock

CIG has a risk management process in place for identifying, evaluating and monitoring all risks affecting our business, which encompasses the management and control of these risks in line with the approach above.

During the year the risk management process for engineering projects was substantially refined to accommodate project managers' and project engineers' requirements. Another advance in the process was the introduction of a five-year long-term risk assessment. Essentially this means that strategic risks are assessed on a shorter- and longer-term basis to ensure appropriate controls are designed and implemented as required. Further, tracking of risk mitigation effectiveness has been enhanced as has the dashboard reporting.

In addition risk management has been enhanced to include a view on risk, taking into account a high and low road view over one and five years. The graphs below reflect both the inherent risk over one and five years, as well as the residual risk after factoring in group controls and risk mitigation.

INHERENT RISK RATING – ONE- AND FIVE-YEAR HIGH AND LOW ROAD



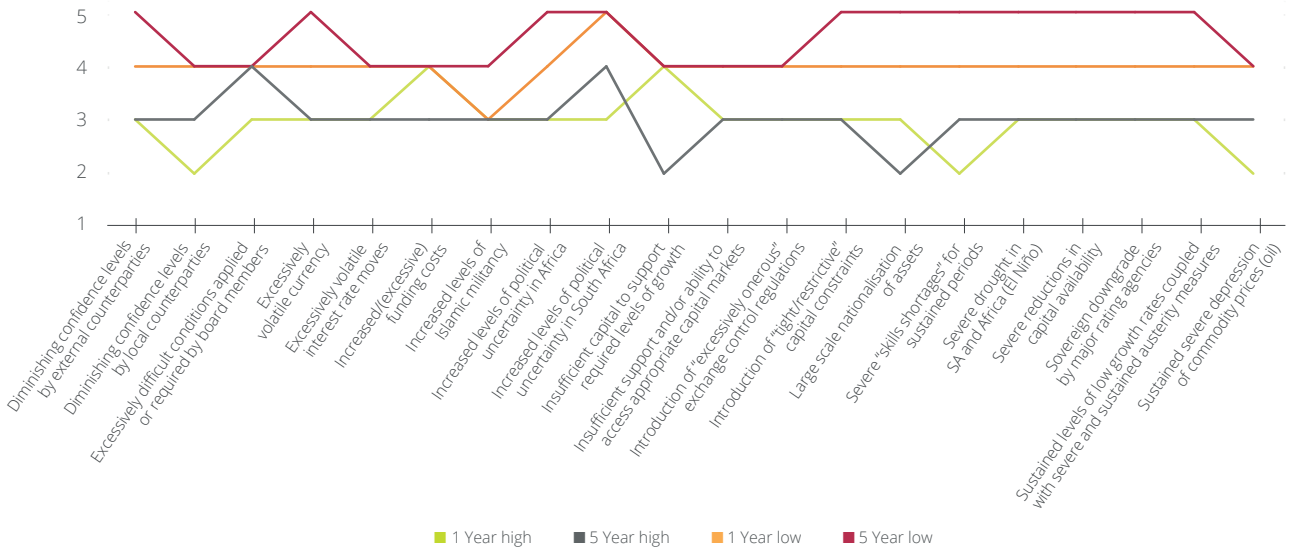
SYSTEM

Since 2009, CIG has implemented the KnowRisk system, used for the development and maintenance of the group risk management framework, knowledge base and integrated risk registers.

- Material risks are identified and categorised on an annual basis for each company and for the group as a whole
- Appropriate and feasible mitigation actions are developed and implemented for each of the identified risks
- Risks are then terminated or eliminated, transferred outside the company in question or the group as a whole, treated or mitigated to acceptable levels (individual risks are not managed outside the system).

The system is automated and integrated with audit and compliance management and is checked by the external auditors. Change control procedures are formal and the system is supported by CIG's financial director.

RESIDUAL RISK RATING – ONE- AND FIVE-YEAR HIGH AND LOW ROAD



RISK REPORT
continued

KnowRisk is refined on a regular basis as and when required by the members of the audit and risk committee. In addition, as and when software updates are released by the Australian vendor, patches are run to ensure the system functions as designed. It remains fully compliant with ISO standards and King III requirements.

Detailed risk registers for each business unit are maintained on KnowRisk, which allows for aggregation of risk at holding company level. The respective risk registers are regularly updated and where appropriate, structural changes are recommended by the members of the audit and risk committee. This means that annual risk assessments are not required as more frequent assessments provide improved results in terms of integrity, completeness and validity.

Risk reports are generated from the live system subsequent to regular updates and then reviewed by the CEO and financial director.

Audit planning has been incorporated into the risk registers and audit reports prepared by the various assurance providers are fed back into the system, automatically updating the levels of assessed risk to ensure accurate and timely reporting on a consistent basis.

KnowRisk is also used to develop integrated risk-based internal audit plans. The internal audits are conducted by qualified internal auditors who comply with IIA standards. Internal audit findings are used to re-adjust the control effectiveness recorded in the registers, thereby adjusting the residual risk ratings.

RISK APPETITE AND TOLERANCE

The group's risk appetite and tolerance are set and approved by the board. 'Risk appetite' is defined as the amount and type of risk the company is willing to accept in the pursuit of its objectives. 'Risk tolerance' is the specific maximum risk the company is willing to take and is derived from translating the risk appetite into more measurable quantitative or qualitative terms.

Risk is calculated using two primary inputs – likelihood and impact and in this regard, the definitions are consistently applied. Risk values applied by the group are as follows:

LEVEL	TYPICAL VALUE	RANGE
Insignificant	R2 million	Rnil – R6 million
Minor	R10 million	R6 000 001 – R30 million
Moderate	R50 million	R30 000 001 – R75 million
Major	R100 million	R75 000 001 – R150 million
Catastrophic	R200 million	R150 000 001 – Infinite

INTERNAL CONTROLS

The board and management make use of the KnowRisk system to ensure a practical and effective internal control environment. These internal controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets, the maintenance of proper accounting records, the integrity and reliability of financial information, and the minimisation of significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations. The systems are designed to manage rather than eliminate risk of failure and opportunity risk.

This control environment enables the board to provide reasonable assurance of the group's achievement of strategic objectives and compliance with applicable laws, regulations and supervisory requirements. In addition the system of internal control enables the board to ensure business sustainability under normal and adverse operating conditions, and responsible behaviour towards all stakeholders.

An independent audit by qualified internal auditors has confirmed that the systems of internal control are effective and that management assertions made during risk workshops are accurate and reliable, facilitating effective risk reporting on a regular, consistent basis.

Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

KEY RISKS

RISK	MITIGATION
BEE (South Africa)	• Alter management structure to give employees shares rather than dilute by bringing in third party BEE shareholder • Improve coordination among all subsidiaries on BEE efforts
Sufficient capital for growth	• Continue to raise capital ahead of cycle • Ensure strong ROI in working capital prior to investing
Recruiting, developing and retaining key skills	• Invest in a group skills academy • Establish employee rotation programmes to increase employee exposure and skills • Strive to make CIG a 'great place to work' • Identify, recruit and attract skilled staff in the industry
Supplier inability to meet quality and timing demands (South Africa)	• Buy capacity for manufacturing ahead of schedule • Better engage suppliers to ensure alignment prior to deadlines
Currency and forex risk (sub-Saharan Africa)	• Ex-South Africa markets are a natural USD hedge • 'Be patient but persistent'
Execution and margin risk	• Build strong COO role in Conco with focus on project execution • Incorporate KnowRisk mindset across the group • Increase site visits by group management • Gain operational leverage with larger projects

LEGAL COMPLIANCE

The financial director, assisted by the outsourced risk manager and company secretary, manages legal compliance at group level. At subsidiary level, legal risk assessments are conducted and where weaknesses are identified, remedial action is provided by the subsidiary CFO/financial director who in turn report to their group peers.

No significant areas of non-compliance were identified.

IT GOVERNANCE

The financial director, supported by the CIO of Conco, continues to fill the role of CIO. However, to bolster the CIO function, they were further supported in the year by a CISA-certified outsourced risk manager. During the year an IT strategic plan was also compiled. This was reviewed and approved by the IT steering committee. Formal IT risk assessments are conducted by the outsourced risk manager and IT audits are conducted by the external and internal auditors.

IT systems are continuously enhanced to accommodate all governance requirements. During the year disaster recovery and business continuation plans were improved by provision of increased redundancy. In addition, data security procedures were strengthened with improved technology. The disaster recovery and business continuity plans are integrated and supported by world class technology.

Risk-based evaluation of critical systems required for sustained operation are performed regularly and used for design of enhanced control procedures. These are audited by the external and internal auditors.

RISK REPORT
continued

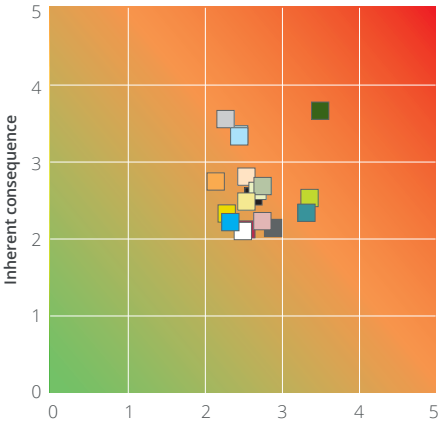
RISK HEAT MAP

Set out below is the group's heat map for the one-year strategic high road reflecting both on an inherent and residual basis.

The residual basis heat map indicates that risk within the group is well-managed.

RISK MATRIX – INHERENT – JANUARY 2016

Inherent likelihood



Consequence

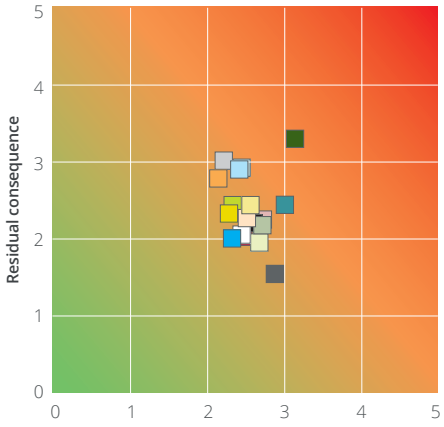
0 – 1 Insignificant
1 – 2 Minor
2 – 3 Moderate
3 – 4 Major
4 – 5 Catastrophic

High Tolerable

- Diminishing confidence levels by external counterparties
- Diminishing confidence levels by local counterparties
- Excessively difficult conditions applied or required by board members
- Excessively volatile currency
- Excessively volatile interest rate moves
- Increased/(excessive) funding costs
- Increased levels of Islamic militancy
- Increased levels of political uncertainty in South Africa
- Insufficient support and/or ability to access appropriate capital markets
- Introduction of "excessively onerous" exchange control regulations
- Introduction of "tight/restrictive" capital constraints
- Severe "skills shortages" for sustained periods
- Severe drought in SA and Africa (El Niño)
- Severe reductions in capital availability
- Sovereign downgrade by major rating agencies
- Sustained levels of low growth rates coupled with severe and sustained austerity measures
- Sustained severe depression of commodity prices (oil)
- Increased levels of political uncertainty in Africa

RISK MATRIX – RESIDUAL – JANUARY 2016

Residual likelihood



Likelihood

0 – 1 Rare
1 – 2 Unlikely
2 – 3 Possible
3 – 4 Likely
4 – 5 Almost certain

REMUNERATION REPORT

REMUNERATION COMMITTEE

During the year the remuneration committee comprised independent non-executive directors Alex Darko (Chairman), Frank Boner and Anthony Dixon. CEO Raoul Gamsu attends by invitation, but is excluded from any deliberations regarding his own, or the financial director's remuneration. Details of directors' attendance at the remuneration committee meetings are set out on page 133.

The structure of the committee demonstrates to stakeholders that the remuneration of executives is set by independent directors who have no personal interest in the outcome and who will give due regard to the interests of all stakeholders and to the financial and commercial health of the group. The committee is an independent and objective body which monitors and strengthens the credibility of the group's executive remuneration system, by linking executive remuneration to individual performance, the group's performance and market conditions. A consulting firm is retained to ensure executives' salaries are appropriately benchmarked against peers and these practices are aligned with global trends.

The committee is also responsible for assisting in a performance assessment of the executive directors. KPIs have been set for the group CEO and financial director, measured on growth in profitability, integration of group strategy and other personalised key performance areas.

The committee is further responsible for devising a remuneration policy for the group as a whole. The policy is tabled at the annual general meeting for a non-binding advisory vote by shareholders.

REMUNERATION POLICY SUMMARY

RISK	ELEMENT	PURPOSE AND LINK TO STRATEGY	DETAIL
Fixed	Guaranteed cost to company (GCTC) Total fixed remuneration – cash (including contributions to defined contributions retirement plan and contributions to medical aid)	Ensures that employees and executives are compensated at market-related levels in relation to their skills and expertise	GCTC is set based on a comparative analysis of a similar group of companies • GCTC is reviewed annually by the committee and the following factors are considered in its review: – Group and individual performance – Internal and external benchmarks – Average salary increases for the entire group
Variable	Short-term incentive (STI) – cash payment	Drives and rewards the achievement of the group's short- and medium-term goals, with payment levels based on approved key performance indicators (KPIs).The KPIs are designed to align employee performance with the short- and medium-term goals of the group	The STI is determined by the committee on a discretionary basis through the assessment of the performance of employees against the KPIs set at the beginning of each financial year Senior executives can obtain a maximum STI of 100% of GCTC based on the satisfactory achievement of KPIs Lower percentages of GCTC are paid to other executives for achievement of their respective KPIs

REMUNERATION REPORT
continued

REMUNERATION POLICY SUMMARY continued

RISK	ELEMENT	PURPOSE AND LINK TO STRATEGY	DETAIL
Variable continued	Long-term incentives (LTI) Share plan for executive directors, executive management, junior management and prescribed officers consisting of share appreciation rights, performance shares and restricted shares	The LTI has been designed as a performance driver to reward long-term sustained performance which is aligned with the interests of shareholders	Refer to paragraphs on pages 45 to 46 on details of LTI share plan

ILLUSTRATIVE SPLIT IN REMUNERATION (%)

	GCTC	EXPECTED STI	EXPECTED LTI
CEO	42	29	29
Top executive	43	30	27
Executive	53	21	26
Senior management	58	18	24

2014 SHARE PLAN

A new share scheme was introduced in 2014 with the intention to attract, retain, motivate and reward executives and managers who are able to influence the performance of CIG and its subsidiaries, in such a way as to align their interests with those of the company's shareholders.

CIG designed the incentive plan in line with global and South African practices with the assistance of consultants. We believe that the use of long-term incentives allows CIG to be competitive and ensures that executives act in the long-term interests of the company.

In terms of the scheme executives and selected managers of the company and its subsidiaries are offered an annual weighted combination of:

- Allocations of share appreciation rights (equity settled)
- Conditional awards of (full value) performance shares
- Grants of (full value) restricted shares.

Share appreciation rights will vest and become exercisable in equal thirds on the third, fourth and fifth anniversaries of the allocation date, but need not be exercised until the seventh anniversary of the allocation date, at which time they must be exercised or lapse. The pricing of the share appreciation rights will be based on the 10-day volume weighted average price preceding the offer.

Full value (free) shares can be offered either as:

- Performance shares, an annual conditional award which requires a future performance of the company according to criteria set by the board
- Restricted shares, which reflect the recent past performance and/or commitment of individuals, by either the matching of the prior year calculated cash bonus or, additionally, the elective deferral and matching of a portion of the cash bonus calculation.

FREQUENTLY ASKED QUESTIONS ABOUT THE 2014 SHARE PLAN

Q & A HOW DO EMPLOYEES AND EXECUTIVES QUALIFY FOR THE SCHEME?

The LTI plan offer is calculated by applying a prescribed face value percentage to the total annual cost to company package, including any performance bonus, earned by the individual for the prior period. The face value percentage applied will vary depending on the reward strategy pay mix and the role of the participants. Stochastic modelling techniques have been utilised to inform the implementation of the reward strategy. Target expected value of offers range from 70% of guaranteed cost to company package for the CEO down to 30% for junior management.

CAN UNVESTED OPTIONS BE CLAIMED IN THE EVENT OF A DISMISSAL? Q & A

An individual who resigns or leaves the employ of the group through negative behavioural factors will forfeit any unvested portion of the LTI.

Q & A WHAT VESTING CRITERIA APPLY TO THE SHARE APPRECIATION RIGHTS PORTION OF THE OFFER?

Growth of 15% in HEPS over a three-year period will be required for full vesting of the 2015 offer. The percentage vested will be reduced proportionally should the growth in HEPS fall below 15%.

WHICH COMPANIES ARE INCLUDED IN THE PEER GROUP? Q & A

In establishing a peer group against which total shareholder return performance can be benchmarked, a peer group has been established which the group feels offers an investor reasonable investment alternatives compared to an investment in CIG. Market sectors, country strategies and market capitalisation were some of the leading factors used in establishing the peer group who are similarly impacted by external factors.

The following companies are included in the peer group:

FTSE/JSE index series (selection) – quarterly review – September 2014

PEER SELECTION	TICKER	JSE SECTOR
PPC Limited	PPC	Industrials
Grindrod Limited	GND	Marine Transportation
AECI Limited	AFE	Chemicals – Speciality
Omnia Holdings Limited	OMN	Chemicals – Speciality
Trencor Limited	TRE	Transportation Services
Reunert Limited	RLO	Electrical Equipment
Murray & Roberts Holdings	MUR	Heavy Construction
Super Group Limited	SPG	Business Support Services
Allied Elec Corp Pref	ATNP	Electrical Equipment
Wilson Bayly Holmes-Ovcon Limited	WBO	Heavy Construction
Aveng Group Limited	AEG	Heavy Construction
Invicta Holdings Limited	IVT	Engineering – General
Metair Investments Limited	MTA	Automobile & Parts
African Oxygen Limited	AFX	Chemicals – Speciality
Mpact Limited	MPT	Containers & Packaging
Raubex Group Limited	RBX	Heavy Construction
Group Five Limited	GRF	Heavy Construction
Consolidated Infrastructure Group Limited	CIL	Electrical Equipment
Hudaco Industries Limited	HDC	Engineering – General
Howden Africa Holdings Limited	HWN	Engineering – General
Eqstra Holdings Limited	EQS	Diversified Industrials
Hulamin Limited	HLM	Steel
Afrimat Limited	AFT	Building & Construction Materials

REMUNERATION REPORT
continued

FREQUENTLY ASKED QUESTIONS ABOUT THE 2014 SHARE PLAN continued

Q & A

IS THE OFFER TO AN INDIVIDUAL IMPACTED BY BELOW PAR PERFORMANCE?

As the offer is based on a total annual cost to company package including performance bonuses, an individual who receives a reduced performance bonus due to underperformance will, as a result of the below par performance, have his offer reduced in the following year.

HAVE ANY RESTRICTED SHARES BEEN ISSUED UNDER THE 2014 SHARE PLAN?

Q & A

Restricted shares were specifically included in the 2014 Share Plan for the retention of high performing senior managers. For the 2015 and 2016 awards made to participants under the 2014 Share Plan , no restricted shares were allocated to participants of the Share Plan. The group is committed to discussing the issuing of restricted shares with significant stakeholders before proceeding to issue any restricted shares to ensure we align our objectives.

Q & A

WHAT MEASUREMENT IS APPLIED IN ORDER TO CALCULATE THE PERFORMANCE SHARES?

Performance shares will be earned by benchmarking total shareholder return over a three-year period and comparing the return to the peer group. Outliers at the top and bottom end of the scale will be removed before determining the performance of CIG against its peers. Performance in the upper quartile will result in up to three times the performance shares being earned while a median performance will result in a one times factor being applied. A total shareholder return that ranks in the bottom quartile will result in no performance shares being earned. Pro-rated vesting will occur for ranking between these points.

CAN PERFORMANCE SHARES BE EARNED DESPITE THE GROUP ACHIEVING NEGATIVE ABSOLUTE SHAREHOLDER RETURN?

Q & A

Under sustained bear market conditions it is possible for a company to achieve a negative absolute shareholder return and still be ranked in the upper quartile of performance against its peers. Under such conditions three times the performance shares can still be earned. Conversely, it is also possible for a company to achieve positive shareholder returns and still only be ranked in the lower quartile which will result in no performance shares being earned.

2007 SHARE SCHEME

Share options granted under the 2007 share scheme were based on a weighted average price of a share over the three calendar months immediately preceding the commencement of the company's financial year during which the offer was made or the option was granted.

The number of options awarded was based on the gross cost to company packages of employees and an individual performance assessment.

