



**Consolidated  
Infrastructure  
Group Limited**



# **INTEGRATED ANNUAL REPORT**

for the year ended 31 August 2017



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## CROSS REFERENCING ASSISTANCE



Further information on the website



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# SALIENT FEATURES

for the year ended 31 August 2017

## LOSS OF R150 MILLION

(2016: profit of R393 million)

## CONCO LOSS OF R441 MILLION

(2016: profit of R173 million)

## REVENUE DOWN 3,6% TO R4,369 BILLION

(2016: R4,531 billion)

## HEADLINE LOSS PER SHARE 77,9 CENTS

(2016: HEPS 255,3 cents)

## INCOME FROM JOINT ARRANGEMENT WITH AES DOWN BY 63% TO R51 MILLION

(2016: R136 million)

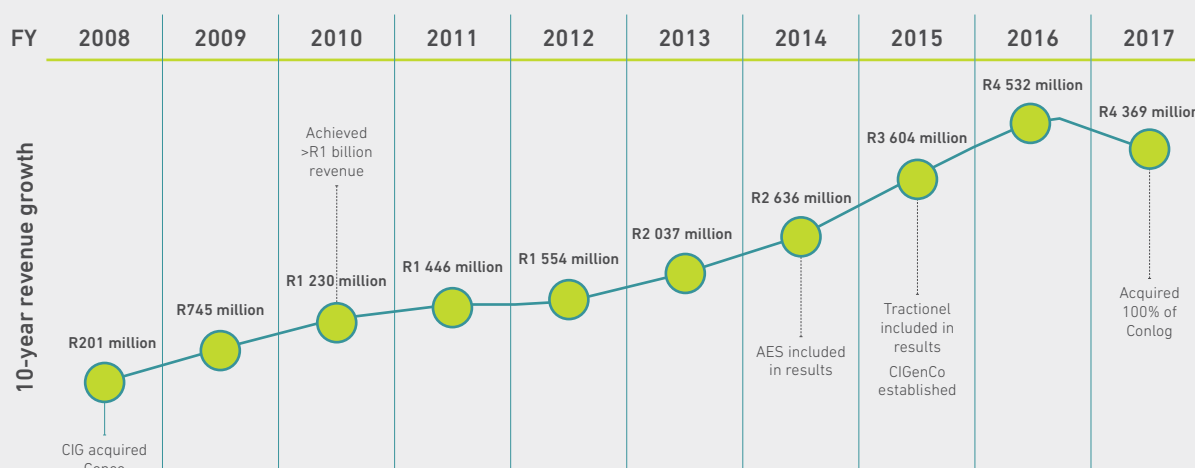
## PROFIT FROM GROUP BUSINESSES EXCLUDING CONCO R291 MILLION

## REVENUE FROM BUSINESS EX-SOUTH AFRICA UP FROM 41% TO 45% OF TOTAL REVENUE

## WAIVER SECURED FROM FUNDERS IN SUPPORT OF CIG

## SUCCESSFULLY CLOSED R850 MILLION CONLOG ACQUISITION ON 31 OCTOBER 2016

## CIG'S 10-YEAR JOURNEY





# 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, which supplies high voltage infrastructure and metering to the energy sector; 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 maintenance solutions and railway electrification.

## SCOPE OF THE REPORT

Our 2017 integrated annual report endeavours to present a concise integrated overview of the performance of the group for the year 1 September 2016 to 31 August 2017, and follows our integrated annual report for the previous year published in February 2017. Our intention is to make the report as easily navigable and accessible as possible, with all extraneous information edited out.

The report encompasses all divisions and subsidiaries of the company, as illustrated in the group structure on pages 8 and 9, across all regions of operation.

There were no restatements of previously reported information. For more information please see the annual financial statements.

## BASIS OF PREPARATION

The report primarily targets 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 principles in the King IV Report. CIG has further considered 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, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

## ASSURANCE

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

- Management-based assurance;
- Risk and legal-based assurance; and
- Independent assurance, which includes external and internal audit, ISO certification and audits conducted by consulting engineers and other parties.

## 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.

## FORWARD-LOOKING STATEMENTS

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 28 February 2018. 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.



**RD Gamsu**  
CEO



**IM Klitzner**  
Financial Director



**A Dixon**  
Chairman audit and risk committee

# THE ROAD TO 2019

Joint Chairman and CEO's report

*As you, our stakeholders, are aware, FY2017 proved to be the wrecking ball to CIG's prior record of consistent profitability and ongoing improvement in efficiency returns. The problem was situated in Conco, the driver of up to 45% of group profits in any year.*

*The group's strategy to boldly grow into new markets and sectors achieved a notable milestone with the closure and integration of the Conlog business. However, Conco's aggressive international expansion strategy across Africa was intended to be funded by the cash generation in the SA operations and in particular, by Round 4 REIPPPP. Unfortunately, Round 4 REIPPPP was decimated by policy uncertainty and delays to the programme.*

*Conco incurred a loss of R441 million for FY2017, subsuming the positive performance of the rest of the group businesses which generated an aggregate profit of R291 million. As a result CIG realised a loss of R150 million. The loss resulted in a breach of the EBITDA-interest cover covenant stipulated by our Funders.*

*As a consequence CIG:*

- *Has engaged with all our Funders and worked to secure an initial and now an extended waiver until 28 February 2019. This has effectively resulted in a debt standstill on capital repayments and the continued extension to the group of all existing facilities*
- *Has taken decisive action to re-energise the Conco business into a more focused organisation targeting work that meets strict cash flow and margin criteria*
- *Is evaluating all alternatives that will enable an optimal medium- and long-term capital structure for the group and taking decisive action to achieve the intended outcomes.*

*The board is optimistic about CIG's ability to restore profitability. All actions being taken, as set out in this report and the SENS announcements dated 14 November 2017, 30 November 2017 and 15 February 2018, respectively, are aimed at repositioning CIG as a more resilient business with tighter controls and improved focus.*

*Looking ahead, we refer to the financial results announcement dated 30 November 2017 in which we set out our expectation of a challenging six months to February 2018. Further developments indicate that the 2018 financial year is undoubtedly going to be really tough for the group as we radically revise and revitalise the way business is done at Conco.*

*These critical efforts for sustainability will have a short-term further negative impact on profitability and will come at great cost. However, the re-energised business will be enabled to benefit from the positive growth prospects that exist in the sector in which we operate. Particularly, the current improvement in outlook in SA bodes well for the re-commencement of Round 4 REIPPPP, and across Africa Conco's niche expertise in clean energy projects remains a valuable competitive advantage. The introduction of new products and entry into new markets at Conlog is set to deliver results in 2019.*

***We appreciate our Funders' continued support and willingness to consider and explore solutions in the best interests of all stakeholders. We further appreciate the ongoing support of our loyal shareholders who retain faith in our ability to navigate through these difficult times. We thank also all of our business partners. Finally, most importantly, we thank our staff for their focus, support and tenacity in this trying period.***

**How we got to this point of reorganisation, and where to from here, is set out in this report.**

## CURRENT FUNDING AND LIQUIDITY POSITION

### AT 28 FEBRUARY 2018

- Initial waiver of covenant breach obtained from all Funders until 15 February 2018 (as per SENS 30 November 2017)
- New agreement with all Funders to extend waiver until 28 February 2019 (Extended Waiver) (as per SENS 15 February 2018)
- Funders comfortable with CIG's forecast cash flow generation and group/Conco contemplated restructuring initiatives
- All existing facilities remain available to CIG on a committed basis
- Debt standstill:
  - all capital payments suspended under general funding and DMTNP
  - all defaults waived in respect of breach of financial covenants
- Interest remains payable
- 1 March 2019 – R204 million suspended capital payments fall due under DMTNP (remaining payments resume thereafter as scheduled)
- Extended Waiver covenants include:
  - Minimum cash buffer of at least R250 million, increasing by R25 million/month
  - Separate revised EBITDA covenants for Conco monthly and for CIG (excluding Conco quarterly)
  - Monthly management accounts and updated CIG cash flow forecasts
  - Monthly progress reports from the independent business review team
- New financial covenants to be negotiated 1 March 2019
- CIG appointed RMB to review and evaluate optimal long-term funding requirements and capital structure, and will report to shareholders hereon by 31 March 2018