For CIG executives, options vested over a four-year period and 16% real growth in earnings has to be achieved for 100% of options to vest. Conco executives need to achieve 15% real growth in Conco EBITDA for 100% of options to vest.

All options granted have a 10-year expiry date.

REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

Directors' emoluments are set out in note 23 to the annual financial statements.

Alex Darko
Chairman remuneration committee

23 February 2016

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee's responsibility is to ensure that the company acts as a responsible corporate citizen and establishes ethical guidelines for engagement with CIG's stakeholders and best environmental practices. Although management is tasked with overseeing the day-to-day sustainability of their respective areas of business and reporting thereon to the committee, the board remains ultimately responsible for the objectives which it has delegated to the committee.

The committee is chaired by independent non-executive director Alex Darko and further comprises independent non-executive director Judi Nwokedi, executive Slu Gesha and financial director Ivor Klitzner. Details of attendance are set out on page 133.

The purpose of the committee is to set the tone in respect of the board's approach to the ethical conduct of business and regularly monitor the group's activities with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in respect of the following:

- Social and economic development, including the group's standing in terms of the:
  - 10 principles set out in the United Nations Global Compact Principles
  - OECD recommendations regarding corruption
- Employment Equity Act
- Broad-Based Black Economic Empowerment Act
- Good corporate citizenship, including the group's:
  - promotion of equality, prevention of unfair discrimination and reduction of corruption
  - contribution to development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed
  - record of sponsorship, donations and charitable giving
- Environment, health and public safety, including the impact of the group's activities and its services
- Consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws
- Labour and employment, including the group's:
  - standing in terms of the International Labour Organisation Protocol on decent work and working conditions
  - employment relationships and our contribution towards the educational development of our employees
- Corporate values and ethical standards (Code of Conduct), and ensuring that the company takes measures to achieve adherence to these in all aspects of the business.

Management reports to the committee on matters relevant to its deliberations and the committee in turn draws relevant matters to the attention of the board and reports on them to the shareholders at the annual general meeting.

Mechanisms to encourage ethical behaviour such as the Code of Conduct and Values were confirmed as adequate by the committee in the year.

Alex Darko
Social and ethics committee chairman

23 February 2016

ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

50 Directors' responsibilities and approval

50 Declaration of the company secretary

51 Directors' report

53 Audit and risk committee report

55 Independent auditor's report

56 Statements of financial position

57 Statements of comprehensive income

58 Statements of changes in equity

60 Statements of cash flows

61 Notes to the annual financial statements

LEVEL OF ASSURANCE

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008 (as amended).

PREPARER

These annual financial statements have been prepared under the supervision of the group financial director, Ivor Klitzner CA (SA).

PUBLISHED

23 February 2016

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and group financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements and group 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 financial statements and group financial statements.

The financial statements and group 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 judgements 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.

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 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 2016 and, in the light of this review and the current financial position, are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements and group financial statements have been examined by the group's external auditors and their report is presented on page 55.

The financial statements and group financial statements set out on pages 56 to 111, which have been prepared on the going concern basis, were approved by the board of directors on 23 February 2016 and were signed on its behalf by:

RD Gamsu
CEO

IM Klitzner
Financial Director

DECLARATION OF THE COMPANY SECRETARY

For the year ended 31 August 2015, 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, and all such returns are true, correct and up to date in respect of the financial year reported on.

CIS Company Secretaries Proprietary Limited
Company secretary

23 February 2016

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 2015.

REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

CIG is an infrastructure-focused holding company, the operations of which constitute a diversified Pan-African infrastructure group currently offering power, building materials, oil and gas and rail infrastructure services across Africa and in the Middle East.

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

SUBSIDIARIES AND ASSOCIATE

Refer to note 6 for details of the company's interests in subsidiaries and associate.

AUTHORISED AND ISSUED SHARE CAPITAL

The number of ordinary shares in issue at 31 August 2015 was 148,8 million (2014: 146,9 million). There were no unlisted shares in issue at 31 August 2015 (2014: Nil).

BORROWING LIMITATIONS

In terms of the memorandum of incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. Subject to the solvency and liquidity test the borrowing powers of the directors are unlimited.

DIVIDENDS

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

DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

RD Gamsu Executive *(CEO)*

IM Klitzner Executive *(Financial Director)*

K Bucknor (Ghanaian) Independent non-executive

AD Dixon Independent non-executive

F Boner Independent non-executive, *(Chairman)*

A Darko (Ghanaian) Independent non-executive

R Horton Independent non-executive

J Nwokedi Independent non-executive

COMPANY SECRETARY

The secretary of the company is CIS Company Secretaries Proprietary Limited, the contact details for which are set out on the inside back cover.

AUDITORS

Grant Thornton will be recommended to continue in office in accordance with section 90 of the Companies Act, 71 of 2008.

In accordance with the Companies Act, 71 of 2008, the audit and risk committee reports in summary as follows:

- The scope, independence and objectivity of the external auditors was reviewed;
- The audit firm Grant Thornton, and audit partner during the year. Mr Jacques Barradas, 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 2016 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 Companies Act, 71 of 2008, 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;

DIRECTORS' REPORT continued

- 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; and
- The committee has in place formal terms of reference approved by the CIG board of directors. It has conducted its affairs in compliance with its terms of reference during the year and discharged its responsibilities as contained therein.

SUBSEQUENT EVENTS

On 1 December 2015, utilising the general authority to issue shares for cash, the group placed eight million shares at R32 per share for certain selected public shareholders.

The directors are not aware of any other significant subsequent events.

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 August 2015.

COMPOSITION AND MEETING ATTENDANCE

The committee is chaired by independent non-executive director Tony Dixon, an experienced leader in corporate governance and involved in the drafting of King III, and further consists of independent non-executive directors Rob Horton and Alex Darko. A short *curriculum vitae* for each of these directors has been set out on pages 130 and 131 demonstrating their suitable skills and experience.

The committee meets at least three times a year as per its terms of reference. The financial director, internal auditor, external auditor, sponsor and other assurance providers attend meetings by invitation only.

During the year four meetings were held. Details of attendance are set out on page 133.

TERMS OF REFERENCE

The committee has adopted formal terms of reference approved by the board. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

STATUTORY ROLES AND RESPONSIBILITIES

EXTERNAL AUDIT

The audit and risk committee has satisfied itself that Grant Thornton and Mr Jacques Barradas, the designated auditor during the year, were independent of the company, which review included 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 all legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2015 year.

There is a formal procedure that governs the process whereby the auditor is considered for non-audit services: the committee approves the terms of a master service agreement for the provision of non-audit services by the external auditor and the nature and extent of non-audit services that the external auditor may provide in terms of the agreed pre-approval policy.

FINANCIAL STATEMENTS

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

A 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 were raised in the year under review.

The audit and risk committee recommended the annual financial statements for the year ended 31 August 2015, for approval to the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting.

INTERNAL FINANCIAL CONTROLS

The 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 committee's recommendation in this regard to the board, in order for the board to report thereon. No weaknesses in financial control (design, implementation or execution) that are considered material and that have resulted in actual material financial loss, fraud or material errors have been identified.

DELEGATED ROLES AND RESPONSIBILITIES

INTEGRATED REPORTING AND COMBINED ASSURANCE

The committee fulfils an oversight role regarding the company's integrated report and the reporting process. The committee considered the company's sustainability information as disclosed in the integrated report and assessed its consistency with operational and other information known to committee members and with the annual financial statements. The committee also discussed the sustainability information with management and the chairman of the social and ethics committee. It is satisfied that the sustainability information is reliable and consistent with the financial results.

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

AUDIT AND RISK COMMITTEE REPORT continued

GOING CONCERN

The committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the company and has accordingly made recommendations to the board. The board's statement on the going concern status of the group and company, as supported by the committee, is set out on page 50 of the integrated annual report.

RISK

The audit and risk committee determines the key risk areas facing the group and recommends mitigating measures. It is the responsibility of the committee to advise and update the board on issues ranging from accounting standards through published financial information to the implications of major transactions. The audit and risk committee is satisfied that the appropriate risk management processes, including the role of the outsourced risk specialist, the risk management software application and the methodology adopted, are appropriate, effective and sustainable.

INTERNAL AUDIT

The 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. Further, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board and these functions.

The committee considered and recommended the internal audit charter for approval by the board. The annual internal audit plan is developed and managed using the risk management database and forms part of the combined assurance model developed by CIG. The internal audit plan was approved by the audit and risk committee.

Internal Audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis. Internal Audit has direct access to the committee, primarily through its chairman.

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

EVALUATION

The committee members were all satisfied with the functioning of the audit and risk committee. The board was satisfied that the committee members collectively have sufficient academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and human resource management as required by section 94(5) of the Companies Act, 71 of 2008, read with Regulation 42. In terms of the JSE Listings Requirements, the audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of the financial director, Ivor Klitzner.

AD Dixon
Chairman
CA(SA), Finst D

23 February 2016

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Consolidated Infrastructure Group Limited

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the financial statements of Consolidated Infrastructure Group Limited, as set out on pages 56 to 111, which comprise the consolidated and separate statements of financial position as at 31 August 2015, 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 the notes, comprising a summary of significant accounting policies and other explanatory information.

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 requirements of the Companies Act, 71 of 2008 (as amended), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S 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 auditor's 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 auditor considers 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 management, 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 2015, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, 71 of 2008.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT, 71 OF 2008

As part of our audit of the annual financial statements for the year ended 31 August 2015, we have read the directors' report, the audit and risk committee's report and declaration of the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton Johannesburg Partnership
Chartered Accountants (SA)
Registered Auditors

Per: Jacques Barradas
Partner
Chartered Accountants (SA)
Registered Auditors

Wanderers Office Park
52 Corlett Drive
Ilovo 2196

23 February 2016
Johannesburg

STATEMENTS OF FINANCIAL POSITION

as at 31 August 2015

	Notes	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**450 076**	387 517	**411**	585
Goodwill	4	**534 272**	462 220	**–**	–
Intangible assets	5	**21 419**	24 880	**–**	–
Investments in subsidiaries	6	**–**	–	**883 162**	752 945
Investment in joint arrangements	7	**584 170**	372 638	**–**	–
Financial assets	8	**11 507**	8 153	**–**	–
Deferred tax	9	**75 070**	64 739	**424**	1 214
		1 676 514	1 320 147	**883 997**	754 744
Current assets					
Inventories	10	**109 050**	76 311	**–**	–
Loans to group companies	11	**–**	–	**854 219**	482 545
Current tax receivable		**6 243**	3 325	**–**	99
Amounts due from contract customers	12	**2 707 486**	1 446 405	**–**	–
Trade and other receivables	13	**245 101**	196 471	**7 779**	7 825
Cash and cash equivalents	14	**482 477**	948 984	**281 978**	637 397
		3 550 357	2 671 496	**1 143 976**	1 127 866
Total assets		**5 226 871**	3 991 643	**2 027 973**	1 882 610
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	15	**1 356 130**	1 310 139	**1 349 176**	1 306 707
Foreign currency translation reserve		**115 124**	3 575	**–**	–
Share-based payment reserve	40	**30 643**	23 794	**15 553**	13 114
Accumulated income		**1 169 383**	839 157	**20 157**	16 839
		2 671 280	2 176 665	**1 384 886**	1 336 660
Non-controlling interest		**3 964**	1 831	**–**	–
		2 675 244	2 178 496	**1 384 886**	1 336 660
Liabilities					
Non-current liabilities					
Financial liabilities	16	**725 191**	620 999	**625 000**	530 000
Instalment sale liabilities	17	**22 729**	23 761	**–**	–
Deferred tax	9	**90 815**	83 115	**–**	–
Provisions	18	**8 166**	8 073	**–**	–
		846 901	735 948	**625 000**	530 000
Current liabilities					
Financial liabilities	16	**8 892**	173 371	**–**	–
Current tax payable		**5 453**	27 100	**970**	1 302
Instalment sale liabilities	17	**23 364**	18 392	**–**	–
Trade and other payables	19	**1 427 761**	711 728	**17 117**	14 648
Amounts received in advance		**172 645**	66 145	**–**	–
Amounts due to contract customers	12	**66 611**	80 463	**–**	–
		1 704 726	1 077 199	**18 087**	15 950
Total liabilities		**2 551 627**	1 813 147	**643 087**	545 950
Total equity and liabilities		**5 226 871**	3 991 643	**2 027 973**	1 882 610

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 August 2015

	Notes	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Revenue	21	**3 603 953**	2 635 713	**–**	–
Cost of sales		**(2 818 381)**	(2 046 565)	**–**	–
Gross profit		**785 572**	589 148	**–**	–
Other income		**61 900**	47 868	**10 718**	4 672
Operating expenses		**(495 347)**	(371 301)	**(30 160)**	(10 848)
Foreign exchange gain/(loss)		**5 899**	(405)	**–**	–
Operating profit/(loss)	22	**358 024**	265 310	**(19 442)**	(6 176)
Investment revenue	24	**33 268**	28 233	**73 317**	42 052
Gain on settlement of instalment sale liabilities		**188**	418	**–**	–
Income from equity-accounted investments		**109 517**	82 644	**–**	–
Finance costs	25	**(90 250)**	(66 187)	**(48 320)**	(36 109)
Profit/(loss) before taxation		**410 747**	310 418	**5 555**	(233)
Taxation	26	**(79 341)**	(52 310)	**(2 237)**	65
Profit/(loss) for the year		**331 406**	258 108	**3 318**	(168)
Other comprehensive income:					
Items that may be reclassified to profit:					
Exchange differences on translating foreign operations		**112 502**	5 385	**–**	–
Other comprehensive income for the year net of taxation	29	**112 502**	5 385	**–**	–
Total comprehensive income/(loss) for the year		**443 908**	263 493	**3 318**	(168)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		**441 775**	262 748	**3 318**	(168)
Non-controlling interest		**2 133**	745	**–**	–
Total comprehensive income/(loss) for the year		**443 908**	263 493	**3 318**	(168)
Profit/(loss) attributable to:					
Equity holders of the parent		**330 226**	257 213	**3 318**	(168)
Non-controlling interest		**1 180**	895	**–**	–
Profit/(loss) for the year		**331 406**	258 108	**3 318**	(168)
Earnings per share (cents)	28				
Basic		**222,51**	188,78		
Diluted		**216,32**	183,43		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2015

	Share capital R'000	Foreign currency translation reserve R'000	Share–based payment reserve R'000	Total reserves R'000	Accu–mulated income R'000	Total attri-butable to equity holders of the parent/ company R'000	Non–controlling interest R'000	Total equity R'000
GROUP								
Balance at 1 September 2013	982 585	(1 960)	16 336	14 376	581 944	1 578 905	1 086	1 579 991
Profit for the year	–	–	–	–	257 213	257 213	895	258 108
Other comprehensive income	–	5 535	–	5 535	–	5 535	(150)	5 385
Total comprehensive income for the year	–	5 535	–	5 535	257 213	262 748	745	263 493
Issue of shares	324 122	–	–	–	–	324 122	–	324 122
Share-based payments	–	–	10 890	10 890	–	10 890	–	10 890
Transfer of stated capital from share-based payment reserve	3 432	–	(3 432)	(3 432)	–	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	327 554	–	7 458	7 458	–	335 012	–	335 012
Balance at 1 September 2014	1 310 139	3 575	23 794	27 369	839 157	2 176 665	1 831	2 178 496
Profit for the year	**–**	**–**	**–**	**–**	**330 226**	**330 226**	**1 180**	**331 406**
Other comprehensive income	**–**	**111 549**	**–**	**111 549**	**–**	**111 549**	**953**	**112 502**
Total comprehensive income for the year	**–**	**111 549**	**–**	**111 549**	**330 226**	**441 775**	**2 133**	**443 908**
Issue of shares	**42 483**	**–**	**–**	**–**	**–**	**42 483**	**–**	**42 483**
Share-based payments	**–**	**–**	**10 357**	**10 357**	**–**	**10 357**	**–**	**10 357**
Shares issued in terms of the share scheme	**3 508**	**–**	**(3 508)**	**(3 508)**	**–**	**–**	**–**	**–**
Total contributions by and distributions to owners of company recognised directly in equity	**45 991**	**–**	**6 849**	**6 849**	**–**	**52 840**	**–**	**52 840**
Balance at 31 August 2015	**1 356 130**	**115 124**	**30 643**	**145 767**	**1 169 383**	**2 671 280**	**3 964**	**2 675 244**

	Share capital R'000	Reserves for own shares/ share re-purchase reserve R'000	Total reserves R'000	Accu–mulated income R'000	Total attri-butable to equity holders of the parent/ company R'000	Total equity R'000
COMPANY						
Balance at 1 September 2013	981 896	13 803	13 803	17 007	1 012 706	1 012 706
Loss for the year	–	–	–	(168)	(168)	(168)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(168)	(168)	(168)
Issue of shares	324 122	–	–	–	324 122	324 122
Transfer of stated capital from share-based payment reserve	689	(689)	(689)	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	324 811	(689)	(689)	–	324 122	324 122
Balance at 1 September 2014	1 306 707	13 114	13 114	16 839	1 336 660	1 336 660
Profit for the year	**–**	**–**	**–**	**3 318**	**3 318**	**3 318**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**3 318**	**3 318**	**3 318**
Issue of shares	**42 469**	**–**	**–**	**–**	**42 469**	**42 469**
Share-based payment expense	**–**	**2 439**	**2 439**	**–**	**2 439**	**2 439**
Total contributions by and distributions to owners of company recognised directly in equity	**42 469**	**2 439**	**2 439**	**–**	**44 908**	**44 908**
Balance at 31 August 2015	**1 349 176**	**15 553**	**15 553**	**20 157**	**1 384 886**	**1 384 886**

STATEMENTS OF CASH FLOWS

for the year ended 31 August 2015

	Notes	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Cash flows from operating activities					
Cash (used in)/generated from operations	30	**(102 880)**	211 299	**(14 314)**	1 381
Interest income		**33 268**	28 233	**73 317**	42 052
Finance costs		**(87 071)**	(62 825)	**(48 320)**	(36 109)
Tax paid	31	**(103 520)**	(73 362)	**(1 680)**	–
Net cash flows from operating activities		**(260 203)**	103 345	**9 003**	7 324
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(59 272)**	(55 302)	**–**	–
Proceeds on sale of property, plant and equipment	3	**5 103**	4 571	**–**	–
Purchase of other intangible assets	5	**(369)**	(395)	**–**	–
Business combinations	32	**(67 279)**	–	**–**	–
Acquisition of investment in joint arrangement		**–**	(261 588)	**–**	–
Repayment of loans payable to group companies		**–**	–	**(371 674)**	(101 704)
Acquisition of financial assets		**(335)**	(1 263)	**–**	–
Movement in investment in subsidiary		**–**	–	**(93 426)**	(203 518)
Net cash flows from investing activities		**(122 152)**	(313 977)	**(465 100)**	(305 222)
Cash flows from financing activities					
Proceeds on share issue	15	**5 678**	324 123	**5 678**	324 123
Increase in financial liabilities		**–**	355 340	**95 000**	130 000
Repayment of financial liabilities		**(59 201)**	–	**–**	–
Repayment of instalment sale liabilities		**(35 644)**	(24 108)	**–**	–
Net cash flows from financing activities		**(89 167)**	655 355	**100 678**	454 123
Total cash and cash equivalents movement for the year		**(471 522)**	444 723	**(355 419)**	156 225
Cash and cash equivalents at the beginning of the year		**948 984**	504 331	**637 397**	481 172
Effect of foreign currency translation reserve movement on cash balances		**5 015**	(70)	**–**	–
Total cash and cash equivalents at the end of the year	14	**482 477**	948 984	**281 978**	637 397

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2015

1. ACCOUNTING POLICIES

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act, 71 of 2008 (as amended), the JSE Listings Requirements and the SAICA Financial Reporting Pronouncements as issued by the Accounting Practices Committee. 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 other than the adoption of certain standards and interpretations which became effective during the current 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; these 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 inventory

An allowance to write down inventory to the lower of cost or net realisable value is made at each reporting date. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

Share options

Management used the Black-Scholes option pricing model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 40 – Share-based payments.

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 is 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 is included in note 18 – 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

1. ACCOUNTING POLICIES continued

1.1 SIGNIFICANT JUDGEMENTS continued

Taxation continued

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

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 improvements	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

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 is 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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. 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.

For all intangible assets amortisation is provided on a straight-line basis over their useful life.

1. ACCOUNTING POLICIES continued

1.4 INTANGIBLE ASSETS continued

The amortisation period and the amortisation method for intangible assets are reviewed every period-end, any changes thereto are accounted for as changes in estimate.

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, to their residual values as follows:

Item	Useful life
Mining rights	20 years
Brand names	10 years
Computer software	1 year

1.5 INVESTMENTS IN SUBSIDIARIES

The group annual financial statements include those of the holding company and its subsidiaries who are those entities that the group controls. Control over an entity is achieved when group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of the subsidiaries are included from the effective date of acquisition. Subsidiaries are deconsolidated 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:

- the consideration transferred measured in accordance with IFRS 3;
- the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3; and
- 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.

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

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 JOINT ARRANGEMENTS

Joint ventures

A joint venture is a joint arrangement in which the joint venturer has rights to the net asset value of the arrangement. Joint ventures are those entities in which the group has joint control over the financial and operating policies. Interests in joint ventures are accounted for using the equity method. In the company financial statements an investment in a joint venture is carried at cost less any accumulated impairment. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence ceases.

1.7 FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

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 fair values, discounting is not applied as the effects thereof are considered immaterial.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

1. ACCOUNTING POLICIES continued

1.7 FINANCIAL INSTRUMENTS continued

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.

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.

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.

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 statement of comprehensive income.

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 recorded at fair value plus transaction costs and subsequently at amortised cost using the effective rate method. Amortised cost approximates fair value.

Bank overdraft, borrowings and instalment sale liabilities

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 borrowing in accordance with the group's accounting policy for borrowing costs.

1.8 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.

1. ACCOUNTING POLICIES continued

1.8 TAX continued

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 (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.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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 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 in equity.

1.9 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.

1.10 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 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/(TO) 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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

1. ACCOUNTING POLICIES continued

1.12 IMPAIRMENT OF NON-FINANCIAL ASSETS

The group assesses at each end of the reporting period 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.

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 units. 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 SHARE-BASED PAYMENTS

The cost of goods or services received in a share-based payment transaction are recognised when the goods or services are received.

A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the goods or services received are measured, as well as the corresponding increase in equity, at the fair value of the goods or services received unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity are measured by reference to the fair value of the equity instruments granted.

For equity-settled share-based payment transactions, the fair value of the equity instruments granted is measured at grant date and is not subsequently remeasured. At each reporting date, up to and including vesting date, an estimate of the number of options expected to vest is carried out at each reporting date. Any adjustments are made through the statement of comprehensive income with a corresponding adjustment to equity.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

1.15 EMPLOYEE BENEFITS

Short-term employee benefits

The cost 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) is recognised in the period in which the service is rendered and is not discounted.

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

1. ACCOUNTING POLICIES continued

1.15 EMPLOYEE BENEFITS continued

Short-term employee benefits continued

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.

1.16 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.

1.17 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 transaction will flow to the group;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Stage of completion is determined by the proportion of costs incurred to date compared 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.

Other income is recognised, at fair value, when the group has transferred to the other party the specific goods or services as stipulated, which is not included in revenue.

1.18 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.

1.19 OPERATING EXPENSES

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

1.20 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.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

1. ACCOUNTING POLICIES continued

1.21 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 statement of financial position 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 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; and
- 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 approximate 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 reclassified in profit or loss as part of the gain or loss on sale.

1.22 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. Diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

1.23 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 02/2013 'Headline Earnings' issued by the South African Institute for Chartered Accountants. Diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.24 SEGMENTAL REPORTING

The group has four operating segments: Building Materials, Power, Oil & Gas and Rail. In identifying these operating segments, management generally follows the group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources.

For management purposes, the group uses the same measurement policies as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the group's corporate headquarters.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

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 – annual periods beginning on or after
IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*	• Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice versa), the accounting guidance in paragraphs 27 – 29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27– 29	1 July 2016
IFRS 7: *Financial Instruments: Disclosures*	• Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset	1 July 2016
	• Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7: *Disclosure – Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34: *Interim Financial Reporting* when its inclusion would be necessary in order to meet the general principles of IAS 34	1 July 2016
IFRS 9: *Financial Instruments*	• IFRS 9: *Financial Instruments* (2014) replaces IAS 39: *Financial Instruments: Recognition and Measurement*	1 January 2018
IFRS 10: *Consolidated Financial Statements*	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10: *Consolidated Financial Statements* and those in IAS 28 (2011): *Investments in Associates* in dealing with the sale or contribution of a subsidiary	1 January 2016
	• Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31	1 January 2016
	• Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities	1 January 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE continued

Standard	Details of amendment	Effective date – annual periods beginning on or after
IFRS 10: *Consolidated Financial Statements (continued)*	• Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries	1 January 2016
IFRS 11: *Joint Arrangements*	• Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business	1 January 2016
IFRS 15: *Revenue from Contracts with Customers*	• New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services	1 January 2018
IAS 1: *Presentation of Financial Statements*	• Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated	1 January 2016
	• Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position	1 January 2016
	• Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order	1 January 2016
IAS 16: *Property, Plant and Equipment*	• Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment	1 January 2016
	• Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41	1 January 2016
IAS 19: *Employee Benefits*	• Annual Improvements 2012–2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post-employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency level rather than the country level	1 July 2016
IAS 27: *Consolidated and Separate Financial Statements*	• Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements	1 January 2016

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE continued

Standard	Details of amendment	Effective date – annual periods beginning on or after
IAS 28: *Investments in Associates*	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10: C*onsolidated Financial Statements* and those in IAS 28 (2011): *Investments in Associates* in dealing with the sale or contribution of a subsidiary. In addition IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction	1 January 2016
IAS 34: *Interim Financial Reporting*	• Annual Improvements 2012–2014 Cycle: The amendments clarify the meaning of 'disclosure of information elsewhere in the interim financial report' and require the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete	1 July 2016
IAS 38: *Intangible Assets*	• Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets	1 January 2016
IAS 41: *Agriculture*	• The amendments change the accounting for bearer plants	1 January 2016

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

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

3. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
GROUP						
Land and buildings	**153 119**	**(9 285)**	**143 834**	135 150	(7 750)	127 400
Plant and machinery	**345 366**	**(129 218)**	**216 148**	286 301	(97 660)	188 641
Furniture and fixtures	**12 814**	**(5 493)**	**7 321**	9 881	(3 714)	6 167
Motor vehicles	**121 933**	**(79 943)**	**41 990**	86 262	(53 186)	33 076
Office equipment	**5 541**	**(3 023)**	**2 518**	4 892	(2 292)	2 600
IT equipment	**28 539**	**(22 041)**	**6 498**	24 143	(17 321)	6 822
Computer software	**47 290**	**(17 131)**	**30 159**	34 569	(12 126)	22 443
Leasehold improvements	**612**	**(366)**	**246**	612	(244)	368
Mobile site offices	**2 259**	**(897)**	**1 362**	–	–	–
Total	**717 473**	**(267 397)**	**450 076**	581 810	(194 293)	387 517
COMPANY						
Furniture and fixtures	**381**	**(215)**	**166**	381	(166)	215
Office equipment	**20**	**(20)**	**–**	20	(20)	–
IT equipment	**182**	**(182)**	**–**	182	(179)	3
Leasehold improvements	**612**	**(367)**	**245**	612	(245)	367
Total	**1 195**	**(784)**	**411**	1 195	(610)	585

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – GROUP – 2015

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Transfers R'000	Foreign exchange movements R'000	Depreciation R'000	Closing balance R'000
Land and buildings	**127 400**	**12 560**	**5 361**	**(35)**	**33**	**91**	**(1 576)**	**143 834**
Plant and machinery	**188 641**	**44 232**	**10 204**	**(159)**	**(33)**	**–**	**(26 737)**	**216 148**
Furniture and fixtures	**6 167**	**1 355**	**254**	**–**	**–**	**1 147**	**(1 602)**	**7 321**
Motor vehicles	**33 076**	**5 930**	**14 684**	**(604)**	**–**	**780**	**(11 876)**	**41 990**
Office equipment	**2 600**	**643**	**21**	**–**	**–**	**76**	**(822)**	**2 518**
IT equipment	**6 822**	**3 680**	**389**	**(33)**	**–**	**41**	**(4 401)**	**6 498**
Computer software	**22 443**	**11 840**	**583**	**–**	**–**	**–**	**(4 707)**	**30 159**
Leasehold improvements	**368**	**–**	**–**	**–**	**–**	**–**	**(122)**	**246**
Mobile site offices	**–**	**135**	**1 810**	**–**	**–**	**–**	**(583)**	**1 362**
	387 517	**80 375**	**33 306**	**(831)**	**–**	**2 135**	**(52 426)**	**450 076**

3. PROPERTY, PLANT AND EQUIPMENT continued

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – GROUP – 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Closing balance R'000
Land and buildings	126 968	3 575	–	(1 583)	(1 560)	127 400
Plant and machinery	171 057	38 499	(1 110)	–	(19 805)	188 641
Furniture and fixtures	2 411	3 459	(2)	1 583	(1 284)	6 167
Motor vehicles	38 930	11 049	(1 432)	–	(15 471)	33 076
Office equipment	2 291	955	–	–	(646)	2 600
IT equipment	6 387	4 607	–	–	(4 172)	6 822
Computer software	15 834	11 314	(194)	–	(4 511)	22 443
Leasehold improvements	490	–	–	–	(122)	368
	364 368	73 458	(2 738)	–	(47 571)	387 517

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – COMPANY – 2015

	Opening balance R'000	**Depreciation R'000**	**Closing balance R'000**
Furniture and fixtures	**215**	**(49)**	**166**
IT equipment	**3**	**(3)**	**–**
Leasehold improvements	**367**	**(122)**	**245**
	585	**(174)**	**411**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – COMPANY – 2014

	Opening balance R'000	Depreciation R'000	Closing balance R'000
Furniture and fixtures	276	(61)	215
IT equipment	10	(7)	3
Leasehold improvements	490	(123)	367
	776	(191)	585

ASSETS SUBJECT TO INSTALMENT SALE LIABILITIES (NET CARRYING AMOUNT)

	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Plant and machinery	**38 071**	10 305	**–**	–
Motor vehicles	**23 215**	28 636	**–**	–
Office equipment	**–**	2 358	**–**	–
IT equipment	**2 105**	–	**–**	–
	63 390	41 299	**–**	–

Refer to notes 16 and 17 for details of property, plant and equipment given as security to the group's lenders.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

3. PROPERTY, PLANT AND EQUIPMENT continued

OPTION ON CERTAIN LAND AND BUILDINGS

Elderberry Proprietary Limited, an external company, has an option in place to acquire the land and buildings held by Drift Supersand Proprietary Limited, located in Muldersdrift, for an amount of R68,4 million. The current carrying value of the land and buildings is R70,2 million (2014: R70,2 million). Should the option be exercised, Elderberry has an obligation to lease the land and buildings back to Drift Supersand, if Drift Supersand so requires. If the lease comes into effect following Elderberry exercising its option to acquire the land and buildings, Drift Supersand has the option to renew the lease up to 30 September 2022. Certain directors of Drift Supersand are shareholders of Elderberry.

4. GOODWILL

	2015			2014		
	Cost R'000	**Accumulated impairment R'000**	**Carrying value R'000**	Cost R'000	Accumulated impairment R'000	Carrying value R'000
GROUP						
Goodwill	**572 413**	**(38 141)**	**534 272**	500 361	(38 141)	462 220

RECONCILIATION OF GOODWILL – GROUP – 2015

	Opening balance R'000	**Additions through business combinations R'000**	**Closing balance R'000**
Goodwill	**462 220**	**72 052**	**534 272**

IMPAIRMENT TESTING

The recoverable amounts of the cash-generating units (CGUs) 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%, which approximates the weighted average cost of capital for the group, over a 10-year period and assuming a growth rate of 8,5%. A period of 10 years was used as it is line with the minimum investment period envisaged at the acquisition date. The value of goodwill determined on this basis exceeds the carrying value at year-end for Drift Supersand, West End Claybrick, Conco and Tractionel.

ALLOCATION OF GOODWILL

	2015 R'000	2014 R'000
Drift Supersand	**22 717**	22 717
West End Claybrick	**41 565**	41 565
Conco	**397 938**	397 938
Tractionel	**72 052**	–
Total	**534 272**	462 220

5. INTANGIBLE ASSETS

	2015			2014		
	Cost R'000	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
GROUP						
Mining rights	**21 743**	**(8 697)**	**13 046**	21 743	(7 610)	14 133
Brand names	**23 959**	**(15 629)**	**8 330**	23 959	(13 233)	10 726
Computer software	**778**	**(735)**	**43**	395	(374)	21
Total	**46 480**	**(25 061)**	**21 419**	46 097	(21 217)	24 880

RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2015

	Opening balance R'000	**Additions R'000**	**Amortisation R'000**	**Closing balance R'000**
Mining rights	**14 133**	**–**	**(1 087)**	**13 046**
Brand names	**10 726**	**–**	**(2 396)**	**8 330**
Computer software	**21**	**369**	**(347)**	**43**
	24 880	**369**	**(3 830)**	**21 419**

RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2014

	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
Mining rights	15 220	–	(1 087)	14 133
Brand names	13 122	–	(2 396)	10 726
Computer software	–	395	(374)	21
	28 342	395	(3 857)	24 880

REMAINING USEFUL LIVES OF INTANGIBLE ASSETS (YEARS)

	2015	2014
Mining rights	**12**	13
Brand names	**3**	4
Computer software	**1**	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

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 occuring 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 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	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
Issue date	24 February 2012	18 May 2010	6 March 2007	6 March 2007
Expiration date	26 April 2038	17 May 2040	5 March 2017	5 March 2037
Status	New order mining right approved	New order mining right approved	New order mining right approved	New order mining right approved

No land is owned, leased or is 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

Name of company	2015 % holding	2015 Cost R'000	2014 % holding	2014 Cost R'000
Drift Supersand Proprietary Limited**	**74**	**28 841**	100	28 841
West End Claybrick Proprietary Limited	**100**	**61 558**	100	61 558
Consolidated Power Projects Proprietary Limited	**100**	**459 027**	100	459 027
Consolidated Power Maintenance and Investments Proprietary Limited	**100**	**1**	100	1
Consolidated Infrastructure Group International*	**100**	**210 101**	100	203 518
Tractionel***	**100**	**123 634**	–	–
		883 162		752 945

* *All subsidiaries are incorporated in South Africa, except for Consolidated Infrastructure Group International which is incorporated in Mauritius*

** *On 1 September 2014, Lephatsi Investments Proprietary Limited acquired a 26% shareholding in Drift Supersand Proprietary Limited.*

*** *On 31 October 2014 the group acquired 100% of the voting equity interest of Tension Overhead Electrification Proprietary Limited and Tractionel Maintenance Services Proprietary Limited, collectively referred to as Tractionel*

7. INVESTMENTS IN JOINT ARRANGEMENTS

JOINT VENTURES

On 30 January 2014 the group acquired a 30,5% equity interest in AES for R261,6 million. AES, an Angolan-based company, provides waste management services to the oil and gas sector. The shareholding in AES is held by Consolidated Infrastructure Group International, incorporated in Mauritius, which is a wholly owned subsidiary of the group. AES is accounted for as a joint venture using the equity-accounted method.

Fundo De Investimento Privado Angola (FIPA) currently holds a 16% stake in AES.

In terms of a consortium agreement, FIPA has a put option in place to sell their shareholding to CIG.

The option period commences on 1 May 2016 and expires after four years.

The value of the shares to be acquired will be based on a 4,5 times EBITDA multiple, less any existing interest-bearing debt within the business.

In the event of a material adverse condition existing at the time the put option is triggered by FIPA, CIG has the right not to exercise the option, following which CIG and FIPA will jointly market their shares in the open market.

The following table lists all of the joint ventures in the group:

Name of company	Held by	2015 % ownership interest	2015 Carrying amount R'000	2014 % ownership interest	2014 Carrying amount R'000
GROUP					
Angola Environmental Services Limitada (AES)	CIG Angola 1	**30,5**	**584 169**	30,5	372 638
Uvuko-Tractionel JV	Tractionel	**65**	**1**	–	–
			584 170		372 638

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

7. INVESTMENTS IN JOINT ARRANGEMENTS continued

JOINT VENTURES continued

The following joint venture is material to the group:

	Country of incorporation	Method	2015 Ownership interest %	2014 Ownership interest %
AES	Angola	Equity	**30,5**	30,5

SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE

Summarised statement of comprehensive income (100%)

	AES 2015 R'000	AES 2014 R'000
Profit before tax	**552 418**	416 898
Tax expense	**(193 346)**	(145 915)
Profit after tax	**359 072**	270 983
Total comprehensive income	**359 072**	270 983

Summarised statement of financial position (100%)

	AES 2015 R'000	AES 2014 R'000
ASSETS		
Non-current	**855 573**	715 751
Current		
Cash and cash equivalents	**166 376**	334 465
Other current assets	**861 458**	556 435
Total current assets	**1 027 834**	890 900
LIABILITIES		
Non-current		
Non-current financial liabilities	**243 394**	447 179
Total non-current liabilities	**243 394**	447 179
Current		
Current financial liabilities	**364 612**	351 026
Total current liabilities	**364 612**	351 026
Total net assets	**1 275 401**	808 446

7. INVESTMENTS IN JOINT ARRANGEMENTS continued

RECONCILIATION OF NET ASSETS TO EQUITY-ACCOUNTED INVESTMENTS IN JOINT VENTURES

	2015 R'000	2014 R'000
Interest in joint venture at percentage ownership (30,5%)	**458 108**	246 576
Goodwill	**126 062**	126 062
Carrying value of investment in joint venture	**584 170**	372 638
Investment at the beginning of the period	**372 638**	–
Acquisitions	**–**	289 994
Share of profit	**109 517**	82 644
Share of OCI	**102 015**	–
Investment at the end of the period	**584 170**	372 638

8. FINANCIAL ASSETS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Loans and receivables carried at amortised cost				
Environmental Rehabilitation Trust Fund	**9 356**	8 153	**–**	–
Non-current receivable	**2 128**	–	**–**	–
A subsidiary company, Drift Supersand Proprietary Limited, disposed of certain of its plant and equipment. The balance is payable over a period in excess of one year.				
The amount payable within one year is included in trade and other receivables (note 13).				
Other loans and receivables	**23**	–	**–**	–
Total other financial assets	**11 507**	8 153	**–**	–
The carrying value of the financial assets approximate their fair value.				
Non-current assets				
Loans and receivables	**11 507**	8 153	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

9. DEFERRED TAX

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Deferred tax breakdown				
Property, plant and equipment	**(36 972)**	(36 313)	**–**	–
Deferred taxation on intangible assets	**(30 495)**	(25 454)	**–**	–
Debtors and income received in advance	**12 596**	5 123	**–**	–
Tax losses available for set off against future taxable income	**45 538**	45 917	**424**	1 214
Other provisions	**1 051**	1 359	**–**	–
Provision for doubtful debts	**(192)**	(234)	**–**	–
Accrual for leave pay and bonus	**(7 271)**	(8 774)	**–**	–
	(15 745)	(18 376)	**424**	1 214
A deferred tax asset of R1,3 million was included as part of the Tractionel business combination (refer note 32).				
Reconciliation of deferred tax				
At the beginning of the year	**(18 376)**	(25 784)	**1 214**	–
Originating temporary difference on property, plant and equipment	**(659)**	(766)	**–**	–
Originating temporary difference on intangible assets	**(5 041)**	(4 374)	**–**	–
Reversing temporary difference on debtors and income received in advance	**7 473**	29 963	**–**	–
(Decrease)/increase in tax losses available for set off against future taxable income	**(379)**	(351)	**(790)**	1 214
(Originating)/reversing temporary difference on other provisions	**(308)**	176	**–**	–
Reversing/(originating) temporary difference on provision for doubtful debts	**42**	(1 610)	**–**	–
Reversing/(originating) temporary difference on accrual for leave pay and bonus	**1 503**	(15 630)	**–**	–
	(15 745)	(18 376)	**424**	1 214
Disclosure on the statement of financial position				
Deferred tax asset	**75 070**	64 739	**424**	1 214
Deferred tax liability	**(90 815)**	(83 115)	**–**	–
	(15 745)	(18 376)	**424**	1 214

RECOGNITION OF DEFERRED TAX ASSET

Deferred tax assets are raised only to the extent that future taxable income will be available against which the deferred tax asset can be set off. A deferred tax asset of R45,5 million (2014: R45,9 million), in West End Claybrick Proprietary Limited, was raised based on tax losses available for set off against future taxable income. Management has projected that future taxable income will be in excess of the tax losses.

10. INVENTORIES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Raw materials, components	**57 622**	27 262	**–**	–
Work in progress	**17 156**	17 047	**–**	–
Finished goods	**34 272**	32 002	**–**	–
	109 050	76 311	**–**	–

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

R64,2 million (2014: R59,5 million) of inventory in West End Claybrick was pledged as security for banking facilities in the form of a notarial bond.