# THE ROAD TO 2019 CONTINUED

Joint Chairman and CEO's report



## HOW WE ARE FIXING IT

- Temporary waiver from Funders to 15 February 2018
- Secured Extended Waiver and debt standstill to 28 February 2019 as previously announced
- Appointed RMB to perform key evaluation of balance sheet and capital structure. Will revert to shareholders by 31 March 2018
- Board appointed Liquidity Steering Committee to monitor liquidity

### CONCO

- Onsite executive oversight delegated to Jannie Hooman (*Executive Chairman, Conco*)
- Commenced restructuring process, in line with labour legislation, where contemplated that Conco will be re-organised on functional lines with greater centralisation (support services)
- Concluded two major independent business reviews and implementing recommendations
- Independent global expert proposal prepared with regard to contract measurement

## STEPS TO FIXING CONCO

- Contemplated retrenchments and high costs thereof
- Contemplated office closures
- Contemplated division closures
- Reduce investment in working capital
- Reduce funding costs (reduce borrowings)

## KEY RISK

Cost of proposed restructuring of major subsidiary

**1 SEPTEMBER 2018  
& BEYOND**

**CONCO  
REFOCUSSED ON  
SHAREHOLDER  
RETURNS VS  
ENTRENCHED  
REGIONAL  
LEGACY**

# THE ROAD TO 2019 CONTINUED

Joint Chairman and CEO's report

## 1 MARCH 2019

### A. WHAT THE CONTEMPLATED RESTRUCTURED CONCO WOULD LOOK LIKE

Strategy	Financial returns	Work	People	Systems and processes
<ul style="list-style-type: none"> <li>• "One Africa"               <ul style="list-style-type: none"> <li>– engineers "follow the work" whether traditional/ renewable</li> </ul> </li> <li>• Specialised skills and engineers to be matched with specific jobs and demand</li> <li>• 'Rules of the game' defined to focus on correct countries, size of projects, types and terms and conditions of contracts</li> <li>• Centrally co-ordinated and focused tender and estimating teams to drive process from pre-tender stage to successful contract closure with defined selection criteria</li> <li>• Centrally co-ordinated bulk procurement</li> <li>• Risk management critical to ensure continued completion of all work with no penalties/damages</li> </ul>	<ul style="list-style-type: none"> <li>• No longer fund extensive equipment and works for clients</li> <li>• Limited use of debt to fund growth</li> <li>• Focus on cash generation on each project</li> </ul>	<ul style="list-style-type: none"> <li>• Refocus on returns vs growth</li> <li>• Drive accountability with hard returns-based KPIs for management</li> <li>• Project returns = combination of margin and cash flow metrics</li> <li>• Hard metrics set for working capital</li> <li>• Hard metrics set for return on capital employed</li> <li>• Review of bonds/ guarantees</li> <li>• Reputation, quality and delivery of projects critical to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• New reporting structure under Jannie Hooman, now Executive Chairman, Conco</li> <li>• Greater centralisation</li> <li>• Emphasis on business development</li> <li>• Retain critical key skills in a skills-scarce sector</li> <li>• Engineers refocused on project execution</li> <li>• Upskilled and monitored estimating team with innovative focus on upfront value-creation</li> <li>• Reduce third party spend e.g. consultants, IT etc.</li> </ul>	<ul style="list-style-type: none"> <li>• WIP Reporting system: within one week of month-end; improved contract accounting; framework for forecasting</li> <li>• Standardised reporting</li> <li>• Management of the business, not only of project control and other project-related issues</li> <li>• Tender adjudication committee for work &gt;R50 million</li> <li>• Contract acceptance committee (CAC) for all new contracts</li> <li>• Material scope adjustments during contracts to be defined and approved in advance of execution (CAC)</li> <li>• New measurement of actual vs budget activities monthly</li> </ul>



## B. RISKS AHEAD &amp; MITIGATION

CONCO				
Risk	Loss of key staff	Loss of morale	Continued margin erosion in short-term i.e. during the proposed restructuring process	Paralysis of the business during the proposed restructuring
Mitigation	<ul style="list-style-type: none"><li>• Consultative and fair process followed</li><li>• Retention incentives</li></ul>	<ul style="list-style-type: none"><li>• Major campaign to refocus and motivate the energy of the business</li></ul>	<ul style="list-style-type: none"><li>• Weekly reporting regarding key activities onsite</li></ul>	<ul style="list-style-type: none"><li>• Constant engagement with all levels of management to drive performance during the process</li></ul>
Risk	Suppliers reduce credit lines	Customers do not commit to long-term projects	Workmanship deteriorates	
Mitigation	<ul style="list-style-type: none"><li>• Extended waiver from all Funders until 28 February 2019</li></ul>	<ul style="list-style-type: none"><li>• Continued commitment to completing all work on hand to expected quality</li><li>• Support of Funders</li></ul>	<ul style="list-style-type: none"><li>• Increased visibility of senior executives onsite at each project</li></ul>	
CIG GROUP				
Risk	A major business unit fails to deliver on expected financial results	Group structure fails to allow for sustained growth	Inadequate capital for growth	Non-compliance with/ breach of banking covenants
Mitigation	<ul style="list-style-type: none"><li>• Initiation of a detailed and structured remedial action plan with oversight by CIG executives</li></ul>	<ul style="list-style-type: none"><li>• Boosting group-level staff to support growth</li></ul>	<ul style="list-style-type: none"><li>• RMB appointed to review capital structure</li><li>• CIG will report to shareholders by 31 March 2018</li></ul>	<ul style="list-style-type: none"><li>• Board-appointed Liquidity Steering Committee to monitor progress of the liquidity review and interactions with Funders</li></ul>
Risk	Contract risk Failure to deliver on time and on budget  Radical reorganisation of Conco increases risk	Contagion effect of the “Conco crisis”		Financial reports are not timeously produced and inability to meet reporting timelines set by board and stakeholders
Mitigation	<ul style="list-style-type: none"><li>• Conco reputation for quality and delivery intact and client relations strong</li><li>• Weekly measurables</li><li>• Increased visibility of senior executives onsite at each project</li></ul>	<ul style="list-style-type: none"><li>• CIG continues to operate on a decentralised basis</li><li>• Particular emphasis on the rest of the group performing to budget</li></ul>		<ul style="list-style-type: none"><li>• Reasonable improvement deadlines now set and monitored monthly</li><li>• Improvements being implemented in specifically slow areas</li></ul>

## CIG IN SNAPSHOT

## CONSOLIDATED INFRASTRUCTURE GROUP LIMITED

## POWER



CONCO

CPM

CIGenCo

CONLOG

## CONCO | INFRASTRUCTURE DEVELOPMENT

- High voltage electrical substations
- Overhead power lines
- Renewable energy (wind and solar)
- Customised secondary plant solutions

## CPM | OPERATIONS AND MAINTENANCE

- Long-term operational and maintenance services

## CIGENCO | PROJECT ACTIVATION

- Developers of renewable energy power generation

## CONLOG | DOWNSTREAM

- Pre-paid meters and support software

## FY2017

## REVENUE:

**R3,4 BILLION**

(2016: R3,7 billion)

## EBITDA:

**-R128 MILLION**

(2016: R364 million)

## PAT:

**-R305 MILLION**

(2016: R169 million)

## Strategic advantages

- Proven ability to execute
- Product agnostic turnkey offering
- Highly skilled team

## Strategic advantages

- World class experienced team
- Localised presence with Level 2 BEE rating
- Ability to service multiple OEMs