11. LOANS TO GROUP COMPANIES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Subsidiaries				
Drift Supersand Proprietary Limited The loan is unsecured, bears interest at prime interest rate plus 0,5% and has no fixed terms of repayment.	**–**	–	**80 792**	64 708
West End Claybrick Proprietary Limited 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.	**–**	–	**139 390**	139 390
Consolidated Power Projects Proprietary Limited The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.	**–**	–	**568 409**	278 447
Consolidated Power Maintenance Proprietary Limited The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.	**–**	–	**65 628**	–
	–	–	**854 219**	482 545

The carrying value of the loans to group companies approximate their amortised cost value. Discounting is only performed when the effects of the time value of money are considered material.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

12. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Cost incurred plus recognised profits/(less recognised losses) on contracts in progress at year-end	**2 099 399**	962 084	**–**	–
Amounts receivable on contracts (net of impairments)	**519 335**	393 313	**–**	–
	2 618 734	1 355 397	**–**	–
Advances received in excess of work completed	**(66 611)**	(80 463)	**–**	–
Amounts receivable from contracts	**2 552 123**	1 274 934	**–**	–
Retentions receivable (net of impairments)	**88 752**	91 008	**–**	–
	2 640 875	1 365 942	**–**	–
Amounts due from contract customers	**2 707 486**	1 446 405	**–**	–
Amounts due to contract customers	**(66 611)**	(80 463)	**–**	–
	2 640 875	1 365 942	**–**	–
Amounts due from contract customers past due but not impaired				
Amounts due from contract customers which are past due are reviewed for impairment. Management has considered past payment performance and current financial standing of the customer in order to raise the appropriate impairment allowance.				
At 31 August 2015, R201,8 million (2014: R162,1 million) was past due but not impaired. Management is satisfied that these amounts are recoverable as it is in line with the terms associated with the industry.				
An allowance of R24,5 million (2014: R25,9 million) was raised for past due amounts receivable from contract customers.				
The ageing of amounts past due but not impaired is as follows:				
31 – 60 days	**18 125**	70 986	**–**	–
61 – 90 days	**11 961**	29 365	**–**	–
91 – 120 days	**171 675**	61 694	**–**	–
	201 761	162 045	**–**	–
Reconciliation of allowance for impairment of amounts due from contract customers				
Opening balance	**25 991**	28 438	**–**	–
Utilisation of provision	**(1 528)**	(2 447)	**–**	–
	24 463	25 991	**–**	–

R2 707,5 million (2014: R1 446,4 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.

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Trade receivables	**162 997**	93 568	**–**	–
Prepayments	**36 534**	21 072	**2 645**	4 413
Deposits	**4 698**	3 093	**–**	–
VAT	**3 928**	1 661	**–**	–
Other	**36 944**	77 077	**5 134**	3 412
	245 101	196 471	**7 779**	7 825
Trade and other receivables pledged as security				
R21,7 million (2014: R22,1 million) trade receivables in West End Claybrick Proprietary Limited and R43,1 million (2014: RNil) in Tension Overhead Electrification 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 past due are reviewed for impairment. Management has considered past payment performance and current financial standing of the customer in order to raise the appropriate impairment allowance.				
At 31 August 2015, R21,0 million (2014: R20,4 million) was past due but not impaired. Management is satisfied that these amounts are recoverable as it is in line with the terms associated with the industry.				
An allowance of R0,8 million (2014: R0,4 million) was raised for past due trade and other receivables. The ageing of amounts past due but not impaired is as follows:				
31 – 60 days	**4 767**	15 274	**–**	–
61 – 90 days	**4 781**	2 865	**–**	–
91 – 120 days	**11 420**	2 298	**–**	–
	20 968	20 437	**–**	–
Reconciliation of allowance for impairment of trade and other receivables				
Opening balance	**390**	2 596	**791**	791
Movement in provision	**448**	4 464	**–**	–
Written off	**(13)**	(6 670)	**(791)**	–
	825	390	**–**	791

The carrying value of the trade and other receivables approximate their amortised cost 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Cash and cash equivalents consist of:				
Cash on hand	**67**	5 060	**–**	–
Bank balances	**478 095**	943 918	**281 978**	637 397
Short-term deposits	**4 315**	6	**–**	–
	482 477	948 984	**281 978**	637 397

The carrying value of the cash and cash equivalents approximate their amortised cost 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 10), certain amounts due from contract customers (refer note 12), certain trade and other receivables (refer note 13) and an R8,0 million (2014: R8,0 million) surety by Consolidated Infrastructure Group Limited were pledged as security for unutilised overdraft facilities.

15. SHARE CAPITAL

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Authorised				
200 million no par value share (2014: 200 million)				
Reconciliation of number of shares issued:				
Reported as at 1 September	**146 851**	133 999	**146 851**	133 999
Issue of shares – no par value shares	**1 416**	12 000	**1 416**	12 000
Issue of shares – share options exercised	**617**	852	**617**	852
Closing balance as at 31 August	**148 884**	146 851	**148 884**	146 851
On 1 November 2014, 1,4 million no par value shares were issued to the vendors of Tractionel and the remainder of the shares were issued for share options exercised. A further 51,1 million unissued no par value shares (2014: 53,1 million unissued ordinary shares) are under the control of the directors. This authority remains in force until the next annual general meeting.				
Issued				
No par value shares	**1 356 130**	1 310 139	**1 349 176**	1 306 707

16. FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Held at amortised cost				
16.1 BOE MORTGAGE BOND The loan is secured by the investment property situated on Portion 1 of Holdings 490, Glen Austin Agricultural Holdings Ext 3. The loan bears interest at 8,70% and is payable in monthly instalments of R9 658.	**305**	–	**–**	–
16.2 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 held by West End Claybrick Proprietary Limited. The loan required interest payments in arrears compounded monthly until 30 May 2012. Thereafter capital and interest repayments became payable on 1 June 2012. The loan is repayable in 71 monthly instalments of R357 650 with a final instalment of R356 850. At year-end 33 instalments remain outstanding. 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.	**11 428**	15 720	**–**	–
16.3 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 held by West End Claybrick Proprietary Limited. The loan required interest payments in arrears compounded monthly until 30 May 2012. Thereafter capital and interest repayments became payable on 1 June 2012. The loan is repayable in 35 monthly instalments of R208 350 with a final instalment of R207 550. At year-end nine instalments remain outstanding. 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.	**1 874**	4 374	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

16. FINANCIAL LIABILITIES continued

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
16.4 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 held by West End Claybrick Proprietary Limited. The loan required interest payments in arrears compounded monthly until 30 May 2012. Thereafter capital and interest repayments became payable on 1 June 2012. The loan is repayable in 71 monthly instalments of R138 900 with a final instalment of R138 100. At year-end 33 instalments remain outstanding. 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.	**4 583**	6 250	**–**	–
16.5 MEDIUM-TERM LOAN The loan was denominated in USD and an equivalent USD cash balance had been collateralised as security for the loan. The loan required interest repayments every six months and was charged at the LIBOR USD (six months) rate plus 7,4%. The loan was repaid in full on 5 May 2015.	**–**	163 853	**–**	–
16.6 MORTGAGE LOAN The mortgage loan is secured over certain land and buildings held by Lugbell Investments Proprietary Limited, a subsidiary of Consolidated Power Projects Proprietary Limited. The loan bears interest at the prime overdraft rate and is repayable in 60 monthly instalments of R90 000. At year-end 14 instalments remain outstanding.	**1 215**	2 295	**–**	–
16.7 VENDOR LOAN The liability relates to a payout option that can be exercised by the vendor on either 1 March 2018, 1 March 2019 or 1 March 2020, subject to the profitability of AES achieving certain cumulative profit after tax targets from the acquisition date to either of the financial years ended 31 December 2017, 31 December 2018 or 31 December 2019. It appears almost certain that these profit targets will be met, based on the current performance of the business. The loan is denominated in US Dollars and carries no interest.	**89 678**	71 878	**–**	–

16. FINANCIAL LIABILITIES continued

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
16.8 SENIOR UNSECURED FLOATING RATE NOTES				
16.8.1 CIG02 Interest charged was three-month JIBAR plus 2,75% and was paid quarterly on 28 February, 31 May, 31 August and 30 November each year. The note was redeemed on 28 August 2015.	**–**	130 000	**–**	130 000
16.8.2 CIG03 Interest charged is three-month JIBAR plus 2,75% and is paid quarterly on 31 March, 30 June, 30 September and 31 December each year. The maturity date of the note is 30 June 2017 at which time the full capital amount will be repaid.	**131 000**	131 000	**131 000**	131 000
16.8.3 CIG04 Interest charged is three-month JIBAR plus 3,10% and is paid quarterly on 31 March, 30 June, 30 September and 31 December each year. The maturity date of the note is 30 June 2018 at which time the full capital amount will be repaid.	**134 000**	134 000	**134 000**	134 000
16.8.4 CIG05 Interest charged is three-month JIBAR plus 3,50% and is paid quarterly on 31 March, 30 June, 30 September and 31 December each year. The maturity date of the notes is 30 June 2019 at which time the full capital amount will be repaid.	**135 000**	135 000	**135 000**	135 000
16.8.5 CIG06 Interest charged is three-month JIBAR plus 3% and is paid quarterly on 28 February, 31 May, 31 August and 30 November each year. The maturity date of the note is 31 August 2018 at which time the full capital amount will be repaid.	**70 000**	–	**70 000**	–
16.8.6 CIG07 Interest charged is three-month JIBAR plus 3,75% and is paid quarterly on 28 February, 31 May, 31 August and 30 November each year. The maturity date of the note is 31 August 2020 at which time the full capital amount will be repaid.	**155 000**	–	**155 000**	–
	734 083	794 370	**625 000**	530 000
Non-current liabilities				
At amortised cost	**725 191**	620 999	**625 000**	530 000
Current liabilities				
At amortised cost	**8 892**	173 371	**–**	–
	734 083	794 370	**625 000**	530 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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17. INSTALMENT SALE LIABILITIES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Minimum payments due				
– within one year	**27 006**	22 201	**–**	–
– in second to fifth year inclusive	**23 935**	24 115	**–**	–
	50 941	46 316	**–**	–
Less: Future finance charges	**(4 848)**	(4 163)	**–**	–
Present value of minimum payments	**46 093**	42 153	**–**	–
Present value of minimum payments due				
– within one year	**23 364**	18 392	**–**	–
– in second to fifth year inclusive	**22 729**	23 761	**–**	–
	46 093	42 153	**–**	–
Non-current liabilities	**22 729**	23 761	**–**	–
Current liabilities	**23 364**	18 392	**–**	–
	46 093	42 153	**–**	–

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 9,5% (2014: 9%).

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.

18. PROVISIONS

RECONCILIATION OF PROVISIONS

	Opening balance R'000	Additions R'000	Reversals R'000	Closing balance R'000
Environmental rehabilitation – Group – 2015	**8 073**	**93**	**–**	**8 166**
Environmental rehabilitation – Group – 2014	8 232	–	(159)	8 073

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 Minerals (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 24 years, but as part of continuing operations portions of land are rehabilitated as part of ongoing operations from time to time.

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Trade payables	**1 336 108**	542 948	**–**	–
VAT	**5 121**	2 460	**32**	41
Straight-lining of leases	**687**	–	**–**	–
Accrued leave pay	**18 871**	18 033	**–**	–
Accrued bonus	**21 655**	19 701	**4 020**	4 023
Accrued audit fees	**2 799**	3 614	**320**	420
Accrued expenses	**42 286**	92 446	**12 745**	10 164
Vendor loan	**–**	31 946	**–**	–
Other payables	**234**	580	**–**	–
	1 427 761	711 728	**17 117**	14 648

The carrying value of the trade and other payables approximate their amortised cost 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.

20. 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.

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
The total group contribution to such schemes	**24 971**	16 026	**–**	–

21. REVENUE

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Sale of goods	**595 145**	399 452	**–**	–
Construction contracts	**3 008 808**	2 236 261	**–**	–
	3 603 953	2 635 713	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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22. OPERATING PROFIT/(LOSS)

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
– Premises	**23 090**	14 606	**991**	749
– Equipment	**387**	421	**–**	–
	23 477	15 027	**991**	749
Profit on sale of property, plant and equipment	**(3 688)**	(1 833)	**–**	–
Profit on sale of non-current assets	**–**	(2 852)	**–**	–
(Profit)/loss on exchange differences	**(5 899)**	405	**–**	(4 672)
Employee costs	**275 874**	197 409	**16 746**	7 543

23. DIRECTORS' EMOLUMENTS

	Salary R'000	Bonus and performance-related payments R'000	Subsistence and travel allowance R'000	Share-based payment R'000	Total R'000
EXECUTIVE					
2015					
Paid by the company					
RD Gamsu	**3 980**	**3 362**	**120**	**2 873**	**10 335**
IM Klitzner	**2 516**	**2 080**	**84**	**1 004**	**5 684**
	6 496	**5 442**	**204**	**3 877**	**16 019**

90 990 and 50 674 share appreciation rights were awarded to the CEO and financial director respectively during the current year, at a strike price of R31,13. 43 014 and 23 720 performance shares were awarded to the CEO and financial director respectively during the current year. Based on the fair value of the options that vested at the reporting date, the cost of the share-based payment to the directors for those options that vested in the current financial year is included in the directors' emoluments table above. 4 093 486 share options have vested in terms of the performance criteria as per note 40, 3 693 486 remain unexercised at year-end.

23. DIRECTORS' EMOLUMENTS continued

	Salary R'000	Bonus and performance-related payments R'000	Retirement contributions R'000	Medical aid contributions R'000	Subsistence and travel allowance R'000	Share-based payment R'000	Total R'000
EXECUTIVE continued							
2014							
Paid by the company							
RD Gamsu	3 304	3 424	–	–	120	5 262	12 110
IM Klitzner	2 056	2 140	–	–	84	1 623	5 903
Paid by subsidiaries							
B Berelowitz	1 650	200	339	110	511	–	2 810
	7 010	5 764	339	110	715	6 885	20 823

355 556 and 111 111 performance-based share options were awarded to the CEO and financial director respectively at the commencement of the current financial year, at a strike price of R19,26. Based on the fair value of the options that vested at the reporting date, the cost of the share-based payment to the directors for those options that vested in the current financial year are included in the directors' emoluments table above. 400 000 share options, awarded in prior years, were exercised by the financial director during the year. 3 628 505 share options have vested in terms of the performance criteria as per note 40, 3 228 505 remain unexercised at year-end.

	Board fees R'000	Total R'000
NON-EXECUTIVE		
2015		
Paid by the company		
F Boner	**342**	**342**
K Bucknor	**97**	**97**
AD Dixon	**365**	**365**
A Darko	**388**	**388**
R Horton	**245**	**245**
J Nwokedi	**165**	**165**
	1 602	**1 602**
2014		
Paid by the company		
F Boner	342	342
K Bucknor	144	144
AD Dixon	353	353
A Darko	364	364
R Horton	257	257
J Nwokedi	193	193
	1 653	1 653

	Salary R'000	Bonus R'000	Total R'000
PRESCRIBED OFFICERS			
2015			
DC Moore	**2 124**	**708**	**2 832**

Prescribed officers are defined as those individuals that demonstrate executive control and management of the business and activities of the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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24. INVESTMENT REVENUE

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Interest revenue				
Bank	**31 240**	28 093	**16 637**	20 351
Other	**2 028**	140	**–**	–
Loans to subsidiaries	**–**	–	**56 680**	21 701
	33 268	28 233	**73 317**	42 052

25. FINANCE COSTS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Financial liabilities	**1 662**	2 642	**–**	–
(Profit)/loss on foreign currency borrowings	**(483)**	14	**–**	–
Instalment sale liabilities	**4 718**	5 965	**–**	–
Bank and other	**84 282**	57 566	**48 320**	36 109
Late payment of tax	**71**	–	**–**	–
	90 250	66 187	**48 320**	36 109

26. TAXATION

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Major components of the tax expense				
Current				
Local income tax – current period	**79 409**	59 718	**1 447**	1 149
Foreign income tax or withholding tax – current period	**2 272**	–	**–**	–
	81 681	59 718	**1 447**	1 149
Deferred				
Originating and reversing temporary differences	**(2 777)**	(7 408)	**790**	(1 214)
Arising from prior period adjustments	**437**	–	**–**	–
	(2 340)	(7 408)	**790**	(1 214)
	79 341	52 310	**2 237**	(65)
Reconciliation of the tax expense				
Reconciliation between accounting profit/(loss) and tax expense.				
Accounting profit	**410 747**	310 418	**5 555**	(233)
Tax at the applicable tax rate of 28%	**115 009**	86 917	**1 555**	(65)
Tax effect of adjustments on taxable income				
Non-deductible expenditure	**3 960**	3 139	**682**	–
Changes in foreign tax rates	**–**	(2 914)	**–**	–
Prior period adjustments	**437**	–	**–**	–
Tax losses carried forward	**5**	–	**–**	–
Exempt income	**(40 070)**	(34 832)	**–**	–
	79 341	52 310	**2 237**	(65)

The estimated tax loss available for set off against future taxable income is R130,0 million (2014: R156,8 million).

27. AUDITORS' REMUNERATION

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
External audit fees (local and foreign operations)	**4 200**	3 205	**486**	382
Internal audit fees	**344**	374	**–**	28
Consulting, taxation and secretarial fees	**327**	643	**–**	6
	4 871	4 222	**486**	416

28. EARNINGS PER SHARE

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Basic earnings per share				
Profit for the year attributable to equity holders of the parent	**330 226**	257 213	**–**	–
Shares in issue at year-end ('000)	**148 884**	146 851	**–**	–
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**148 407**	136 249	**–**	–
Basic earnings per share (cents)	**222,51**	188,78	**–**	–
Diluted earnings per share				
Profit for the year attributable to equity holders of the parent	**330 226**	257 213	**–**	–
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**148 407**	136 249	**–**	–
Dilutive options – share schemes	**4 247**	3 974	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	**152 654**	140 223	**–**	–
Diluted earnings per share (cents)	**216,32**	183,43	**–**	–
Headline earnings per share				
Profit for the year attributable to equity holders of the parent	**330 226**	257 213	**–**	–
Less: IAS 16 profit on disposal of property, plant and equipment	**(2 716)**	(1 320)	**–**	–
Headline earnings for the year attributable to equity holders of the parent	**327 510**	255 893	**–**	–
Weighted average number of ordinary shares for the purpose of headline earnings per share ('000) (refer basic earnings per share)	**148 407**	136 249	**–**	–
Headline earnings per share (cents)	**220,68**	187,81	**–**	–
Diluted headline earnings per share				
Profit for the year attributable to equity holders of the parent	**330 226**	257 213	**–**	–
Less: IAS 16 profit on disposal of property, plant and equipment	**(2 716)**	(1 320)	**–**	–
Headline earnings for the year attributable to equity holders of the parent	**327 510**	255 893	**–**	–
Weighted average number of ordinary shares for the purpose of headline earnings per share ('000) (refer basic earnings per share)	**148 407**	136 249	**–**	–
Dilutive options – share schemes	**4 247**	3 974	**–**	–
Weighted average number of ordinary shares for the purpose of diluted headline earnings per share ('000)	**152 654**	140 223	**–**	–
Diluted headline earnings per share (cents)	**214,54**	182,50	**–**	–

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29. OTHER COMPREHENSIVE INCOME

COMPONENTS OF OTHER COMPREHENSIVE INCOME – GROUP – 2015

	Gross R'000	Tax R'000	Net before non-controlling interest R'000	Non-controlling interest R'000	Net R'000
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations					
Exchange differences arising during the year	**112 502**	**–**	**112 502**	**(953)**	**111 549**

COMPONENTS OF OTHER COMPREHENSIVE INCOME – GROUP – 2014

	Gross R'000	Tax R'000	Net before non-controlling interest R'000	Non-controlling interest R'000	Net R'000
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations					
Exchange differences arising during the year	5 385	–	5 385	150	5 535

30. CASH (USED IN)/GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Profit/(loss) before taxation	**410 747**	310 418	**5 555**	(233)
Adjustments for:				
Depreciation and amortisation	**56 256**	51 428	**174**	191
Profit on sale of assets	**(3 688)**	(1 833)	**–**	–
Profit on sale of non-current assets	**–**	(2 852)	**–**	–
Income from equity-accounted investments	**(109 517)**	(82 644)	**–**	–
Interest received	**(33 268)**	(28 233)	**(73 317)**	(42 052)
Finance costs	**90 250**	66 187	**48 320**	36 109
Gain on settlement of instalment sale liabilities	**(188)**	(418)	**–**	–
Movements in provisions	**93**	(159)	**–**	–
Share-based payment expense	**–**	–	**2 439**	–
Changes in working capital:				
Inventories	**(29 032)**	16 845	**–**	–
Trade and other receivables	**(3 574)**	(100 748)	**46**	5 242
Amounts due from contract customers	**(1 261 081)**	(229 509)	**–**	–
Amounts due to contract customers	**(13 852)**	(32 906)	**–**	–
Trade and other payables	**687 474**	202 333	**2 469**	2 124
Amounts received in advance	**106 500**	43 390	**–**	–
	(102 880)	211 299	**(14 314)**	1 381

31. TAX PAID

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Balance at the beginning of the year	**(23 775)**	(37 406)	**(1 203)**	(54)
Current tax for the year recognised in statement of comprehensive income	**(81 681)**	(59 718)	**(1 447)**	(1 149)
Adjustment in respect of business combinations and effect of foreign currency translation reserve movement in tax balance	**2 726**	(13)	**–**	–
Balance at the end of the year	**(790)**	23 775	**970**	1 203
	(103 520)	(73 362)	**(1 680)**	–

32. BUSINESS COMBINATIONS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
Aggregated business combinations				
Property, plant and equipment	**33 306**	–	**–**	–
Financial assets	**700**	–	**–**	–
Deferred tax	**1 299**	–	**–**	–
Inventories	**5 655**	–	**–**	–
Trade and other receivables	**32 129**	–	**–**	–
Cash and cash equivalents	**19 551**	–	**–**	–
Financial liabilities	**(377)**	–	**–**	–
Instalment sale liabilities	**(11 137)**	–	**–**	–
Current tax payable	**(1 300)**	–	**–**	–
Trade and other payables	**(28 244)**	–	**–**	–
Total identifiable net assets	**51 582**	–	**–**	–
Goodwill	**72 052**	–	**–**	–
	123 634	–	**–**	–
Consideration paid				
Cash	**(86 830)**	–	**–**	–
Equity – 1 415 544 ordinary shares in Consolidated Infrastructure Group Limited	**(36 804)**	–	**–**	–
	(123 634)	–	**–**	–
Net cash outflow on acquisition				
Cash consideration paid	**(86 830)**	–	**–**	–
Cash acquired	**19 551**	–	**–**	–
	(67 279)	–	**–**	–

Tractionel
On 21 October 2014 the group acquired 100% of the voting equity interest of Tension Overhead Electrification Proprietary Limited (Tractionel) for a total consideration of R123,6 million. Tractionel is a service provider to the electrical infrastructure industry.

Goodwill of R72,1 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities. Goodwill is not deductible for income tax purposes.

Revenue and profit or loss of Tractionel
Revenue of R153 million and profit of R11,3 million of Tractionel have been included in the group's results since the date of acquisition.

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33. COMMITMENTS

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000
AUTHORISED CAPITAL EXPENDITURE				
Not yet contracted for and authorised by directors				
– Existing operations	**68 512**	56 392	**–**	–
OPERATING LEASES – AS LESSEE (EXPENSE)				
Minimum lease payments due				
– within one year	**25 097**	20 814	**–**	–
– in second to fifth year inclusive	**58 331**	23 076	**–**	–
	83 428	43 890	**–**	–

No contingent rent is payable.

34. CONTINGENCIES

The group has procured the following performance bonds:

- Lombards Insurance: R775,3 million (2014: R687,1 million) for 140 bonds (2014: 142 bonds)
- Standard Bank: R1,1 million (2014: R48,3 million) for one bond (2014: two bonds)
- Standard Chartered Bank: R643,2 (2014: R200,6) for 66 bonds (2014: 48 bonds)

The group has issued the following letters of intent:

- Lombards Insurance: R126,9 million (2014: R27,9 million) for 10 letters (2014: 10 letters)
- Standard Chartered Bank: R3,3 million (2014: RNil) for two letters (2014: Nil letters).

Included in the performance bonds are the following bonds issued to group companies:

- Lombards Insurance:
  - Consolidated Power Maintenance Proprietary Limited: R0,3 million (2014: RNil) for two bonds (2014: Nil bond)
  - Drift Laezonia (Quarry Cats Mining): R9 million (2014: RNil) for one bond (2014: Nil bond)
  - Tractionel Enterprise: R5,7 million (2014: RNil) for one bond (2014: Nil bond).

35. RELATED PARTIES

RELATIONSHIPS

Subsidiaries	Refer to note 6
Joint ventures	Refer to note 7
Company controlled by director of subsidiary	Consolidated Power Properties Proprietary Limited
Members of key management	RD Gamsu, IM Klitzner, J Hooman, IM Hambridge, F Aveling, B Reynecke, T Macadam, M Conradie, H Thomas, B Berelowitz, S Gesha, D van Zyl, L Heymans, A Richelman, M Mulligan, R de Villiers, A Clacher, M Farmer, M Prasti, R Dijkstra, L Bushney, M Grobler, S Zondi, M Mabaso, C Pillay, P Gumbi, V Bahlekazi, I van der Merwe, H Beukes, M Raath, K Rathbone, M Prinsloo, E Philips, A Ramkissoon, A Al-Hijji, J Boshoff, CJ Boshoff, D Lubbe, WJ van Rensburg, D Viljoen, S Roodt, TG Lomkwane, PB Vogel

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Related party balances (refer note 11)				
Related party transactions				
Interest paid to/(received from) related parties				
Drift Supersand Proprietary Limited	**–**	–	**(5 798)**	(5 319)
Consolidated Power Projects Proprietary Limited	**–**	–	**(50 397)**	(16 382)
Consolidated Power Maintenance Proprietary Limited	**–**	–	**(485)**	–
West End Claybrick Proprietary Limited*	**–**	–	**–**	(19 459)
** The amount receivable has been impaired by Consolidated Infrastructure Group Limited*				
Rent paid to related party				
Consolidated Power Properties Proprietary Limited	**4 780**	5 180	**–**	–
Management fees paid to/(received from) related parties				
West End Claybrick Proprietary Limited	**–**	–	**(720)**	(660)
Consolidated Power Projects Proprietary Limited	**–**	–	**(4 389)**	(6 990)
Drift Supersand Proprietary Limited	**–**	–	**(5 609)**	(600)
Compensation to directors and other key management				
Emoluments	**81 259**	55 997	**16 019**	1 613

Remuneration and benefits received by each director or prescribed officer directly employed by the group have been disclosed in note 23.

Remuneration paid across multiple group companies is sensitive in nature in terms of managing both internal and external relationships with multiple stakeholders. It has therefore been decided to list one remuneration figure for all key management to avoid any potential conflicts that may arise.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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36. CATEGORIES OF FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2015

	Notes	Financial assets at fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
ASSETS								
Non-current assets								
Property, plant and equipment	3	–	–	–	–	–	450 076	450 076
Goodwill	4	–	–	–	–	–	534 272	534 272
Intangible assets	5	–	–	–	–	–	21 419	21 419
Investment in joint ventures	7	584 170	–	–	–	–	–	584 170
Financial assets	8	–	11 507	–	–	–	–	11 507
Deferred tax	9	–	–	–	–	–	75 070	75 070
		584 170	11 507	–	–	–	1 080 837	1 676 514
Current assets								
Inventories	10	–	–	–	–	–	109 050	109 050
Current tax receivable		–	–	–	–	–	6 243	6 243
Amounts due from contract customers	12	–	2 707 486	–	–	–	–	2 707 486
Trade and other receivables	13	–	199 941	–	–	–	45 160	245 101
Cash and cash equivalents	14	–	482 477	–	–	–	–	482 477
		–	3 389 904	–	–	–	160 453	3 550 357
Total assets		584 170	3 401 411	–	–	–	1 241 290	5 226 871
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of parent:								
Share capital	15	–	–	–	–	–	1 356 130	1 356 130
Foreign currency translation reserve	15	–	–	–	–	–	115 124	115 124
Share-based payment reserve		–	–	–	–	–	30 643	30 643
Retained income	15	–	–	–	–	–	1 169 383	1 169 383
		–	–	–	–	–	2 671 280	2 671 280
Non-controlling interest		–	–	–	–	–	3 964	3 964
Total equity		–	–	–	–	–	2 675 244	2 675 244

36. CATEGORIES OF FINANCIAL INSTRUMENTS continued

CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2015 continued

	Notes	Financial assets at fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non–financial assets and liabilities R'000	Total R'000
LIABILITIES							
Non-current liabilities							
Financial liabilities	16	–	–	725 191	–	–	725 191
Instalment sale liabilities	17	–	–	–	22 729	–	22 729
Deferred tax	9	–	–	–	–	90 815	90 815
Provisions	18	–	–	–	–	8 166	8 166
		–	–	725 191	22 729	98 981	846 901
Current liabilities							
Financial liabilities	16	–	–	8 892	–	–	8 892
Current tax payable		–	–	–	–	5 453	5 453
Instalment sale liabilities	17	–	–	–	23 364	–	23 364
Trade and other payables	19	–	–	1 422 640	–	5 121	1 427 761
Amounts received in advance		–	–	–	–	172 645	172 645
Amounts due to contract customers		–	–	–	–	66 611	66 611
		–	–	1 431 532	23 364	249 830	1 704 726
Total liabilities		–	–	2 156 723	46 093	348 811	2 551 627
Total equity and liabilities		–	–	2 156 723	46 093	3 024 055	5 226 871

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

36. CATEGORIES OF FINANCIAL INSTRUMENTS continued

CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2014

	Notes	Financial assets at fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non–financial assets and liabilities R'000	Total R'000
ASSETS								
Non-current assets								
Property, plant and equipment	3	–	–	–	–	–	387 517	387 517
Goodwill	4	–	–	–	–	–	462 220	462 220
Intangible assets	5	–	–	–	–	–	24 880	24 880
Investment in joint ventures	7	372 638	–	–	–	–	–	372 638
Financial assets	8	–	8 153	–	–	–	–	8 153
Deferred tax	9	–	–	–	–	–	64 739	64 739
		372 638	8 153	–	–	–	939 356	1 320 147
Current assets								
Inventories	10	–	–	–	–	–	76 311	76 311
Current tax receivable		–	–	–	–	–	3 325	3 325
Amounts due from contract customers	12	–	1 446 405	–	–	–	–	1 446 405
Trade and other receivables	13	–	170 645	–	–	–	25 826	196 471
Cash and cash equivalents	14	–	948 984	–	–	–	–	948 984
		–	2 566 034	–	–	–	105 462	2 671 496
Total assets		372 638	2 574 187	–	–	–	1 044 818	3 991 643
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of parent:								
Share capital	15	–	–	–	–	–	1 310 139	1 310 139
Foreign currency translation reserve	15	–	–	–	–	–	3 575	3 575
Share-based payment reserve		–	–	–	–	–	23 794	23 794
Retained income	15	–	–	–	–	–	839 157	839 157
		–	–	–	–	–	2 176 665	2 176 665
Non-controlling interest		–	–	–	–	–	1 831	1 831
Total equity		–	–	–	–	–	2 178 496	2 178 496

36. CATEGORIES OF FINANCIAL INSTRUMENTS continued

CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2014 continued

	Notes	Financial assets at fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non–financial assets and liabilities R'000	Total R'000
LIABILITIES								
Non-current liabilities								
Financial liabilities	16	–	–	–	620 999	–	–	620 999
Instalment sale liabilities	17	–	–	–	–	23 761	–	23 761
Deferred tax	9	–	–	–	–	–	83 115	83 115
Provisions	18	–	–	–	–	–	8 073	8 073
		–	–	–	620 999	23 761	91 188	735 948
Current liabilities								
Financial liabilities	16	–	–	–	173 371	–	–	173 371
Current tax payable		–	–	–	–	–	27 100	27 100
Instalment sale liabilities	17	–	–	–	–	18 392	–	18 392
Trade and other payables	19	–	–	–	709 268	–	2 460	711 728
Amounts received in advance		–	–	–	–	–	66 145	66 145
Amounts due to contract customers		–	–	–	–	–	80 463	80 463
		–	–	–	882 639	18 392	176 168	1 077 199
Total liabilities		–	–	–	1 503 638	42 153	267 356	1 813 147
Total equity and liabilities		–	–	–	1 503 638	42 153	2 445 852	3 991 643

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

36. CATEGORIES OF FINANCIAL INSTRUMENTS continued

CATEGORIES OF FINANCIAL INSTRUMENTS – COMPANY – 2015

	Notes	Financial assets at fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
ASSETS								
Non-current assets								
Property, plant and equipment	3	–	–	–	–	–	411	411
Investments in subsidiaries	6	–	–	–	–	–	883 162	883 162
Deferred tax	9	–	–	–	–	–	424	424
		–	–	–	–	–	883 997	883 997
Current assets								
Loans to group companies	11	–	854 219	–	–	–	–	854 219
Trade and other receivables	13	–	5 134	–	–	–	2 645	7 779
Cash and cash equivalents	14	–	281 978	–	–	–	–	281 978
		–	1 141 331	–	–	–	2 645	1 143 976
Total assets		–	1 141 331	–	–	–	886 642	2 027 973
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of parent:								
Share capital	15	–	–	–	–	–	1 349 176	1 349 176
Share-based payment reserve	15	–	–	–	–	–	15 553	15 553
Retained income	15	–	–	–	–	–	20 157	20 157
		–	–	–	–	–	1 384 886	1 384 886
Total equity		–	–	–	–	–	1 384 886	1 384 886
LIABILITIES								
Non-current liabilities								
Financial liabilities	16	–	–	–	625 000	–	–	625 000
Current liabilities								
Current tax payable	–	–	–	–	–	–	970	970
Trade and other payables	19	–	–	–	17 085	–	32	17 117
		–	–	–	17 085	–	1 002	18 087
Total liabilities		–	–	–	642 085	–	1 002	643 087
Total equity and liabilities		–	–	–	642 085	–	1 385 888	2 027 973

36. CATEGORIES OF FINANCIAL INSTRUMENTS continued

CATEGORIES OF FINANCIAL INSTRUMENTS – COMPANY – 2014

	Notes	Financial assets at fair value through profit or loss R'000	Loans and receivables at amortised cost R'000	Financial liabilities at fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non–financial assets and liabilities R'000	Total R'000
ASSETS								
Non-current assets								
Property, plant and equipment	3	–	–	–	–	–	585	585
Investments in subsidiaries	6	–	–	–	–	–	752 945	752 945
Deferred tax	9	–	–	–	–	–	1 214	1 214
		–	–	–	–	–	754 744	754 744
Current assets								
Loans to group companies	11	–	482 545	–	–	–	–	482 545
Current tax receivable		–	–	–	–	–	99	99
Trade and other receivables	13	–	3 412	–	–	–	4 413	7 825
Cash and cash equivalents	14	–	637 397	–	–	–	–	637 397
		–	1 123 354	–	–	–	4 512	1 127 866
Total assets		–	1 123 354	–	–	–	759 256	1 882 610
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of parent:								
Share capital	15	–	–	–	–	–	1 306 707	1 306 707
Share-based payment reserve	15	–	–	–	–	–	13 114	13 114
Retained income	15	–	–	–	–	–	16 839	16 839
		–	–	–	–	–	1 336 660	1 336 660
Total equity		–	–	–	–	–	1 336 660	1 336 660
LIABILITIES								
Non-current liabilities								
Financial liabilities	16	–	–	–	530 000	–	–	530 000
Current liabilities								
Current tax payable		–	–	–	–	–	1 302	1 302
Trade and other payables	19	–	–	–	14 607	–	41	14 648
		–	–	–	14 607	–	1 343	15 950
Total liabilities		–	–	–	544 607	–	1 343	545 950
Total equity and liabilities		–	–	–	544 607	–	1 338 003	1 882 610

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37. 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 disclosed in notes 11, 16 and 17, cash and cash equivalents disclosed in note 14, 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, except as disclosed in note 16.8.

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 2015 and 2014 respectively was as follows:

		GROUP		COMPANY	
		2015	2014	**2015**	2014
	Notes	**R'000**	R'000	**R'000**	R'000
Total borrowings					
Instalment sale liabilities	17	**46 093**	42 153	**–**	–
Financial liabilities	16	**734 083**	794 370	**625 000**	530 000
		780 176	836 523	**625 000**	530 000
Less: Cash and cash equivalents	14	**482 477**	948 984	**281 978**	637 397
Net (cash)/debt		**297 699**	(112 461)	**343 022**	(107 397)
Total equity		**2 675 244**	1 579 991	**1 384 886**	1 336 660
Total capital		**2 972 943**	1 467 530	**1 727 908**	1 229 263
Debt:equity ratio (%)		**10**	(8)	**20**	(9)

37. RISK MANAGEMENT continued

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.

	Within 1 year R'000	2nd to 5th year inclusive R'000	Over 5 years R'000
GROUP			
At 31 August 2015			
Financial liabilities	**8 892**	**725 191**	**–**
Instalment sale liabilities	**27 006**	**23 935**	**–**
Trade and other payables	**1 422 640**	**–**	**–**
At 31 August 2014			
Financial liabilities	231 621	740 565	–
Instalment sale liabilities	22 201	24 115	–
Trade and other payables	709 268	–	–
COMPANY			
At 31 August 2015			
Financial liabilities	**–**	**625 000**	**–**
Trade and other payables	**17 085**	**–**	**–**
At 31 August 2014			
Financial liabilities	48 363	647 673	–
Trade and other payables	14 607	–	–

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 2015, 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 R2,1 million (2014: R1,8 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 counterparty.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

37. RISK MANAGEMENT continued

CREDIT RISK continued

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

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Financial instrument				
Loans to group companies	**–**	–	**854 219**	482 545
Financial assets	**11 507**	8 153	**–**	–
Amounts due from contract customers	**2 707 486**	1 446 405	**–**	–
Trade and other receivables	**199 941**	170 645	**5 134**	3 412
Cash and cash equivalents	**482 477**	948 984	**281 978**	637 397

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, Botswana Pula, Uganda Shilling, Ghanaian New Cedi, Kenyan Shilling, Zambian Kwacha and Omani Rial. Foreign exchange risk arises from future commercial transactions or recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency.

Foreign currency exposure to financial instruments is as follows:

FINANCIAL INSTRUMENT – GROUP – 2015

	Total R'000	Rand R'000	US Dollar R'000	Euro R'000	Botswana Pula R'000	Uganda Shilling R'000	Ghanaian New Cedi R'000	Kenyan Shilling R'000	Zambian Kwacha R'000	Omani Rial R'000	Other R'000
Amounts due from contract customers	**2 707 486**	**2 085 134**	**474 056**	**–**	**83 274**	**6 844**	**1 051**	**11 453**	**17 293**	**24 253**	**4 128**
Other receivables	**245 101**	**217 863**	**6 583**	**–**	**5 702**	**289**	**2 917**	**6 289**	**2 341**	**916**	**2 201**
Cash and cash equivalents	**482 477**	**419 741**	**34 677**	**13**	**20 104**	**2 624**	**1 418**	**1 150**	**344**	**1 256**	**1 150**
Financial liabilities	**(734 083)**	**(731 402)**	**(2 681)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other payables	**(1 427 761)**	**(1 226 585)**	**(150 523)**	**(28 605)**	**(4 931)**	**–**	**(1 461)**	**(6 012)**	**(3 422)**	**(913)**	**(5 309)**
Amounts due to contract customers	**(66 611)**	**(31 596)**	**(34 681)**	**–**	**–**	**–**	**–**	**–**	**(334)**	**–**	**–**
Net exposure	**1 206 609**	**733 155**	**327 431**	**(28 592)**	**104 149**	**9 757**	**3 925**	**12 880**	**16 222**	**25 512**	**2 170**

37. RISK MANAGEMENT continued

FINANCIAL INSTRUMENT – GROUP – 2014

	Total R'000	Rand R'000	US Dollar R'000	Euro R'000	Botswana Pula R'000	Uganda Shilling R'000	Ghanaian New Cedi R'000	Kenyan Shilling R'000	Zambian Kwacha R'000	Omani Rial R'000	Other R'000
Amounts due from contract customers	1 446 405	1 194 301	149 896	–	–	13 478	2 922	27 535	18 250	31 399	8 624
Other receivables	196 471	156 324	3 040	–	26 299	4 262	2 535	2 612	916	483	–
Cash and cash equivalents	948 984	907 799	17 754	157	4 166	3 980	2 914	669	444	1 559	9 542
Financial liabilities	(794 370)	(722 492)	(71 878)	–	–	–	–	–	–	–	–
Trade and other payables	(711 728)	(670 125)	(6 948)	(15 007)	(2 088)	(478)	(447)	(10 112)	(5 115)	(254)	(1 154)
Amounts due to contract customers	(80 463)	(66 040)	(9 144)	–	–	–	–	(772)	(4 507)	–	–
Net exposure	1 005 299	799 767	82 720	(14 850)	28 377	21 242	7 924	19 932	9 988	33 187	17 012

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.