## Strategic advantages

- Late stage project development niche
- Local expertise and partners
- Access to multiple revenue stream

## Strategic advantages

- Market leaders in Africa
- Niche electric ecosystem
- Leverage strong brand, skills and pipeline

## BUILDING MATERIALS

CONSOLIDATED  
BUILDING  
MATERIALSWEST END  
CLAYBRICK

DRIFT SUPERSAND

## AGGREGATES





Crushed stone and rock for application in roads, ready-mix and concrete

## ROOF TILES

Manufacture of concrete roof tiles

## BRICKS

Manufacturing of face, semi-faced and plaster clay bricks

FY2017	RAIL	FY2017	OIL & GAS	FY2017
<b>REVENUE:</b> <b>R533 MILLION</b> (2016: R485 million) <b>EBITDA:</b> <b>R99 MILLION</b> (2016: R96 million) <b>PAT:</b> <b>R47 MILLION</b> (2016: R44 million)	 	<b>REVENUE:</b> <b>R394 MILLION</b> (2016: R291 million) <b>EBITDA:</b> <b>R42 MILLION</b> (2016: R22 million) <b>PAT:</b> <b>R24 MILLION</b> (2016: R11 million)	 	<b>SHARE OF PROFIT:</b> <b>R51 MILLION</b> (2016: R136 million)
<b>Strategic advantages</b> <ul style="list-style-type: none"> <li>• Highly skilled management and operational teams</li> <li>• Ability to execute efficiently</li> <li>• Strong customer base</li> </ul>	<b>RAILWAY ELECTRIFICATION</b> <ul style="list-style-type: none"> <li>• Overhead transmission lines</li> <li>• Substations up to 132kV</li> </ul> <b>MAINTENANCE</b> <ul style="list-style-type: none"> <li>• Installation and maintenance of railway electrics</li> <li>• Railway maintenance services to Gautrain, Transnet, PRASA and private owners</li> </ul>	<b>Strategic advantages</b> <ul style="list-style-type: none"> <li>• Exclusive affiliations with international providers</li> <li>• Niche railroad product offering</li> <li>• Proven ability to execute</li> </ul>	<b>WASTE MANAGEMENT</b> <ul style="list-style-type: none"> <li>• Fully integrated waste management services</li> <li>• Collection, recycling and disposal of oil-based waste</li> </ul>	<b>Strategic advantages</b> <ul style="list-style-type: none"> <li>• Unique service offering in Angola</li> <li>• Efficient scalable operations</li> <li>• Licensed international technology</li> </ul>

AS ENGAGEMENT WITH  
STAKEHOLDERS GUIDES  
OUR STRATEGIC OBJECTIVES,  
FOSTERING AND  
MAINTAINING STAKEHOLDER  
RELATIONSHIPS IS CRITICAL  
TO OUR SUSTAINABILITY.  
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.

# STAKEHOLDER ENGAGEMENT

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

## KEY STAKEHOLDERS

### INVESTORS

Sustainability, profitability, ROI, ROCE, cash generation, corporate governance and other compliance including bank covenants, risk management, growth prospects, accessibility of leadership, succession

### LOCAL COMMUNITIES

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

### GOVERNMENT, REGULATORS

Employment equity, environmental impact, taxation, compliance, adherence to the JSE Listings Requirements and Companies Act

### SUPPLIERS

Timely payment, fair business practices

### FUNDERS

Solvency and liquidity, capital management, sustainability, credit rating

### LOCAL BUSINESS PARTNERS

Job creation, skills transfer, fair business practices

### EMPLOYEES

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

### CUSTOMERS

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



# RISK MANAGEMENT REPORT

As a principle, risk management is critical to the group's sustainability and a detailed risk register with corresponding mitigations has to date been maintained. Given the group's – and in particular Conco's – severe underperformance in the year under review, the risk register has been revised and updated to take account of recent developments at CIG. The current top risks facing the group, and specifically Conco following the start of the proposed reorganisation process, are set in out in the joint Chairman and CEO's 'The Road to 2019' report.

While the year under review reflects that a detailed risk identification process is in place, risk mitigation was exposed as flawed and we are focusing on this going forward.

During the latter part of 2017, problems associated with the management of contract risk in Conco were identified. These resulted in a specific, discrete breakdown in controls associated with project management on major projects in Conco. An investigation into the problem by independent consultants, supported by Internal Audit, confirmed that the problem related to the underutilisation and inconsistent application of specific project costing management systems and processes by personnel, which were not as effective as had been anticipated. In particular, these systems included those used to account for project costs and particularly, escalations due to variations in project costs. The investigation highlighted that management, to some extent, failed to timeously record cost escalations on the project management and associated accounting systems.

In addition, the controls associated with the management of large projects over substantial distances in Africa proved to be compromised. It was concluded that Conco management had underestimated the complexity of the required controls as well as the potential impact of the compromised control environment.

Enhanced controls have been implemented in Conco to improve the efficacy of the tender process which will ensure the accuracy, completeness and validity of all tender data submitted, with the appropriate focus on returns, profitability and positive cash flow properly aligned to the group appetite

for risk. The group's appetite for risk is adjusted regularly and approved by the members of the audit and risk committee. The necessary adjustments are effected as and when required and the appetite will continue to be adjusted as control improvements continue to be implemented.

## RISK MANAGEMENT FRAMEWORK

The CIG risk management framework seeks to protect the group's capital base and earnings without hindering growth. It is supported by the risk management policy, and is predicated on the five key risk actions as set out below:

- Identification
- Measurement
- Mitigation
- Reporting and monitoring
- Governance.

The risk management processes are endorsed each year by the audit and risk committee members who understand the quantitative and qualitative aspects of the process. A post-mortem of the processes at the latest audit and risk committee meeting revealed that the risk register was complete and risks and controls were adequately identified and documented. The weakness in the process was a result of management's inability to fully implement the designed controls. This matter is now being addressed and the effectiveness of controls enhanced, with Internal Audit monitoring application on a more frequent basis.

## RISK APPETITE AND TOLERANCE

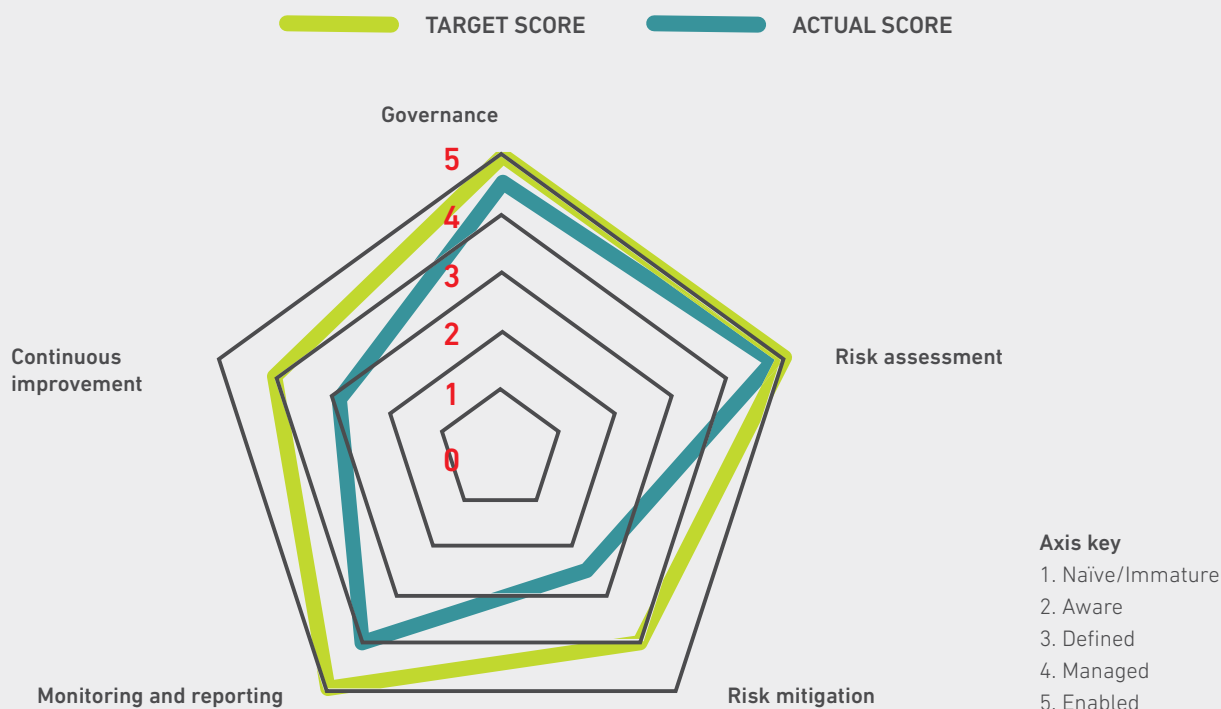
The group's risk appetite and tolerance are set and approved by the board. Risk appetite is defined as the amount and type of risk that the company is willing to accept in the pursuit of its objectives. Risk tolerance is the specific maximum risk that the company is willing to take and is derived from 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 MANAGEMENT REPORT CONTINUED

## RISK MATURITY

The graph below shows a snapshot of the maturity of the group's risk management function at December 2017.



*\*The grey line in the chart represents the target risk maturity level desired by the board in each of the five risk management aspects. The blue line indicates the current maturity level.*

It is apparent that while governance and risk assessment were on target, the group fell short in timeously mitigating the risks identified. In addition, the graph reflects that continuous improvement has been neglected and more attention needs to be dedicated to these facets of risk management. This is currently being addressed as set out in the joint Chairman and CEO's report.

## INTERNAL CONTROLS

The board and management make use of the KnowRisk system to generate reports for the development and support of the internal audit function.

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.

Independent internal audits by qualified internal auditors provide confirmation 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. The audit programme is developed using the complete risk registers which identify key controls for testing by Internal Audit.

As mentioned above, CIG has initiated a more focused approach to the development of the internal audit plan to facilitate more frequent assessment of key controls, thus enabling faster implementation of remedial action. This will prevent a recurrence of the issues identified within Conco during FY2017.

## LEGAL COMPLIANCE

The financial director, assisted by the outsourced risk manager and company secretary, manage 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 financial director who in turn reports to his/her group peers. Significant areas of legal non-compliance were not identified during the year.

## IT GOVERNANCE

The financial director, supported by the CIO of Conco, continues to fill the role of CIO of the group. They are further supported by a CISA-certified outsourced risk manager. 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. Disaster recovery and business continuity plans are in place and are integrated and supported by world class technology. Risk-based evaluation of critical systems required for sustained operation is performed regularly and used for design of enhanced control procedures. These are audited by both the external and internal auditors.

Cyber risk was assessed for all group companies during the year and where necessary and appropriate, cyber insurance cover was implemented as a mitigating control. Ongoing assessments are carried out on a regular basis by independent consultants suitably qualified to perform these assessments.

# REMUNERATION REPORT

## BACKGROUND STATEMENT

The remuneration committee is responsible for remuneration within the group. 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 pertaining to his own, or the financial director's remuneration. Details of directors' attendance at the remuneration committee meetings are set out on page 103.

The composition 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. An independent consulting firm is retained to ensure that 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 overseeing the implementation of 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. The policy tabled at the last annual general meeting on 29 March 2017 was approved by 97% of shareholders.

The year under review, for reasons spelt out in more detail in the body of the integrated report, has been a torrid one, in which we have seen headline earnings per share fall well into negative territory with the resulting collapse in the share price.

As would be expected this has had, and will continue to have, a material impact on the remuneration of senior executives, particularly as it pertains to annual cash incentives and the expected value of existing share-based offers. This is reflected in more detail in the implementation report, but to illustrate the point, bonuses paid to senior executives were significantly curtailed, and the offers in terms of the

2014 share plan made in February 2017 were made prior to the share price fall, and are therefore most unlikely to provide any future benefit to participants.

In these unfortunate circumstances, the committee believes that the remuneration policy, in implementation and likely outcomes, has been consistent with company performance and aligned to shareholder value, and thus in a negative sense achieved its stated objectives during the year.

The committee has further resolved in the year ahead to re-visit elements of its remuneration philosophy and policy to fully comply with the recommended practices of King IV and to incentivise the group as a whole, and its executives in particular, towards a recovery of performance and value, and importantly to address the fairness and reasonability of executive remuneration in the context of the group's overall employee remuneration.

In terms of King IV, what follows is an overview of the group's remuneration policy, and thereafter, in the notes to the financial statements, an implementation report which provides a detailed account of the current provisions as they pertain to executives. Each one of these will independently be offered for a non-binding advisory vote from shareholders. Should either the remuneration report or the implementation report or both be voted against by 25% or more of the voting rights exercised, CIG will engage with shareholders to address all legitimate and reasonable objections or concerns.

As much as the votes will inform the group's thinking on remuneration into the future, of importance will be the dialogue undertaken with and feedback received from shareholders.

## OVERVIEW OF REMUNERATION POLICY

This overview of the remuneration policy is available on our website [www.ciglimited.com](http://www.ciglimited.com), and will be followed up once it is completed with a more comprehensive reward philosophy and policy, in line with King IV.

The group offers senior employees a combination of guaranteed remuneration and short- and long-term incentives. Short-term incentives are paid to employees at middle management and higher grades who have line of sight to business objectives. Targets are stretched to encourage superior performance. Executives who have a more strategic focus additionally participate in the group's long-term incentive scheme(s) to ensure long-term sustainability of the group and alignment with shareholders' interest.



The elements of remuneration that are offered in the organisation, and their mix, are set out in the detailed account of the remuneration policy that follows, including:

- **Guaranteed cost to company (GCTC):** Base salary and benefits and how these are determined, including contributions to retirement, risk funds and medical benefits, leave entitlements, allowances, flexible work conditions
- **Variable pay:** Short-term Incentives – Annual or shorter incentives and (generally) cash performance-based payments
- **Variable pay:** Long-term Incentives – Share-orientated awards that are performance- and retention-based
- Retention and sign-on payments
- All other types of payments including loss of office or termination payments, restraint payments, as examples
- Non-executive directors' fee structures and the principles for setting of fees.

The proposed introduction of policies on malus (pre-vesting) and clawback (post-vesting) provisions and minimum shareholding requirements/guidelines are also discussed.

Risk	Element	Purpose and link to strategy	Detail
Fixed	<b>Guaranteed cost to company (GCTC)</b> Total fixed remuneration – cash (including contributions to defined contribution retirement plan and contributions to medical aid)	Retain and attract talent	GCTC is set based on a comparative analysis of pay levels at a similar group of companies  It is reviewed annually by the remuneration committee and the following factors are considered in its review: <ul style="list-style-type: none"> <li>• Group and individual performance</li> <li>• Internal and external benchmarks</li> <li>• Average salary increases for the group</li> </ul>
Variable	<b>Short-term incentive (STI)</b> – 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 for executives is determined by the remuneration 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

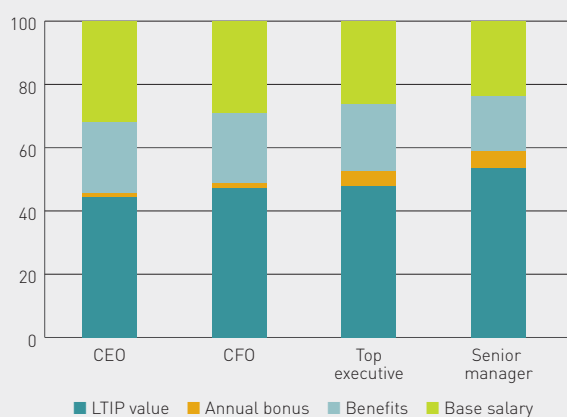
# REMUNERATION REPORT CONTINUED

Risk	Element	Purpose and link to strategy	Detail
	<b>Long-term incentives (LTI)</b> 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 17 to 19 on details of LTI share plan

The pay mix between short- and long-term incentives is designed to ensure an appropriate balance between the shorter- and longer-term business objectives without introducing inappropriate risk to the organisation, and is deemed appropriate to the company, its life cycle and sector in which it operates.