The table below illustrates the effect of a 1% weakening/strengthening of the Rand against various foreign currencies, with all other variables held constant.

PROFIT/(LOSS) SENSITIVITY AT STATEMENT OF FINANCIAL POSITION DATE

	GROUP	
	2015 R'000	2014 R'000
US Dollar	**3 274**	827
Euro	**(286)**	(149)
Botswana Pula	**1 042**	284
Uganda Shilling	**98**	212
Ghanaian New Cedi	**39**	79
Kenyan Shilling	**129**	199
Zambian Kwacha	**162**	100
Omani Rial	**255**	332
Exchange rates used for conversion of foreign items were:		
US Dollar	**13,262**	10,667
Euro	**14,859**	14,007
Botswana Pula	**1,288**	1,198
Uganda Shilling	**0,0036**	0,0040
Ghanaian New Cedi	**3,401**	2,821
Kenyan Shilling	**0,1276**	0,1206
Zambian Kwacha	**1,4937**	1,7734
Omani Rial	**34,430**	27,710

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38. SUBSEQUENT EVENTS

On 1 December 2015, utilising the general authority to issue shares for cash, the group placed eight million shares at R32 per share for certain selected public shareholders.

The directors are not aware of any other significant subsequent events.

39. SEGMENTAL INFORMATION

	GROUP	
	2015 R'000	2014 R'000
OPERATING SEGMENTS		
Revenue		
Building materials	**499 807**	399 452
Rail	**152 997**	–
Power	**2 951 149**	2 236 261
Power – local operations	**2 449 454**	1 729 345
Power – foreign operations	**501 695**	506 916
Total	**3 603 953**	2 635 713
Depreciation, amortisation and impairments		
Building materials	**22 327**	19 114
Rail	**4 750**	–
Power	**29 005**	28 640
Corporate	**174**	3 674
Total	**56 256**	51 428
EBITDA		
Building materials	**86 024**	75 848
Rail	**20 048**	–
Power	**300 698**	225 395
Corporate	**7 698**	15 913
Total	**414 468**	317 156
Reconciliation of EBITDA to profit before tax		
EBITDA	**414 468**	317 156
Depreciation and amortisation	**(56 256)**	(51 428)
Income from equity-accounted investments	**109 517**	82 644
Net interest (paid)/received	**(56 982)**	(37 954)
Profit before tax	**410 747**	310 418
Assets acquired		
Building materials	**34 969**	40 526
Rail	**184**	–
Power	**45 222**	32 932
Total	**80 375**	73 458
Total assets		
Building materials	**599 983**	536 333
Power	**2 394 459**	1 503 096
Oil and gas	**584 170**	372 638
Rail	**96 600**	–
Corporate	**2 447 727**	2 298 842
Total assets including group loan accounts	**6 122 939**	4 710 909
Inter-group elimination	**(896 068)**	(784 005)
Total	**5 226 871**	3 926 904
Liabilities		
Building materials	**460 653**	415 925
Power	**1 581 365**	819 268
Oil and gas	**89 677**	266 341
Rail	**33 764**	–
Corporate	**694 573**	552 430
Inter-group elimination	**(308 405)**	(305 556)
Total	**2 551 627**	1 748 408

40. SHARE-BASED PAYMENTS

All share options are equity settled.

	First grant	Second grant	Third grant	Fourth grant
Director share option scheme				
Grant date	10 December 2010	1 September 2011	1 September 2012	1 September 2013
Number of options granted	2 563 158	900 465	637 380	466 667
Vesting period	4 years	4 years	4 years	4 years
Vesting conditions	16% real growth in earnings to be achieved for 100% of options to vest	16% real growth in earnings to be achieved for 100% of options to vest	16% real growth in earnings to be achieved for 100% of options to vest	16% real growth in earnings to be achieved for 100% of options to vest
Expiry date	10 years	10 years	10 years	10 years
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 issue date	R8,34	R8,56	R13,15	R19,80
Expected volatility	30%	30%	30%	30%
Exercise price	R5,38	R8,59	R12,52	R19,26
Expected dividends	Nil	Nil	Nil	Nil
Risk-fee interest rate	5%	5%	5%	5%
Remaining vesting period	Nil years	Nil years	1 year	2 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
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 issue date	R8,00
Expected volatility	30%
Exercise price	R7,00
Expected dividends	Nil
Risk-fee interest rate	5%
Remaining vesting period	Nil years

Expected volatility was based to a large extent on historical volatility.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 August 2015

40. SHARE-BASED PAYMENTS continued

	First grant	Second grant	Third grant
Conco employee option scheme			
Grant date	11 April 2011	1 September 2012	1 September 2013
Number of options granted	1 010 000	1 000 000	948 227
Vesting period	4 years	4 years	4 years
Vesting conditions	15% real growth in Conco EBITDA to be achieved for 100% of options to vest	15% real growth in Conco EBITDA to be achieved for 100% of options to vest	15% real growth in Conco EBITDA to be achieved for 100% of options to vest
Expiry date	10 years	10 years	10 years
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 issue date	R8,00	R13,15	R19,80
Expected volatility	30%	30%	30%
Exercise price	R8,00	R12,52	R19,26
Expected dividends	Nil	Nil	Nil
Risk-fee interest rate	5%	5%	5%
Remaining vesting period	Nil years	1 year	2 years

Expected volatility was based to a large extent on historical volatility.

RECONCILIATION OF SHARE OPTIONS

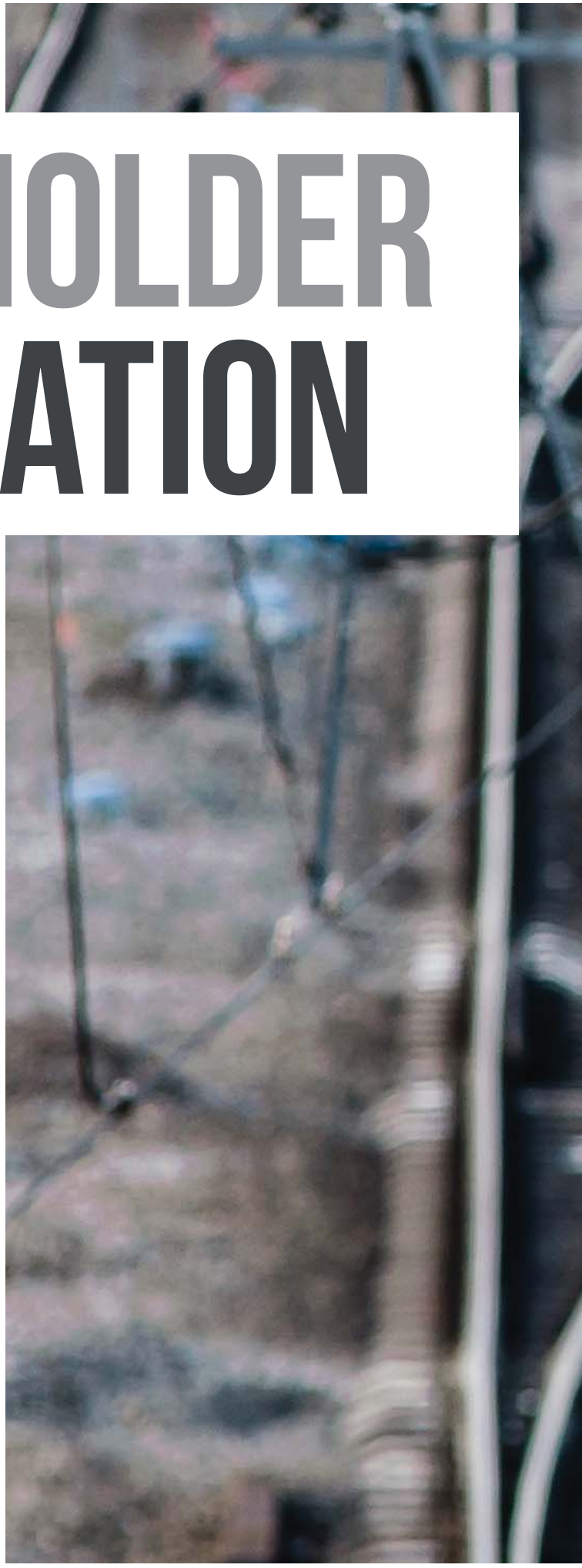
	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Outstanding at the beginning of the year	**7 442 979**	6 033 502	**4 168 089**	4 101 422
Granted during the year	**–**	2 368 227	**–**	466 667
Expired during the year	**–**	–	**(81 506)**	–
Exercised during the year	**(327 600)**	(958 750)	**–**	(400 000)
Outstanding at the end of the year	**7 115 379**	7 442 979	**4 086 583**	4 168 089
Equity-settled share option payment expense recognised in employee costs	**10 357**	10 890	**5 236**	8 687
Value of the equity-settled share options exercised during the year	**(3 508)**	(4 125)	**–**	(1 442)
Value of the equity-settled share options included in the share-based payment reserve at year-end	**30 643**	23 794	**26 284**	21 048

41. SHARE APPRECIATION RIGHTS

Awards made under the 2014 share plan as at 31 August 2015.

Share appreciation rights	First grant
Grant date	1 August 2015
Number of rights granted	520 703
Strike price	R31,13
Final expiry	7 years
Risk-free rate	6,0%
Dividend yield	0%
Portion vesting	One third per annum
Exercisable	On third, fourth and fifth anniversary after vesting
Performance creteria	15% growth in earnings per annum
Black Scholes Option Model fair value using the above criteria	R14,49
Performance shares	
Grant date	1 August 2015
Number of shares granted	250 104
Strike price	R31,13
Final expiry	3 years
Risk-free rate	6,0%
Dividend yield	0%
Portion vesting	On third anniversary following award an assessment of performance against peer group will be conducted to determine number of performance shares earned
Black Scholes Option Model fair value using the above criteria	R32,70

SHAREHOLDER INFORMATION



ANALYSIS OF SHAREHOLDERS

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:

	2015		2014	
	Number of shares	Percentage of shares	Number of shares	Percentage of shares
Nala Empowerment Investment Company Proprietary Limited	**13 000 000**	**8,73**	13 000 000	8,85
PGR2 Investment Proprietary Limited	**12 392 224**	**8,32**	11 471 760	7,81
Pan-African Investment Partners II	**7 655 534**	**5,14**	7 766 534	5,21
Corocapital Proprietary Limited	**7 519 379**	**5,05**	7 169 389	4,88
	40 567 137	**27,25**	39 407 683	26,75

PUBLIC AND NON-PUBLIC SHAREHOLDERS

	Number of share-holders	Percentage of share-holders	Number of shares	Percentage of shares
As at 31 August 2015				
NON-PUBLIC SHAREHOLDERS				
Directors and associates				
Yonbor Nominees (Global Capital)	**1**	**0,03**	**3 858 928**	**2,59**
Sweetman Siluleko Gesha	**1**	**0,03**	**2 565 482**	**1,72**
Chantilly Trading	**1**	**0,03**	**1 577 329**	**1,06**
RBG Trust	**1**	**0,03**	**1 366 359**	**0,92**
Hooman Family Trust	**1**	**0,03**	**623 107**	**0,42**
Hambridge Family Trust	**1**	**0,03**	**623 107**	**0,42**
Raoul Gamsu	**1**	**0,03**	**1 983 000**	**1,33**
Ivor Klitzner Family Trust	**1**	**0,03**	**300 000**	**0,20**
Ivor Klitzner	**1**	**0,03**	**553 000**	**0,37**
David van Zyl	**1**	**0,03**	**160 000**	**0,10**
Leon Heymans	**1**	**0,03**	**87 500**	**0,06**
Tony Dixon	**1**	**0,03**	**49 500**	**0,03**
Frank Boner	**1**	**0,03**	**18 600**	**0,01**
	13	**0,40**	**13 765 912**	**9,25**
PUBLIC SHAREHOLDERS				
General public	**3 240**	**99,60**	**135 122 712**	**90,75**
Total	**3 253**	**100,00**	**148 888 624**	**100,00**

PUBLIC AND NON-PUBLIC SHAREHOLDERS continued

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
As at 31 August 2014				
NON-PUBLIC SHAREHOLDERS				
Directors and associates				
Consolidated Power Holdings	1	0,04	6 231 871	4,24
Yonbor Nominees (Global Capital)	1	0,04	7 179 483	4,89
Sweetman Siluleko Gesha	1	0,04	2 565 482	1,75
Chantilly Trading	1	0,04	2 765 482	1,88
RBG Trust	1	0,04	1 366 359	0,93
Hooman Family Trust	1	0,04	623 107	0,42
Hambridge Family Trust	1	0,04	623 107	0,42
Raoul Gamsu	1	0,04	1 983 000	1,35
Ivor Klitzner Family Trust	1	0,04	300 000	0,20
Ivor Klitzner	1	0,04	953 000	0,65
Tony Dixon	1	0,04	49 500	0,03
Frank Boner	1	0,04	18 600	0,01
	12	0,45	24 658 991	16,79
PUBLIC SHAREHOLDERS				
General public	2 664	99,55	122 191 707	83,21
Total	2 676	100,00	146 850 698	100,00

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

	2015		2014	
	Beneficial direct and indirect (including their associates)	**Total beneficial percentage**	Beneficial direct and indirect (including their associates)	Total beneficial percentage
B Berelowitz*	**–**	**–**	4 840 675	3,30
R Gamsu	**3 349 359**	**2,25**	3 349 359	2,28
I Klitzner	**853 000**	**0,57**	1 253 000	0,85
F Boner	**557 061**	**0,37**	557 061	0,38
A Dixon	**49 500**	**0,03**	49 500	0,03
	4 808 920	**3,23**	10 049 595	6,84

* *Resigned as director effective 27 October 2014*

There were no changes to the directors' interests between the year-end and the date of approval of these financials.

ANALYSIS OF SHAREHOLDING continued

SHAREHOLDER SPREAD

	Number of shares	Percentage of shares	Number of shareholders	Percentage of shareholders
As at 31 August 2015				
STRATE				
0 – 1 000	**676 507**	**0,45**	**1 508**	**46,36**
1 001 – 10 000	**4 475 565**	**3,01**	**1 308**	**40,21**
10 001 – 100 000	**8 904 452**	**5,98**	**310**	**9,53**
100 001 – 500 000	**14 929 117**	**10,03**	**65**	**2,00**
500 001 – 1 000 000	**13 596 059**	**9,13**	**18**	**0,55**
1 000 001 and more	**106 298 186**	**71,39**	**32**	**0,98**
	148 879 886	**99,99**	**3 241**	**99,63**
CERTIFICATED				
0 – 10 000	**8 738**	**0,01**	**12**	**0,37**
Total	**148 888 624**	**100,00**	**3 253**	**100,00**
As at 31 August 2014				
STRATE				
0 – 1 000	399 675	0,27	989	36,96
1 001 – 10 000	3 657 020	2,49	1 262	47,16
10 001 – 100 000	7 554 354	5,14	294	10,99
100 001 – 500 000	13 793 002	9,39	69	2,58
500 001 – 1 000 000	11 589 421	7,89	16	0,60
1 000 001 and more	109 848 488	74,8	34	1,27
	146 841 960	99,99	2 664	99,55
CERTIFICATED				
0 – 10 000	8 738	0,01	12	0,45
Total	146 850 698	100,00	2 676	100,00

NOTICE OF ANNUAL GENERAL MEETING

Consolidated Infrastructure Group Limited

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2007/004935/06)
JSE share code: CIL | ISIN: ZAE000153888
(CIG or the group or the company)

DIRECTORS OF THE COMPANY

EXECUTIVE

Raoul Gamsu *(CEO)*
Ivor Klitzner *(Financial Director)*

INDEPENDENT NON-EXECUTIVE

Frank Boner *(Chairman)*
Kofi Bucknor
Tony Dixon
Judi Nwokedi
Alex Darko
Robert Horton

Notice is hereby given that an annual general meeting of shareholders will be held at Commerce Square, Building 2, 39 Rivonia Road, Sandhurst at 10:00 on Wednesday, 4 May 2016 (the **annual general meeting** or **AGM**), for the purposes of:

- presenting, considering and adopting the directors' report, the annual financial statements, the audit and risk committee report and the social and ethics committee report of the company for the year ended 31 August 2015 contained in the integrated annual report of the company for the same period (the **integrated annual report**). A copy of the integrated annual report will be posted to shareholders who have indicated that they would like to receive financial information in respect of the company together with this notice of annual general meeting. An electronic copy of the integrated annual report is available on the company's website www.ciglimited.co.za;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company including the re-appointment of the auditors and re-election of retiring directors; and
- considering and, if deemed fit, adopting with or without modification, the shareholder special and ordinary resolutions set out below.

IMPORTANT DATES TO NOTE

	2016
Record date for receipt of notice purposes	Friday, 19 February
Last day to trade in order to be eligible to participate in and vote at the AGM	Friday, 22 April
Record date for voting purposes (**voting record date**)	Friday, 29 April
Last day to lodge forms of proxy by 10:00 on	Monday, 2 May
Annual general meeting held at 10:00 on	Wednesday, 4 May
Results of AGM released on SENS	Wednesday, 4 May

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

- A shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the annual general meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein; and
- A proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all shareholders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

ORDINARY RESOLUTION NUMBER 1:

ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"Resolved that the annual financial statements of the company for the year ended 31 August 2015, including the directors' report and the report of the audit and risk committee, be and are received and adopted."

In order for ordinary resolution number 1 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

NOTICE OF ANNUAL GENERAL MEETING continued

ORDINARY RESOLUTION NUMBER 2:

RE-ELECTION OF F BONER AS DIRECTOR

"Resolved that F Boner who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

A brief *curriculum vitae* is set out on page 130 of the integrated annual report. The nomination committee has taken into account the director's past performance and contribution to the company and recommended F Boner for re-election.

In order for ordinary resolution number 2 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION NUMBER 3:

RE-ELECTION OF J NWOKEDI AS DIRECTOR

"Resolved that J Nwokedi who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers herself for re-election, be re-elected as a director of the company."

A brief *curriculum vitae* is set out on page 131 of the integrated annual report. The nomination committee has taken into account the director's past performance and contribution to the company and recommended J Nwokedi for re-election.

In order for ordinary resolution number 3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION NUMBER 4:

RE-APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that the members of the company's audit and risk committee set out below, being eligible, be and are hereby re-appointed, each by way of a separate vote, with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act, 71 of 2008, until the next annual general meeting of the company. The membership as proposed by the board of directors is:

4.1 A Dixon *(Chairman);*

4.2 AD Darko; and

4.3 R Horton.

A brief *curriculum vitae* of each of the above audit and risk committee members is set out on page 131 of the integrated annual report.

In order for ordinary resolution numbers 4.1, 4.2 and 4.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass these resolutions.

ORDINARY RESOLUTION NUMBER 5:

RE-APPOINTMENT OF AUDITORS

"Resolved that Grant Thornton together with Jacques Barradas be and are hereby appointed as the auditors of the company from the conclusion of this annual general meeting."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, 71 of 2008, Grant Thornton.

In order for ordinary resolution number 5 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION NUMBER 6:

CONTROL OVER UNISSUED SHARES

"Resolved that 31 377 724 of the authorised but unissued shares of the company, being 20% of the company's issued share capital, be and are hereby placed under the control of the directors of the company until the next annual general meeting, with the authority to allot and issue all or part thereof in their discretion, subject to the Companies Act, 71 of 2008, and the JSE Listings Requirements."

In order for ordinary resolution number 6 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION NUMBER 7:

GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act, 71of 2008, and the JSE Listings Requirements, 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 of the company for cash on the following bases:

- 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;

- The allotment and issue of shares for cash shall be made only to persons qualifying as "public shareholders", as defined in the JSE Listings Requirements, and not to "related parties";
- Shares which are the subject of general issues for cash shall not exceed 15 000 000 shares, being approximately 9,6% of the company's issued shares as at the date of this notice of annual general meeting, provided that:
  - any shares issued under this authority, prior to this authority lapsing, shall be deducted from the 15 000 000 shares the company is authorised to issue in terms of this authority; and
  - in the event of a subdivision or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- The maximum discount at which shares may be issued is 10% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares; and
- After the company has issued shares in terms of this general authority to issue shares for cash representing 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 that issue, including:
  - the number of shares issued;
  - the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the company and the party/ies subscribing for the shares; and
  - an explanation, including supporting documentation (if any) of the intended use of the funds."