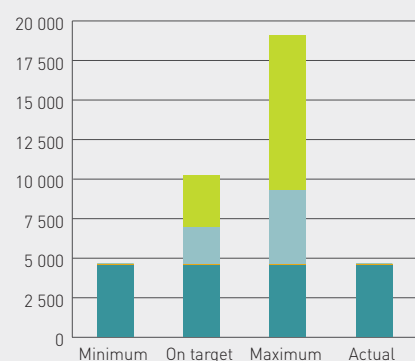
The on-target pay mix apportionment for a number of executive positions in the group is shown in more detail alongside:

Pay mix analysis (%)

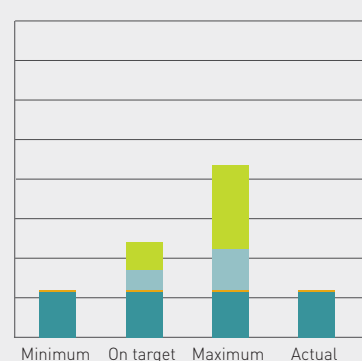


An illustration of the potential consequences on the total remuneration for executive management, by applying the above remuneration policy, is shown below. The standard minimum, on-target and maximum expected reward mix for executives in the group are depicted. Actual remuneration in the year under review is also identified below for illustrative purposes, but is commented on more fully in the implementation report which is contained in the notes to the financial statements.

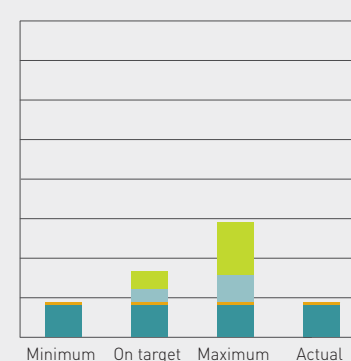
CEO (R'000)



FD (R'000)



Top executive (R'000)



## LONG-TERM (SHARE-BASED) INCENTIVES

### 2014 SHARE PLAN

A new share plan (the LTI Plan) was introduced in 2014 with the intention to attract, retain, motivate and reward executives and managers 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 interest of the company.

In terms of the LTI Plan, 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 (to the extent that performance criteria have been met) 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 else will 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:

- Conditional awards of performance shares, being an annual conditional award which requires a future performance of the company according to criteria set by the board
- Grants of 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

### 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. The expected value of offers ranges from 70% of guaranteed cost to company package for the CEO down to 30% for junior management.

### 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.

### Can unvested offers be claimed in the event of a dismissal?

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

### What performance criteria govern vesting of the share appreciation rights?

Annual growth of 15% in HEPS over a three-year period will be required for full vesting of the 2015, 2016 and 2017 offers. The percentage vested will be reduced proportionally should the growth in HEPS fall below 15%.

### What performance criteria govern vesting of the performance shares?

A peer group has been identified against which the group's total shareholder return performance can be benchmarked. Although none of the constituent companies can be deemed (in isolation) to be a competitor of the group, in combination they represent a reasonable investment portfolio of 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.

# REMUNERATION REPORT CONTINUED

The following companies are included in the peer group:

*FTSE/JSE index series (selection) – quarterly review*

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
Extract Group Limited	EXG	Diversified Industrials
Hulamin Limited	HLM	Steel
Afrimat Limited	AFT	Building & Construction Materials

## What measurement is applied in order to calculate awarding of performance shares?

The total shareholder return over a three-year period and comparisons made at the end of the three-year performance period. Should the group's comparative performance rank at the upper quartile or above, then a maximum of three times the awarded performance shares will vest while a median performance will result in a one times factor being applied. A total shareholder return that ranks at the lower quartile or below will result in no performance shares vesting. Pro-rated vesting will occur for ranking between these points.

Conditional awards of performance shares were made in 2015, 2016 and 2017.

## Can performance shares be earned despite the group achieving negative absolute shareholder return?

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.

Note however, that unless there is a significant reversal in the recent share price fall off, it is unlikely that any current awards of performance shares will vest.

## Have any restricted shares been granted under the 2014 share plan?

Restricted shares were specifically included in the 2014 share plan for the retention of high-performing senior managers. For the 2015, 2016 and 2017 awards made to participants under the 2014 share plan, no restricted shares were granted to participants of the share plan. The group is cognisant of stakeholders' views in relation to issuing restricted shares and would seek shareholder approval of post-grant performance conditions prior to issuing restricted shares.

## What dilutionary impact will the existing grants out of the 2014 share scheme have on the group?

At current share prices, grants made under the 2014 share scheme would have no dilutionary impact on the group, as it is unlikely that any will vest. This is dealt with in more detail in the implementation report.



## 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.

### What will be the dilutionary impact of the remaining shares to be issued in terms of the 2007 share scheme?

Assuming all options outstanding are exercised, and after taking into account the option proceeds to be settled by participants, the potential dilutionary impact will be less than 2% of the total shares in issue.

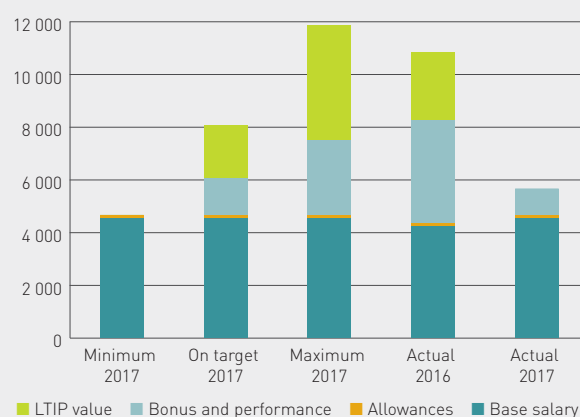
## DIRECTOR'S REMUNERATION AND IMPLEMENTATION REPORT

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

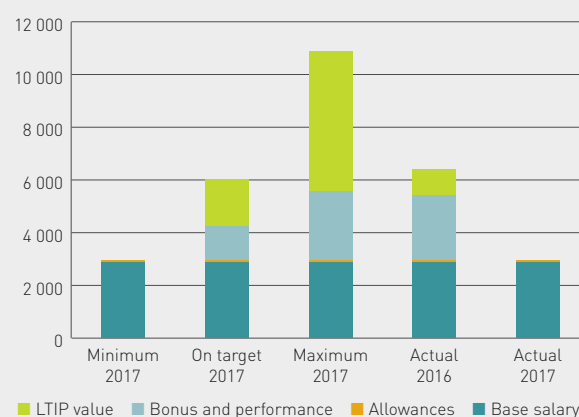
An overview of the total remuneration of executive directors can be seen below:

### ACTUALS ACHIEVED 2016 AND 2017 IN RELATION TO 2017 PAY MIX TARGETS

CEO – RD Gamsu (R'000)



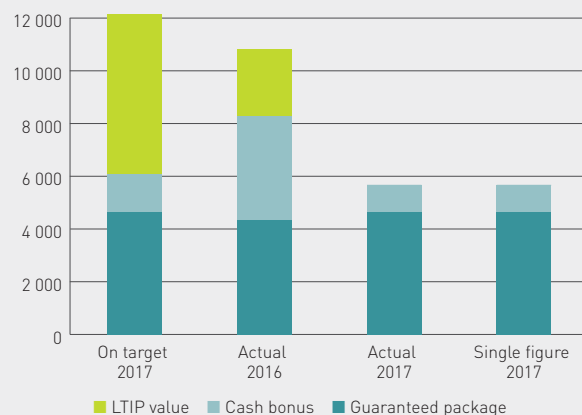
FD – IM Klitzner (R'000)



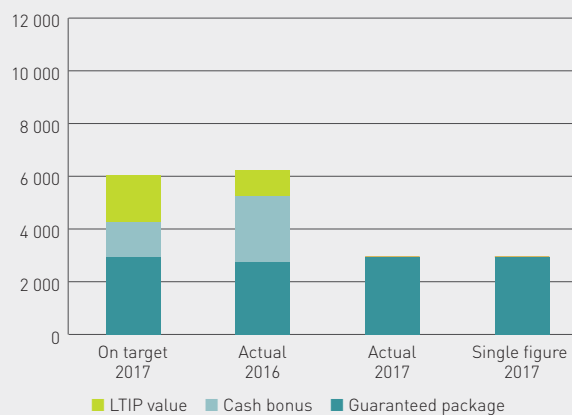
# REMUNERATION REPORT CONTINUED

## 2017 PAY MIX TARGET VS ACTUALS ACHIEVED 2016 AND 2017 AND 2017 SINGLE FIGURE

CEO – RD Gamsu (R'000)



FD – IM Klitzner (R'000)



### NON-EXECUTIVE DIRECTORS' FEES

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

The remuneration of non-executive directors is based on the group's market capitalisation and benchmarked against peers.

In order to ensure that the fees paid to non-executive directors are set at an appropriate level, the group utilised the following benchmarking approach:

- Engagement with independent remuneration consultant
- Information from industry reports compiled by leading accounting firms
- Comparison with industry peers.

The group is of the opinion that the recommended fees are appropriate for services rendered and aligned to fees in the market.

The rates for the next year as previously approved by shareholders at the 2017 annual general meeting are set out below:

	Basis of fee	Chairman R	Director R
Board meetings	per meeting	75 000	35 000
Audit and risk committee	per meeting	50 000	30 000
Social and ethics committee	per meeting	25 000	15 000
Remuneration and nominations committee	per meeting	35 000	15 000
General involvement	monthly	20 000	12 000

No annual increase was levied, despite shareholders approving an increase not exceeding 10%.

**Alex Darko**  
Chairman remuneration committee

28 February 2018

# 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 both establishes ethical guidelines for engagement with CIG's stakeholders and implements 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, and Financial Director Ivor Klitzner. Details of attendance are set out on page 103.

The purpose of the committee is to set the tone in respect of the board's approach to the ethical conduct of business operations and to 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 the 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 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**

*Chairman social and ethics committee*

28 February 2018

# ANNUAL FINANCIAL STATEMENTS

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

	Page
Independent auditor's report	23
Directors' responsibilities and approval	28
Declaration of the company secretary	28
Directors' report	29
Audit and risk committee report	32
Statements of financial position	34
Statements of comprehensive income	35
Statements of changes in equity	36
Statements of cash flows	38
Notes to the annual financial statements	39

## LEVEL OF ASSURANCE

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

## PREPARER

These annual financial statements have been prepared under the supervision of the Group Financial Director, Ivor Klitzner CA (SA).

## PUBLISHED

28 February 2018



# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Consolidated Infrastructure Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the consolidated and separate financial statements of Consolidated Infrastructure Group Limited and its subsidiaries (the group) as set out on pages 34 to 98 which comprise the consolidated and separate statements of financial position as at 31 August 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 August 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p><b>Going Concern Assessment</b></p> <p>As disclosed in Note 41 Going Concern and note 38 Subsequent Events, the Group realised a loss of R150 million which resulted in it breaching its EBITDA interest cover ratio covenant.</p> <p>As a result of this breach, the Group had to enter into negotiations with banks and other debt providers to obtain a covenant waiver effective 31 August 2017, which is a key determinant of the Group's ability to continue as a going concern.</p> <p>We identified that the most significant requirement in determining the Group's ability to continue as a going concern, was that the Group had to reach an agreement with its Funders to extend the waiver obtained until 28 February 2019 (the Extended Waiver Period).</p> <p>The forecast calculations supporting the assessment require management to make highly subjective judgments.</p> <p>The forecast is based on estimates of future performance, and are fundamental to assessing the suitability of the going concern basis for the preparation of the financial statements.</p>	<p>In considering the appropriateness of management's estimates and judgement used in the assessment of going concern, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained signed copies of the covenant waivers agreement from the Funders which details the terms agreed to, to extend the waiver;</li> <li>• Reviewed the covenant waiver agreement which was extended to 28 February 2019 to review management's assessment of the likelihood of achieving the required milestones set in the agreements;</li> <li>• Reviewed the cash flow forecasts to ensure that the Group will be able to meet its liquidity obligations for the ensuing 12-month period in the conduct of its business in the ordinary course;</li> <li>• Reviewed the estimates and assumptions in the forecasts to ensure the accuracy and validity of the judgement applied; and</li> <li>• Reviewed the consistency in the application of estimates and assumptions made in the forecast.</li> </ul> <p>We assessed the adequacy of the disclosures in Note 41 – Going Concern and note 38 – Subsequent Events to the financial statements in relation to the requirements of the reporting framework.</p>
<p><b>Valuation and impairment testing of goodwill</b></p> <p>As disclosed in note 4 to the financial statements, the Group has Goodwill with a carrying value of R1 151 million (2016: R536 million) which arose due to the investments in subsidiaries. Management is required in terms of IAS 36: <i>Impairment of Assets</i>, to test the goodwill for impairment on an annual basis.</p> <p>We have determined this is a key audit matter due to the judgement required by management in preparing the valuation models to satisfy the impairment tests.</p> <p>These models are required to calculate recoverable amounts of Cash Generating Units that the goodwill relates to as well as forecasting future cash flows and applying appropriate discount rates, which inherently involves a high degree of estimation and judgement by management.</p>	<p>In considering the appropriateness of management's estimates and judgement used in the valuation models, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Identified the key assumptions in the models;</li> <li>• Obtained from management available evidence that supported their key assumptions;</li> <li>• Performed sensitivity analysis on the key assumptions;</li> <li>• Tested the mathematical accuracy of the model;</li> <li>• Considered the reasonableness of the revenue and costs forecasted against current year actuals; and</li> <li>• Assessed the adequacy of the disclosures in note 4 to the financial statements in relation to the requirements of the reporting framework.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Acquisition of Conlog Proprietary Limited (Conlog)</b></p> <p>During the year, The Group purchased 100% of the share capital in Conlog.</p> <p>This has been classified as an investment in a subsidiary and has been consolidated for a 10-month period into the Consolidated Infrastructure Group's results as disclosed in note 32.</p> <p>The total purchase price of Conlog was R850 million; this was settled through a cash consideration.</p> <p>Due to the complexities of accounting for a business acquisition in terms of IFRS 3: <i>Business Combinations</i>, and the significance of the judgements and assumptions applied by management in determining the purchase price allocation, this has been considered to be a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>Reviewed the acquisition agreement to ensure that the acquisition is accounted for at the correct effective date and that the mathematical calculation of the goodwill is accurate;</li> <li>Reviewed the fair values assigned to the assets and liabilities acquired in the business combination and reviewed the completeness of the liabilities and contingent liabilities identified; and</li> <li>Inspected consolidation entries for accuracy and reasonableness.</li> </ul> <p>We also focused on the adequacy of the Group's disclosures (refer note 32), that is required in terms of IFRS 3: <i>Business Combinations</i>.</p>
<p><b>Valuation of Work-in-Progress</b></p> <p>As disclosed in note 12 to the financial statements, the Group has Amounts due from Contract Customers with a carrying value of R3 107million (2016: R3 735 million).</p> <p>Each contract is assessed for the costs incurred to date as well as judgement is applied to the anticipated cost to complete each contract and the profit margin made on each contract.</p> <p>These estimates of cost are based on management's experience in the completion of contracts as well as their ability to obtain additional revenue from clients on deviation of contracts terms, which involves a high degree of estimation and judgement by management. Due to the high degree of estimation and judgement applied by management, we have determined this to be a key audit matter.</p>	<p>In considering the appropriateness of management's judgement and estimation applied, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Assessed the valuation of work-in-progress through the performance of detailed control tests that ensured that all relevant costs were taken into account per the sample of contracts selected;</li> <li>Assessed the percentage of completion to ensure the contract cost was calculated accurately per cost estimation to execute the terms of contracts;</li> <li>Reviewed the occurrence and accuracy of the relevant expenditure and assessed that the contract costs were accounted for in the correct accounting period;</li> <li>Relied on the project engineers as experts in their field to assist us in our assessment of the work-in-progress, percentage of completion and profit margin for each contract selected for testing; and</li> <li>Satisfied ourselves on the competency of project engineers as management experts and assessed their independence, assumptions and judgements for reasonability</li> </ul> <p>We assessed the adequacy of the disclosures in note 12 to the financial statements in relation to the requirements of the reporting framework.</p>