In terms of the JSE Listings Requirements, in order for ordinary resolution number 7 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION NUMBER 8:

APPROVAL OF REMUNERATION POLICY

"Resolved that, in accordance with the principles of the King III Report on Governance, and through a non-binding advisory vote, the company's remuneration policy and the implementation thereof as further detailed on page 43 and 44 of the integrated annual report, be and is hereby approved."

In order for ordinary resolution number 8 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

SPECIAL RESOLUTION NUMBER 1:

SHARE REPURCHASES

"Resolved that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire ordinary shares issued by the company, in terms of sections 46 and 48 of the Companies Act, 71 of 2008, and subject to the following provisions of the JSE Listings Requirements:

- Any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the company and the counterparty;
- This general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- The company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;
- Acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;
- In determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;
- At any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
- Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
- An announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the granting of the repurchase authority and pursuant to which the aforesaid threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such repurchases; and

NOTICE OF ANNUAL GENERAL MEETING continued

- The board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, 71 of 2008, and since that test was performed, there have been no material changes to the financial position of the group."

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and 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 general authority, for a period of 12 months after the date of notice 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 exceed the consolidated liabilities of the company and the group fairly valued in accordance with International Financial Reporting Standards; 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 annual report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 114; and
- Capital structure of the company – page 51.

Directors' responsibility statement

The directors whose names appear on pages 130 and 131 of the integrated annual report, 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, and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, 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 2015 and up to the date of this notice.

In order for special resolution number 1 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to afford the directors of the company (or a subsidiary of the company) a general authority to effect a repurchase 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 JSE Listings Requirements and the Companies Act, 71 of 2008, to effect repurchases of the company's shares on the JSE.

SPECIAL RESOLUTION NUMBER 2:

FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED PARTIES

"Resolved that to the extent required by the Companies Act, 71 of 2008, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act, 71 of 2008, and the JSE Listings Requirements, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, 71 of 2008, by way of loans, guarantees, the provision 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, 71 of 2008) to the company for any purpose or in connection with any matter, such authority to endure for a period of not more than two years, 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 one-tenth 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 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for and effect of special resolution number 2

The company would like the ability to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act, 71 of 2008. This authority is necessary for the company to provide financial assistance in appropriate circumstances. Under the Companies Act, 71 of 2008, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the

company is 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, 71 of 2008. 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 2. Therefore, the reason for, and effect of, special resolution number 2 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, 71 of 2008) to the entities referred to in special resolution number 2 above.

Notice in terms of section 45(5) of the Companies Act, 71 of 2008, in respect of special resolution number 2

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act, 71 of 2008, of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above:

- by the time that this notice of annual general meeting is delivered to shareholders of the company, the board will have adopted a resolution **(section 45 board resolution)** authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act, 71 of 2008, to any one or more related or inter-related companies or corporations of the company and/or to any one or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation;
- the section 45 board resolution will be effective only if and to the extent that the special resolution under the heading "Special resolution number 2" is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, 71 of 2008, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act, 71 of 2008; and
- in as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one–tenth of one percent of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

SPECIAL RESOLUTION NUMBER 3:

ALLOTMENT AND ISSUE OF SHARES TO DIRECTORS AND PRESCRIBED OFFICERS

"Resolved that, to the extent required by section 41 of the Companies Act, 71 of 2008, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation and the Companies Act, 71 of 2008, each as presently constituted and from time to time, authorise the company to allot and issue shares in the company to directors, future directors, prescribed officers and future prescribed officers of the company pursuant to the Consolidated Infrastructure Group Limited 2014 Share Plan as well as the share option and share purchase scheme adopted by the company, dated 13 November 2007."

In order for special resolution number 3 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for and effect of special resolution number 3

The company would like to be able to allot and issue shares to directors and prescribed officers pursuant to the Consolidated Infrastructure Group Limited 2014 Share Plan as well as the share option and share purchase scheme adopted by the company, dated 13 November 2007.

SPECIAL RESOLUTION NUMBER 4:

FINANCIAL ASSISTANCE UNDER THE CONSOLIDATED INFRASTRUCTURE GROUP LIMITED 2014 SHARE PLAN

"Resolved that, to the extent required by sections 44 and 45 of the Companies Act, 71 of 2008, and to the extent applicable, the board of directors of the company may, subject to compliance with the company's Memorandum of Incorporation, the Companies Act, 71 of 2008, and the JSE Listings Requirements, authorise the company to provide:

- financial assistance, as contemplated in section 44 of the Companies Act, 71 of 2008, to any person for the purpose of or in connection with the subscription of any options or any securities issued by the company or related or inter-related company; and

NOTICE OF ANNUAL GENERAL MEETING continued

- financial assistance, as defined in section 45 of the Companies Act, 71 of 2008, to directors, future directors, prescribed officers and future prescribed officers of the company and any company within its group of companies, identified by the remuneration committee of the board of directors of the company, as constituted from time to time, as participants, as defined in the Consolidated Infrastructure Group Limited 2014 Share Plan (**the CIG 2014 Share Plan**) for the issue of shares to any such person, director, future director, prescribed officer and future prescribed officer in accordance with the rules of the CIG 2014 Share Plan."

At the time of providing the financial assistance, as contemplated and defined in the Companies Act, 71 of 2008, to participants, as defined under the 2014 Share Plan, the board of directors of the company shall satisfy itself that immediately after providing the financial assistance, as contemplated and defined in the Companies Act, 71 of 2008, the company would satisfy the solvency and liquidity test, as contemplated in the Companies Act, 71 of 2008, and that the terms under which the financial assistance, as contemplated and defined in the Companies Act, 71 of 2008, is given are fair and reasonable to the company.

Such authority to endure for two years after the adoption of this special number resolution 4."

In order for special resolution number 4 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for special resolution number 4

The company, to the extent applicable, would like the ability to provide financial assistance to employees and/or directors as participants under the CIG 2014 Share Plan.

SPECIAL RESOLUTION NUMBER 5:

INCREASE IN AUTHORISED SHARE CAPITAL

"Resolved that in accordance with section 36(2) of the Companies Act, 71 of 2008 and clause 8.2.1 of the company's Memorandum of Incorporation, the authorised share capital of the company, comprising 200 000 000 (two hundred million) ordinary shares of no par value, be and is hereby increased by the creation of a further 100 000 000 (100 million) ordinary shares of no par value so that after the increase, the authorised share capital shall comprise 300 000 000 (three hundred million) ordinary shares of no par value with effect from the date of filing and approval of the notice of amendment with the Companies and Intellectual Property Commission and that clause 8.1 of the Memorandum of Incorporation be amended to reflect the increase of the company's authorised share capital as follows:

"8.1 The Company is authorised to issue 300 000 000 ordinary shares of no par value of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to."

In order for special resolution number 5 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for and effect of special resolution number 5:

The company would like to increase the authorised share capital of the company from 200 000 000 ordinary shares of no par value to 300 000 000 ordinary shares of no par value allowing for the allotment and issue of ordinary shares in the company as are allowed for in the company's Memorandum of Incorporation, but subject to the necessary consents and approvals being in place by ordinary shareholders and in accordance with the JSE Listings Requirements and the Companies Act, 71 of 2008. The issued share capital of the company will remain unchanged.

ORDINARY RESOLUTION NUMBER 9:

SIGNATURE OF DOCUMENTATION

"Resolved that any director of the company or 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, 8 and 9 and special resolution numbers 1, 2, 3, 4 and 5 which are passed by the shareholders in accordance with and subject to the terms thereof."

In order for ordinary resolution number 9 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

QUORUM

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum 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 Proprietary Limited (Ground Floor, 70 Marshall Street, Johannesburg), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is Friday, 29 April 2016.

VOTING AND PROXIES

A shareholder of the company entitled to attend and vote at the annual general meeting is entitled to appoint one

or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

A form of proxy is attached for the convenience of any 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, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) to be received by not later than 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting prior to the commencement of the annual general meeting. 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, 71 of 2008, to which shareholders are referred. Shareholders who have already dematerialised their shares through a Central Securities Depository Participant (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 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting prior to the commencement of the annual general meeting.

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) of the Companies Act, 71 of 2008, meeting participants will be required to provide identification to the reasonable satisfaction of the chairman of the annual general 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 meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the annual general meeting via the teleconference facility will be required to advise the company thereof by no later than 10:00 on Monday, 2 May 2016 by submitting, by email to Ronelle Adant at ronelle@ciglimited.co.za, or by fax to be faxed to 086 748 9169, for the attention of Ronelle Adant relevant contact details including email address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) 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 who wish to participate in the annual general meeting by way of telephone conference call 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 form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

By order of the board

CIS Company Secretaries Proprietary Limited
Company secretary

Registered office of the company
Commerce Square, Building 2
39 Rivonia Road, Sandhurst
PO Box 651455, Benmore 2010

23 February 2016

SHAREHOLDERS' DIARY

Financial year-end	31 August 2015
Preliminary annual results announcement	11 November 2015
Annual report posted	February 2016
Annual general meeting	4 May 2016
Interim results announcement	20 April 2016

FORM OF PROXY

Consolidated Infrastructure Group Limited

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2007/004935/06)
JSE share code: CIL | ISIN: ZAE000153888
(CIG or the group or the company)

DIRECTORS OF THE COMPANY

EXECUTIVE

Raoul Gamsu *(CEO)*
Ivor Klitzner *(Financial Director)*

INDEPENDENT NON-EXECUTIVE

Frank Boner *(Chairman)*
Kofi Bucknor
Tony Dixon
Judi Nwokedi
Alex Darko
Robert Horton

Where appropriate and applicable the terms defined in the notice of annual general meeting to which this form of proxy is attached and forms part of bear the same meanings in this form of proxy.

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own-name" registration, nominee companies of Central Securities Depository Participant's (**CSDP**) and brokers' nominee companies, registered as such at the close of business on Friday, 29 April 2016 (the **voting record date**), at the annual general meeting to be held at Commerce Square, Building 2, 39 Rivonia Road, Sandhurst at 10:00 on Wednesday, 4 May 2016 (the **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 CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We *(full name in block letters please)*

of *(address)*

being the holder/s of shares hereby appoint:

1. or failing him/her

2. or 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::

	Number of votes		
	Shares		
	For*	Against*	Abstain*
Ordinary resolution number 1: Adoption of annual financial statements			
Ordinary resolution number 2: Re-election of F Boner as director			
Ordinary resolution number 3: Re-election of J Nwokedi as director			
Ordinary resolution number 4: Re-appointment of members of the audit and risk committee			
Ordinary resolution number 4.1: Re-appointment of A Dixon *(Chairman)* as a member of the audit and risk committee			
Ordinary resolution number 4.2: Re-appointment of A Darko as a member of the audit and risk committee			
Ordinary resolution number 4.3: Re-appointment of R Horton as a member of the audit and risk committee			
Ordinary resolution number 5: Re-appointment of the auditors			
Ordinary resolution number 6: Control over unissued shares			
Ordinary resolution number 7: General authority to issue shares for cash			
Ordinary resolution number 8: Approval of remuneration policy			
Special resolution number 1: Share repurchases			
Special resolution number 2: Financial assistance to related and inter-related parties			
Special resolution number 3: Allotment and issue of shares to directors and prescribed officers			
Special resolution number 4: Financial assistance under the Consolidated Infrastructure Group Limited 2014 Share Plan			
Special resolution number 5: Increase in authorised share capital			
Ordinary resolution number 9: Signature of documentation			

* *One vote per share held by 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 2016

Signature

Assisted by (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 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting prior to the commencement of the annual general meeting.

Please read the notes overleaf.

NOTES TO THE FORM OF PROXY

1. This form of proxy is only to be completed by those ordinary shareholders who are:
   - holding ordinary shares in certificated form; or
   - 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, in order to vote at the annual general meeting being Friday, 29 April 2016, 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 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 shareholder 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 shareholder's votes exercisable thereat. If however the shareholder 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 not later than 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting prior to the commencement of the annual general meeting.

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 stated 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 48 hours prior to the meeting.

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, 71 of 2008, as required in terms of that section. In addition, an extract from the Companies Act, 71 of 2008, reflecting the provisions of section 58 of the Companies Act, 71 of 2008, is attached to this form of proxy.

EXTRACT FROM THE COMPANIES ACT, 71 OF 2008

"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:
- must be in writing, dated and signed by the shareholder; and
- remains valid for:
  - one year after the date on which it was signed; or
  - 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 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;
- 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
- 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:
- 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.
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
  - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - 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:
- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

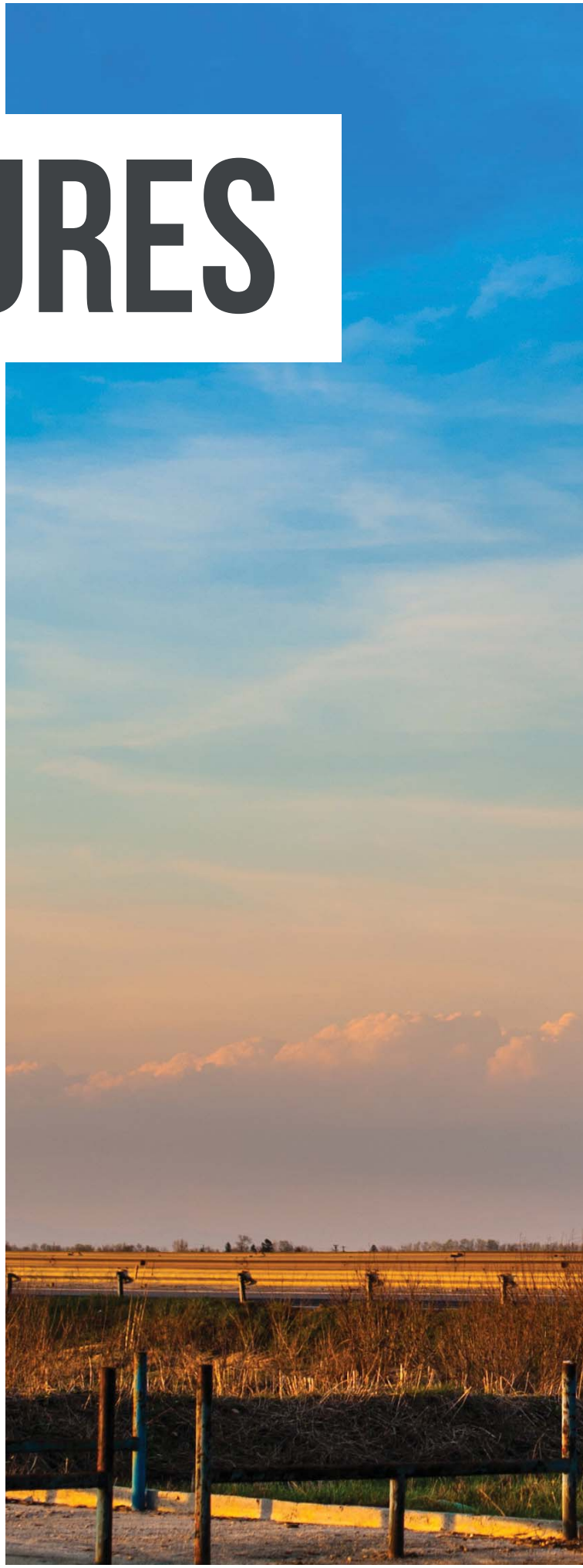
6. If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
- the shareholder; or
- the proxy or proxies, if the shareholder has:
  - directed the company to do so, in writing; and
  - 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:
- 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;
- the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
  - bear a reasonably prominent summary of the rights established by this section;
  - 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
  - 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;
- the company must not require that the proxy appointment be made irrevocable; and
- 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."

ANNEXURES



THE BOARD

EXECUTIVE DIRECTORS

1. RAOUL GAMSU (46)

CEO | BAcc, CA(SA) | Appointed: 2007

Raoul was responsible for leading the consortium which created and subsequently listed CIG. Prior to this Raoul worked in various corporate roles with Bidvest, Rebhold, Rebserve and Mvelaphanda culminating in his appointment as the chief operating officer at Rebserve and Mvelaphanda.

2. IVOR KLITZNER (47)

Financial Director | BCom, CA(SA) | Appointed: 2007

Ivor was instrumental in assisting with the listing of CIG in 2007. He completed his articles with Ernst & Young in 1993 and became a financial director at Hallmark Hemdon Proprietary Limited, before leaving in 2000 to join M&IC Distributors Proprietary Limited, a subsidiary of Brandcorp Holdings Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

3. FRANK BONER (69)

Chairman | CA(SA) | Appointed: 2010

In 1998 Frank joined Global Capital Proprietary Limited, a boutique investment banking and private equity firm, where he is today CEO and sits on the board of all investee companies. Prior to this he served as managing partner of the accounting firm now called Horwath Leveton Boner. He was also formerly joint managing director of Reichmans Limited prior to its sale to Investec Bank, where he subsequently served as manager of the corporate asset-based finance division for a time. Frank is a non-executive director of Mazor Group Limited where he sits on certain board committees.

4. KOFI BUCKNOR (61) (Ghanaian)

BSc (Bus Admin), MBA (Finance) | Appointed: 2012

Kofi is the managing partner of private equity firm, Kingdom Africa Management, which evolved from Kingdom Zephyr Africa Management. He currently serves on the boards of Newmont Mining Corporation (US), Asset Resources Management (Nigeria), Saham Assurances (Morocco) and Baker Hughes Ghana Limited. He formerly served as a director of Ashanti Goldfields Corporation and Ecobank Transnational Corporation, and is a former chairman of the Ghana Stock Exchange.

5. ALEX DARKO (63)

FCCA, MSc (MIS) | Appointed: 2010

Alex is a seasoned executive and management consultant with over 30 years of multi-industry experience in Europe, USA and Africa. He advises organisations on business and cultural transformation, change management and business strategy. He also coaches and mentors executives. Alex was previously group CIO at AngloGold Ashanti and Director of Finance at Dun & Bradstreet Europe Limited. He is currently a non-executive director of Barclays Africa Group, Business Connexion Group Limited, Mazor Group and Safintra Proprietary Limited.

6. ANTHONY DIXON (69)

CA(SA), FinstD CD(SA) | Appointed: 2007

During a 29-year career with Coopers & Lybrand (PricewaterhouseCoopers), Tony Dixon became regional chairman, KwaZulu-Natal and a long-serving member of the national executive and governing board. From 1995 to date Tony has held a number of directorships on major company boards including one of South Africa's largest short-term insurance companies – Guardian National Insurance Company (before its merger with Santam) and Allied Technologies Limited (Altech). Tony was CEO of the IoD from 2003 to 2008. He is an acknowledged expert in corporate governance and for a number of years provided the secretariat role to the King Committee. Tony is presently an independent non-executive director of Santova Limited and non-executive director of Pivotal Fund Limited.

7. ROBERT HORTON (44)

CA(SA), BComm (Accounting and Information Systems) (UCT) | Appointed: 2011

Robert worked in the oil and gas sector at Masefield in London where he was responsible for East African operations. In 1998 he moved back to South Africa and worked in corporate finance before joining a leading private equity firm. In 2010 he joined a pan-African private equity fund manager where he focused largely on West and North African opportunities. Since 2012 Rob has been investing funds into high growth opportunities on the African continent. He has served as a director of private companies in the building supplies, consumer goods, distribution and technology sectors.

8. JUDI NWOKEDI (56)

BSocSc | Appointed: 2012

Judi has a distinguished career in business and community development. She served as managing director of the SABC from 2001 to 2005. Judi has worked at Motorola Sub-Saharan Africa and AREVA. She is also the vice chair of the largest pan-African film market, Sithengi. She serves on the board of the University of Witwatersrand – Institute for the Advancement of Journalism, is chairman of African Spirit Proprietary Limited and is chief operating officer at Tourvest.