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Integrated Annual Report which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and

separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Consolidated Infrastructure Group Limited for eleven years.



**Grant Thornton**

*Registered Auditors*

Practice Number: 903485E

**J Barradas**

*Partner*

*Registered Auditor*

*Chartered Accountant (SA)*

28 February 2018

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Wanderers Office Park  
52 Corlett Drive  
Illovo 2196

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

The annual financial statements and group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 2018 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 annual financial statements and group annual financial statements have been examined by the group's external auditors and their report is presented on page 23.

The annual financial statements and group annual financial statements set out on pages 34 to 98, which have been prepared on the going concern basis, were approved by the board of directors on 28 February 2018 and were signed on its behalf by:



**IM Klitzner**  
Financial Director



**RD Gamsu**  
CEO

## DECLARATION OF THE COMPANY SECRETARY

For the year ended 31 August 2017, 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.



**Gillian Prestwich**  
Company secretary

28 February 2018



# DIRECTORS' REPORT

The directors submit their report on the annual financial statements of Consolidated Infrastructure Group Limited and the group for the year ended 31 August 2017.

## REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 2008 (as amended). The accounting policies have been applied consistently compared to the prior year.

The group recorded a net loss after tax for the year ended 31 August 2017 of R150 million compared to a net profit after tax in the prior year of R392 million.

Group revenue decreased by 3,6% from R4 531 billion in the prior year to R4 369 billion for the year ended 31 August 2017.

Group cash outflows from operating activities decreased by 36% from R418 million in the prior year to R268 million for the year ended 31 August 2017.

## SHARE CAPITAL

Refer to note 15 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

## DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
RD Gamsu	CEO	Executive	
IM Klitzner	Financial Director	Executive	
F Boner	Chairperson	Non-executive Independent	
K Bucknor – <i>Ghanaian</i>		Non-executive Independent	
A Darko – <i>Ghanaian</i>		Non-executive Independent	
AD Dixon		Non-executive Independent	
R Horton		Non-executive Independent	
Dr K Kariuki – <i>Kenyan</i>		Non-executive Independent	
J Nwokedi		Non-executive Independent	
Prof K Ojah – <i>USA</i>		Non-executive Independent	Appointed 1 December 2016

## DIVIDENDS

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends. No dividends were declared or paid to shareholders during the year.

## INTERESTS IN SUBSIDIARIES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies and joint arrangements are presented in the consolidated annual financial statements in notes 6 and 7.

## BORROWING POWERS

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited. However all borrowings by the group are subject to board approval as required by the board delegation of authority.

## SPECIAL RESOLUTIONS

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the group, were made by the group or any of its subsidiaries during the period covered by this report.

## DIRECTORS' REPORT CONTINUED

### EVENTS AFTER THE REPORTING PERIOD

In November 2017, as a result of a breach of the EBITDA interest cover ratio, the group entered into negotiations with banks and other debt providers to request a covenant waiver effective 31 August 2017. A forum was convened representing the group's lead bankers and a group of noteholders that represent a majority of the total notes outstanding relative to notes in issue. As part of submissions to the forum, a data room was prepared by management which included, *inter alia*, group budgets, twelve-month cash flows, forward-looking covenant calculations and group debt exposures. The forum granted the group a covenant waiver and provided assurance that all current facilities will remain in place until 15 February 2018. Subsequent to this, CIG reached an agreement with its funders to extend the waiver until 28 February 2019. Refer to note 38 – Subsequent events for further detail.

Post year-end, a R150 million five-year loan in Conlog Proprietary Limited was raised. Repayment is made quarterly starting 30 November 2017 with a final payment of R30 million. Interest is calculated on a three-month JIBAR + 2%.

In January 2018, the Angolan central bank abandoned the peg of the Angola Kwanza against the US Dollar. This has resulted in a ~30% devaluation of the Angolan Kwanza. Although AES's revenue continues to be benchmarked against the US Dollar, the devaluation will have an impact on the carrying value of the investment as assets are held in Angolan Kwanza. This will result in a fair value adjustment in the carrying value of AES in the 2018 financial year.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

### GOING CONCERN

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the company can continue to operate for the foreseeable future in the light of the group incurring a loss after tax for the 2017 financial year of R150 million (2016: Profit R393 million). Following the grant of the funders' extended waiver, the going concern assumption is appropriate in relation to the preparation of the annual financial statements and is supported by the following:

- The group's anticipated return to profitability in the second half of FY2018 (excluding once off restructuring costs in Conco);
- Cash flow forecasts based on current facilities remaining in place indicating that the group will be able to meet its liquidity obligations for the ensuing 12 month period in the conduct of its business in the ordinary course;
- Net current assets of R1,36 billion;
- Net asset value of R3,84 billion;
- Net tangible asset value of R2,52 billion;
- No material deterioration in the value of assets used to generate cash flows;
- No material loss of key management; and
- No loss of any major market, material customer or supplier.

In terms of IAS 1.74, when an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it is required to classify the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity is required to classify the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date.

As a consequence, the full value of notes outstanding under the DMTNP, totalling R924 million, has been reclassified to current liabilities. Based on the extended waiver the table below sets out the current contractual maturity dates of all outstanding notes.

Note maturity	FY2018 R'000	FY2019 R'000	FY2020 R'000	FY2021 R'000
CIG04 1 March 2019*	–	134	–	–
CIG06 1 March 2019*	–	70	–	–
CIG09 7 June 2019	–	85	–	–
CIG05 30 June 2019	–	135	–	–
CIG10 29 July 2019	–	19	–	–
CIG11 29 July 2020	–	–	147	–
CIG07 28 August 2020	–	–	155	–
CIG12 29 July 2021	–	–	–	179
<b>Total</b>	–	443	302	179

\* As per the extended waiver in note 38 – Subsequent events, the maturities of CIG04 and CIG06 were extended from 30 June 2018 and 28 August 2018 respectively

## AUDITORS

Grant Thornton will be recommended to continue in office in accordance with section 90 of the Companies Act of South Africa, 2008 (as amended).

In accordance with the Companies Act of South Africa, 2008 (as amended), 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 2018 financial year;
- On an ongoing basis, the committee reviews and approves the fees proposed by the external auditor;
- The appointment of the external auditor complies with the Companies Act of South Africa, 2008 (as amended), and with all other legislation relating to the appointment of external auditors;

- The nature and extent of non-audit services provided by the external auditor has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence;
- The nature and extent of future non-audit services have been defined and pre-approved;
- As at the date of this report, no complaints have been received relating to accounting practices and internal audit of the company or to the content or auditing of the company's financial statements, or to any related matter; 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.

## SECRETARY

The company secretary is CIS Company Secretaries Proprietary Limited.