GOVERNANCE

THE BOARD

Board members

Raoul Gamsu *(CEO)*
Ivor Klitzner *(Financial Director)*
Frank Boner* *(Chairman)*
Kofi Bucknor*
Alex Darko*
Tony Dixon*
Robert Horton*
Judi Nwokedi*

Committees

Audit and risk committee	Remuneration committee	Nominations committee	Social and ethics committee
See full report on page 53	*See full report on page 43*		*See full report on page 47*
Committee members			
Tony Dixon* *(Chairman)* Alex Darko* Robert Horton* *By invitation* Ivor Klitzner *(Financial Director)* Frank Boner*	Alex Darko* *(Chairman)* Frank Boner* Tony Dixon* *By invitation* Raoul Gamsu *(CEO)*	Frank Boner* *(Chairman)* Alex Darko* Tony Dixon* *By invitation* Raoul Gamsu *(CEO)*	Alex Darko* *(Chairman)* Ivor Klitzner *(Financial Director)* Judi Nwokedi* Slu Gesha
Committee responsibilities			
• Reviewing the interim and annual financial statements and the integrated annual report • Internal control framework and procedures • Confirming and reviewing the internal audit as well as internal, financial and operational controls • Reviewing risk management, standards of grievance, reporting and compliance • Monitoring the outsourced internal audit and IT governance functions • Approving the appointment of the auditors for non-audit services	• Ensuring that levels of remuneration are sufficient to attract, retain and motivate executives of the calibre required for high-level management and key personnel positions	• Identifying and nominating suitable candidates for election to the group's board of directors	• Ensuring that the group acts as a responsible corporate citizen, particularly in the context of the economic, social and environmental challenges facing South Africa and the other countries in which the group operates • Overseeing the good corporate citizenship of the group on behalf of the board
Independent directors			
3/3	3/3	3/3	3/4

* *Independent non-executive director*

THE BOARD

The board retains full and effective control over the group and monitors the executive management and decisions in the subsidiary companies. The board remains responsible and accountable for the performance of the group. The directors exercise sound judgement and leadership with integrity based on the King III RAFT principles. The responsibilities of the board are set out in full in its Charter, which is available at www.ciglimited.co.za.

1 SUCCESSION PLANNING

The succession plan is reviewed annually as part of the annual CIG risk assessment. At the beginning of each year, the CEO and financial director meet with the outsourced risk manager and the succession plan is reviewed for applicability and practicality. The KnowRisk system is updated and risks associated with succession planning or lack thereof are discussed, documented and assessed, taking into account the design, effectiveness and operational adequacy of the plan's controls.

2 INDEPENDENT DIRECTORS

The board formally evaluates the independence of the non-executive directors annually having due regard to the relevant factors which might impair independence. In the year all non-executive directors were considered to be independent and therefore six of the eight directors are independent.

3 SELF-EVALUATION

The board conducts an annual self-evaluation exercise facilitated by the independent company secretary and the individual directors complete self-evaluation assessments. The company secretary coordinates the formal reporting of the consolidated results after performing the collation.

All committees review their respective performances annually. The results are communicated to the members of the board. The outsourced risk manager and the group financial director evaluate the outcomes when annually updating the IoD corporate governance assessment.

Director	Board meetings	Audit committee meetings	Remuneration committee meetings	Nominations committee meetings	Social and ethics committee meetings
Raoul Gamsu *(CEO)*	4/4		2/2	1/1ø	
Ivor Klitzner *(Financial Director)*	4/4	4/4ø			3/3
Frank Boner *Chairman*§*	4/4	3/4ø	2/2	1/1	
Anthony Dixon*^	4/4	4/4	2/2		
Alex Darko*+#	4/4	4/4	2/2	1/1	3/3
Robert Horton*	3/4	4/4		1/1	
Kofi Bucknor*	1/4				
Judi Nwokedi*	3/4				1/3

* *Independent non-executive*
^ *Audit committee chairman*
\+ *Social and ethics committee chairman*
\# *Remuneration committee chairman*
§ *Nominations committee chairman*
ø *Attended by invitation*

GOVERNANCE continued

ASSURANCE

The combined assurance model of the group is built on three bases:

(MA) Management-based assurance

(RA) Risk and legal-based assurance

(IA) Independent assurance, which includes external and internal audit, ISO certification and audits conducted by consulting engineers and other parties.

CATEGORY	ASSURANCE	PROCESS OF ASSURANCE
Strategic		
Mergers and acquisitions	MA RA	• Self-assessment, management review • Risk management
Corporate governance	MA RA	• Self-assessment, management review • Risk management
Ethics	MA RA	• Self-assessment, management review • Risk management
Capital adequacy	MA RA IA	• Self-assessment, management review special project • External audit (limited)
Operational		
Corporate assets	MA RA IA	• Self-assessment, management review • Risk management • External and internal audit
Tender management	MA RA IA	• Self-assessment, management review • Risk management, compliance • External audit (limited) and internal audit
Financial	MA RA IA	• Self-assessment, management review • Risk management • External audit and internal audit
Information technology	MA RA IA	• Self-assessment, management review • Risk management • External audit (limited) and internal audit
Human resources	MA RA IA	• Self-assessment, management review • Risk management • External audit (limited) and internal audit
Procurement and supply chain management	MA RA IA	• Self-assessment, management review • Risk management, compliance • External audit (limited) and internal audit
Project and risk management	MA RA IA	• Self-assessment, management review • Risk management, compliance • Internal audit
Production management	MA RA IA	• Self-assessment, management review • Risk management, compliance • External audit (limited)

CATEGORY	ASSURANCE	PROCESS OF ASSURANCE
Operational continued		
Due diligence	MA RA IA	• Self-assessment, management review • Risk management (limited) • External audit (limited)
Quality assurance	MA RA IA	• Self-assessment, management review • Risk management (limited) • Health and safety • ISO certification
Products and services	MA RA IA	• Self-assessment, management review • Risk management • Consulting engineers
SHE and environmental management	MA RA IA	• Self-assessment, management review • Risk management (limited) • Health and safety • Compliance • External audit (limited) • ISO certification • Consulting engineers
Covenants	MA RA IA	• Self-assessment, management review • Risk management • External audit and internal audit
Treasury and funding	MA RA IA	• Self-assessment, management review • Risk management • External audit (limited) and internal audit
Environment	MA RA IA	• Self-assessment • Risk management • Health and safety • Compliance
Business continuity and disaster recovery	MA RA	• Self-assessment • Risk management • Compliance
Legal/statutory compliance	MA RA	• Self-assessment, management review • Risk management • Compliance • External audit (limited) and internal audit
Integrated reporting	MA RA IA	• Self-assessment, management review • Risk management (limited) • Compliance • External audit
EHSS performance	MA RA IA	• Self-assessment • Risk management • Health and safety • Compliance

KING III APPLICATION: CHAPTER 2

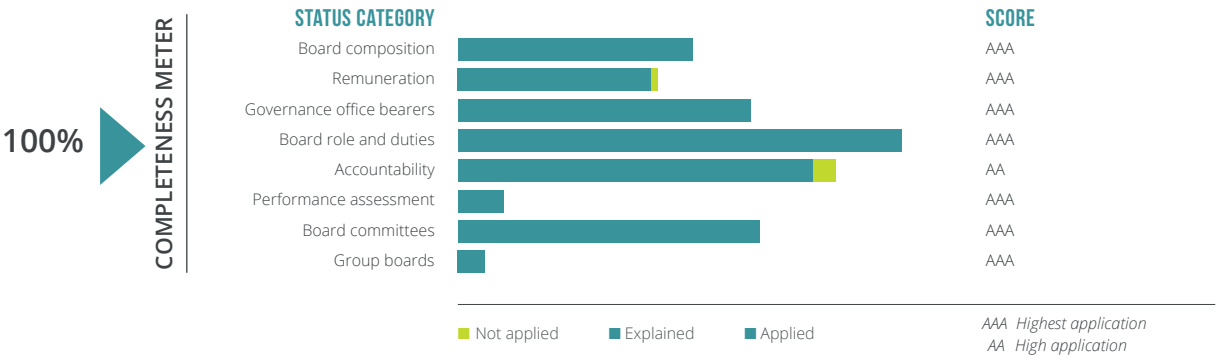
The board is committed to upholding the King III RAFT principles: responsibility, accountability, fairness and transparency. At CIG, we add discipline, independence and social responsibility.

The board recognises that governance principles and practices evolve, so our approach to governance is continually reviewed to appropriately embrace best practice. CIG's financial director, with the assistance of the company's external risk consultant, continued subjecting the company's corporate governance regime to a full review in the year using the IoD Governance Assessment Instrument. Overall the company achieved an 'AAA' rating which indicates "Highest application" of the principles and recommendations of King III.

OVERALL SCORE – KING III COMPLIANCE AND APPLICATION*

PRINCIPLES AND RECOMMENDATIONS

AAA OVERALL SCORE



* *According to the IoDSA Governance Assessment Instrument*

The full King III checklist is available on the company's website www.ciglimited.co.za. The extract of Chapter 2 follows.

CHAPTER 2: BOARDS AND DIRECTORS

PRINCIPLE NUMBER	DESCRIPTION	APPLICATION
2.1	The board should act as the focal point for and custodian of corporate governance.	The board is the focal point and custodian of corporate governance at CIG. In accordance with the well-defined board charter the board is committed to the highest standards of corporate governance. The board meets at least four times a year.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	The board is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The board informs and approves strategy and strives to ensure that long-term planning will deliver sustainable outcomes taking account of people, planet, profit. The board ensures that the strategy is aligned with the purpose of the company, the value drivers of its business and the legitimate interests and expectations of its stakeholders. Strategy is translated into key performance and risk areas (including finance, ethics, compliance and sustainability) and the associated performance and risk measures are clearly identified. The board considers sustainability a business opportunity: long-term sustainability is linked to and guides strategy.
2.3	The board should provide effective leadership based on an ethical foundation.	The board provides effective leadership and is committed to the highest levels of corporate governance as a key driver of sustainability.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	CIG's social and ethics committee reflects and effects the company's commitment to responsible corporate citizenship.
2.5	The board should ensure that the company's ethics are managed effectively.	The board has established a social and ethics committee, which is tasked with ensuring that the company's ethics are managed effectively. The board ensures the Code of Conduct is effected through group strategy as well as in operational decisions.
2.6	The board should ensure that the company has an effective and independent audit committee.	The audit and risk committee is chaired by an independent non-executive director, Tony Dixon. It further consists of two independent non-executive directors. The board is satisfied with their levels of independence in accordance with directors' mandatory quarterly disclosures. The board is satisfied that the audit and risk committee is effective.
2.7	The board should be responsible for the governance of risk.	The board's audit and risk committee has conducted an evaluation of governance risk and is satisfied with the effective management of risk.
2.8	The board should be responsible for information technology ('IT') governance.	The board's audit and risk committee ensures that IT governance is an integral part of corporate governance.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board ensures that the company complies with applicable laws in each country of operation and considers adherence to non-binding rules, codes and standards including Organisation for Economic Cooperation and Development (OECD) and UN Global Compact principles.

KING III APPLICATION: CHAPTER 2 continued

PRINCIPLE NUMBER	DESCRIPTION	APPLICATION
2.10	The board should ensure that there is an effective risk-based internal audit.	The board ensures that the internal audit function continues to report directly and effectively to the audit and risk committee.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	The board of CIG recognises the importance of developing and nurturing positive and stable relationships with key stakeholders as a key driver of business success.
2.12	The board should ensure the integrity of the company's integrated report.	The board continues to ensure that the integrated report endeavours to provide a true view of the group's commitment to ensuring that financial, social and environmental sustainability permeates the entire business.
2.13	The board should report on the effectiveness of the company's system of internal controls.	The board continuously ensures the soundness of the company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a trustee on behalf of the shareholders. Directors are permitted to take independent advice in connection with their duties at company cost following a board approved procedure. Real or perceived conflicts of interest are disclosed to the board and managed appropriately. In addition to the Code of Conduct, the members of the board are governed by a formal policy in respect of dealing in CIG shares. The board has unrestricted access to all company information, records, documents and property subject to following a board approved process.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	The board continually monitors the group's financial position and whether it is financially distressed i.e if it appears reasonably unlikely that the company will be able to pay its debts as they fall due and payable within the ensuing six months or become insolvent within the ensuing six months.
2.16	The board should elect a Chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of Chairman of the board.	The Chairman, Frank Boner, is an independent non-executive chairman and the roles of CEO and chairman are clearly defined. The Chairman is elected by the board members annually and his ability to add value, and his performance is assessed every year. The Chairman's role and responsibility is formalised. Succession planning is in place for the chairman. The chairman of the board is not the chairman of the remuneration committee.
2.17	The board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	The board has appointed Raoul Gamsu as CEO and a delegation of authority framework is reviewed regularly. Further the board has input in other senior executive appointments. The board defines its own level of materiality and approves a delegation or authority framework. The role and function of the CEO is formalised and performance measures are in place to appraise his performance. The CEO is not a member of the remuneration, nominations or audit committees.

PRINCIPLE NUMBER	DESCRIPTION	APPLICATION
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The board comprises a majority of non-executive directors, the majority of whom are independent. The board has a minimum of two executive directors – the CEO and the director responsible for finance. When determining the number of directors to serve on the board, the knowledge, skills and resources required as appropriate to the business of the company is considered. The board has considered whether its size, diversity and demographics make it effective. At least one third of non-executive directors rotates every year. The board, through the nominations committee, recommends eligibility for re-election of retiring non-executive directors, while considering past performance, contribution and the objectivity of business judgement call. Non-executive directors classified as 'independent' by the company are subjected to an annual informal evaluation of their independence by the chairman and the board based on a formal annual declaration of interests to assess any changes. Independent non-executive directors serving for longer than nine years are subjected to a rigorous review of their independence and performance by the board. The classification of directors as independent or otherwise is disclosed on the basis of the yearly assessment of the independence of the independent non-executive directors, in line with King III's definition of independent. There is reporting on the procedure and outcome of the assessment of the suitability of non-executive independent directors to continue on the board as such, for a period of nine years
2.19	Directors should be appointed through a formal processes.	Procedure for appointments to the board are formal and transparent and are a matter for the board as a whole, assisted by the nominations committee. Prior to their appointment, procedures are in place to investigate the candidates' backgrounds. An agreement is concluded with all non-executive directors which encompasses commitment to comply with the directors' code of conduct, the contribution that is expected from the specific individual, the remuneration for holding office as director and the terms of directors' and officers' liability insurance to be provided. Details of directors' appointment procedure and composition of the board are provided in the integrated report. The board makes full disclosure regarding individual directors to enable shareholders to make their own assessment of directors. Reasons for the removal, resignation or retirement of directors are provided. The number of meetings held each year by the board and each board committee and the details of attendance of each director (as applicable) at such meetings are disclosed.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	The board ensures that inexperienced directors are developed through mentorship programmes. The board ensures that continuing professional development programmes are implemented. Directors receive regular briefing on changes in risk, laws and the business environment and a formal induction programme is in place for new directors.

KING III APPLICATION: CHAPTER 2 continued

PRINCIPLE NUMBER	DESCRIPTION	APPLICATION
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	CIS Company Secretaries Proprietary Limited is an independent company secretarial practice providing services to numerous JSE listed companies and was appointed in compliance with the Companies Act, 71 of 2008, the JSE Listings Requirements and the recommendations of King III. The board reviews the competence, qualifications and experience of the Company Secretary and its representative annually and deems them to be suitably qualified. The board is satisfied that CIS Company Secretaries' representative Neville Toerien is sufficiently qualified and skilled to act in accordance with the requirements of the law and the recommendations of the King III Report and maintains an arm's length relationship with the board. The company secretary is appointed by the board and is empowered by the board to effectively perform his duties. The role and function of the company secretary is formalised.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	The board determines its own role, functions, duties and performance criteria as well as that for the directors on the board and the board and board committees to serve as a benchmark for performance appraisal. Yearly evaluation of the board's individual committees and individual director's performance are performed. The results of performance evaluation inform training needs.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board delegates certain functions without abdicating its own responsibilities to the following committees: • Audit and risk committee • Remuneration committee • Nominations committee • Social and ethics committee All the committees' terms of reference outline composition, objectives, purpose and activities, as well as delegation of authorities – including the extent of the committee's power to make decisions, tenure and reporting mechanism to the board
2.24	A governance framework should be agreed between the group and its subsidiary boards.	A governance framework between the group and its subsidiary boards is agreed and is in effect. Implementation and adoption of policies, processes or procedure of the holding company are considered and approved by the subsidiary company. Consultation takes place between the board and the chairman of subsidiary boards and nominations committees prior to nominating a shareholder representative. The integrated report provides details of the implementation and adoption of policies, processes or procedures of the holding company by subsidiary companies.
2.25	Companies should remunerate directors and executives fairly and responsibly.	The remuneration philosophy reflects CIG's commitment to best practice. The group's remuneration committee determines the remuneration policy on executive and senior remuneration in line with the group's remuneration philosophy and strategy. The total remuneration packages of the executive directors and senior management are subject to annual review and benchmarked against external market data taking into account the size of the company, its market sector and business complexity. A detailed remuneration report is contained in the integrated report on page 43.

PRINCIPLE NUMBER	DESCRIPTION	APPLICATION
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors and prescribed officers is disclosed in the integrated report on pages 90 and 91.
2.27	Shareholders should approve the company's remuneration policy.	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the annual general meeting.

DEFINITIONS

DEFINITIONS AT CIG	
Infrastructure	At CIG we define infrastructure as support services for companies in the following sectors: Civils; Power; Oil & Gas; Mining; Transport; Telecoms and Water, as well as the acquisition of related assets in these areas
AES	Angola Environmental Serviços Limitada, in which CIG holds a 30,5% stake
Conco	Consolidated Power Projects Proprietary Limited, CIG's core business and the largest high-voltage construction company in South Africa
Conco Energy Solutions	Conco Energy Solutions, a division which provides services to control power delivery systems so as to reduce the occurrence and shorten the duration of power outages
CPM	Consolidated Power Maintenance Proprietary Limited, a former division of Conco, now standalone, established in 2012 to provide long-term operational and maintenance services to wind farms, solar parks, municipalities and utilities
DSS	Drift Supersand Proprietary Limited, part of the Consolidated Building Materials division which supplies aggregates
Tractionel	Tension Overhead Electrification Proprietary Limited, trading as Tractionel Enterprise, a company acquired by CIG in FY15 which specialises in electrification in the rail sector
WECB	West End Claybrick Sand Proprietary Limited, part of the Consolidated Building Materials division which manufactures a range of clay bricks, cement bricks and roof tiles

DEFINITIONS	
ABET	Adult basic education and training
ASPASA	Association of Sand and Aggregate Producers of South Africa
Big 5 +1	South Africa, Angola, Ghana, Nigeria, Saudi Arabia, East Africa
board	The board of directors of Consolidated Infrastructure Group Limited
CIG or the company	Consolidated Infrastructure Group Limited, listed on Main Board JSE in the 'Electrical Equipment' sector
CSI	Corporate social investment
current year	The year ending 31 August 2016
EPC	Engineering, procurement, construction
ESG	Environment, social and governance, the central factors in measuring the sustainability and ethical impact of an investment in a company
Exco	Executive committee of CIG
group	Consolidated Infrastructure Group Limited and its subsidiaries
IDC	Industrial Development Corporation (of South Africa)
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IoD	Institute of Directors South Africa
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
King III Report	King Report on Corporate Governance for South Africa, 2009
LDC	Long duration contractors
LTI	Lost time injury

DEFINITIONS continued	
LTIFR	Lost time injury frequency rate
MCC	Motor control centre
OEM	Original equipment manufacturer
PIDA	Programme for Infrastructure Development in Africa
PPE	Personal protective equipment
PRASA	Passenger Rail Agency of South Africa
the previous year	The year ended 31 August 2014
RE	Renewable energy
REIPPPP	South African Renewable Energy Independent Power Producer Procurement Programme launched in 2011 aimed at stimulating the renewable industry in South Africa
SABS	South African Bureau of Standards
SAIEE	South African Institute of Electrical Engineers
SANAS	South African National Accreditation System
SAT	Site assessment testing
SHE	Safety, health and environment
SHE Plan	Safety, Health and Environment Management Plan
SHERQ	Safety, health, environment, risk and quality
the year under review	The year ended 31 August 2015
UASA	United Association of South Africa, a registered South African trade union
FINANCIAL DEFINITIONS	
EBITDA	Earnings before interest, taxation, depreciation and amortisation
HEPS	Headline earnings per share
VWAP	Volume weighted average price

FORWARD-LOOKING STATEMENTS

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 August 2015. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation. The group's external auditors and/or assurance providers have not assured these statements.

CONTACT DETAILS

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Turnkey constructor for the electricity supply industry, supplier of heavy building materials to the construction industry and supplier of oil waste management services

DIRECTORS

RD Gamsu *(CEO)*
IM Klitzner *(Financial Director)*
F Boner *(Chairman)**
K Bucknor#*
AD Dixon*
A Darko*#
R Horton*
J Nwokedi*

** Independent*
 # Ghanaian

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39 Rivonia Road, Cnr Melville Road
Sandhurst 2196

PO Box 651455, Benmore 2010

COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited
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70 Marshall Street, Johannesburg 2001

AUDITORS

Grant Thornton
Chartered Accountants (SA)
Registered auditors
52 Corlett Drive, Wanderers Office Park
Illovo 2196

SPONSOR

Java Capital
Registration number 2006/005780/07
2nd Floor, 6A Sandown Valley Crescent
Sandton 2196

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg 2001

Editorial | ENVISAGE INVESTOR & CORPORATE RELATIONS

Design and production | purple.frog

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