# AUDIT AND RISK COMMITTEE REPORT

We present our report for the financial year ended 31 August 2017.

## COMPOSITION AND MEETING ATTENDANCE

The committee is chaired by independent non-executive director Tony Dixon, an experienced leader in corporate governance who was 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 100 and 101, 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.

Four meetings were held during the year. Details of attendance are set out on page 103.

## 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, are 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 2017 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.

The audit committee has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listing Requirements and confirms that based on the amended requirements for the

JSE-accreditation of auditors, effective 15 October 2017, we were satisfied that:

- the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
- the auditors have provided to the audit committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and
- both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

## 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.

On 11 February 2016 the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with IFRS. This report was considered by the audit committee during the review of the consolidated and separate annual financial statements.

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 2017, 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 over the financial reporting procedures. 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. A specific breakdown in controls associated with project management on major projects in Conco over substantial distances in Africa proved to compromise the control environment which resulted in the considerable loss in the current year. No additional weaknesses have been identified in financial controls or over the financial reporting procedures (design, implementation or execution) that are considered material and that have resulted in any other material financial loss, fraud or material errors.

## DELEGATED ROLES AND RESPONSIBILITIES

### INTEGRATED REPORTING AND COMBINED ASSURANCE

The committee fulfils an oversight role regarding the company's integrated annual report and the reporting process. The committee considered the company's sustainability information as disclosed in the integrated annual 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 and internal and external assurance providers in accordance with an appropriate combined assurance model.

### 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 recommendation 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 30 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 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 group's internal audit function is independent and adequately resourced with appropriately qualified staff, standing and authority to enable it to discharge its duties. In addition to this, the committee provides oversight to facilitate co-operation between the internal and external auditors. In its capacity as a board sub-committee, the members and invitees of the committee provide feedback to the board.

The group's annual internal audit plan is developed using the risk management database and associated registers and this plan is approved by the audit and risk committee. The group's internal audit plan takes into account the key controls

required to mitigate the various crucially important risks to an acceptable level in line with the risk appetite which is adjusted annually and also approved by the committee.

During the year under review, it became apparent that certain board expectations with regard to the enhancement of the key controls effectiveness were not met and this has resulted in substantial changes being applied to the approach and methodology applied by Internal Audit. Going forward, more frequent cyclical testing of key controls associated with critically important risks will be performed. The internal audit cycles will be substantially reduced to enhance the frequency of reporting and follow-up audit. In this way, it is expected that the mitigating action required for enhancement of the control effectiveness will be speedily implemented without any acceptable deviations.

The monitoring of progress against the internal audit plan will be performed more frequently and the chief internal audit executive will be held accountable to timeously identify and report on control deficiencies on a monthly basis.

Internal Audit's performance will be formally assessed by the audit and risk committee and specialists will be tasked by the committee to perform formal Quality Assurance Reviews (QARs) at least twice a year to ensure Internal Audit is functioning as envisaged by the committee members.

The audit committee members will continue to meet with the chief internal audit executive (CIAE) twice a year without management being present, in-order to understand any concerns facing Internal Audit so as to enhance effective, proactive behaviour and continued support for the function.

### 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 (as amended), read with Regulation 42. In terms of the JSE Listings Requirements, the audit and risk committee have 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

28 February 2018  
Johannesburg

# STATEMENTS OF FINANCIAL POSITION

as at 31 August 2017

		GROUP		COMPANY	
	Notes	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	513 660	466 802	471	418
Goodwill	4	1 151 969	536 343	–	–
Intangible assets	5	163 373	18 271	–	–
Investments in subsidiaries	6	–	–	1 738 842	883 162
Investment in joint arrangements	7	724 783	782 854	–	–
Financial assets	8	14 007	13 271	100	100
Deferred tax	9	140 293	66 768	424	424
		2 708 085	1 884 309	1 739 837	884 104
<b>Current assets</b>					
Inventories	10	232 208	135 252	–	–
Loans to group companies	11	–	–	1 510 056	1 247 403
Financial assets	8	7 191	1 381	–	–
Current tax receivable		73 334	22 702	3 126	–
Amounts due from contract customers	12	3 107 633	3 734 851	–	–
Trade and other receivables	13	522 958	381 452	8 871	30 484
Cash and cash equivalents	14	360 218	596 151	83 895	474 237
		4 303 542	4 871 789	1 605 948	1 752 124
<b>Total assets</b>		<b>7 011 627</b>	<b>6 756 098</b>	<b>3 345 785</b>	<b>2 636 228</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to equity holders of parent</b>					
Share capital	15	2 328 926	1 606 059	2 319 567	1 598 620
Foreign currency translation reserve		44 282	178 834	–	–
Share-based payment reserve	40	49 410	42 875	24 318	20 543
Accumulated income		1 418 640	1 564 406	52 428	31 073
		3 841 258	3 392 174	2 396 313	1 650 236
Non-controlling interest		(1 910)	1 098	–	–
		3 839 348	3 393 272	2 396 313	1 650 236
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Financial liabilities	16	87 255	1 026 504	–	924 000
Instalment sale liabilities	17	25 480	19 401	–	–
Operating lease liability		6 569	–	–	–
Retirement benefit obligation	20	15 598	–	–	–
Deferred tax	9	87 512	55 795	–	–
Provisions	18	6 905	8 166	–	–
		229 319	1 109 866	–	924 000
<b>Current liabilities</b>					
Loans from group companies	11	–	–	25	–
Financial liabilities	16	932 389	48 311	924 000	36 275
Current tax payable		6 040	5 101	1 302	1 556
Instalment sale liabilities	17	15 838	18 747	–	–
Operating lease liability		3 377	–	–	–
Trade and other payables	19	1 466 352	1 952 588	24 145	24 161
Provisions	18	589	–	–	–
Amounts received in advance		79 325	114 075	–	–
Amounts due to contract customers	12	68 276	75 912	–	–
Bank overdraft	14	370 774	38 226	–	–
		2 942 960	2 252 960	949 472	61 992
<b>Total liabilities</b>		<b>3 172 279</b>	<b>3 362 826</b>	<b>949 472</b>	<b>985 992</b>
<b>Total equity and liabilities</b>		<b>7 011 627</b>	<b>6 756 098</b>	<b>3 345 785</b>	<b>2 636 228</b>



# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 August 2017

	Notes	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
Revenue	21	4 368 875	4 531 640	21 007	10 995
Cost of sales		(3 772 258)	(3 545 385)	–	–
<b>Gross profit</b>		<b>596 617</b>	<b>986 255</b>	<b>21 007</b>	<b>10 995</b>
Other income		74 128	59 841	–	–
Operating expenses		(726 013)	(660 791)	(45 754)	(38 167)
Foreign exchange (loss)/gain		(37 728)	17 183	–	–
<b>Operating (loss)/profit</b>	22	<b>(92 996)</b>	<b>402 488</b>	<b>(24 747)</b>	<b>(27 172)</b>
Investment revenue	24	34 520	29 117	158 316	113 252
Gain on settlement of instalment sale liabilities		682	427	–	–
Income from equity-accounted investments		50 558	135 789	–	–
Finance costs	25	(138 211)	(136 963)	(102 441)	(68 978)
<b>(Loss)/profit before taxation</b>		<b>(145 447)</b>	<b>430 858</b>	<b>31 128</b>	<b>17 102</b>
Taxation	26	(5 009)	(37 973)	(9 773)	(6 186)
<b>(Loss)/profit for the year</b>		<b>(150 456)</b>	<b>392 885</b>	<b>21 355</b>	<b>10 916</b>
<b>Other comprehensive income:</b>					
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>					
Remeasurements on net defined benefit liability/asset	20	1 021	–	–	–
<b>Items that may be reclassified to (loss)/profit:</b>					
Exchange differences on translating foreign operations		(133 891)	62 982	–	–
<b>Other comprehensive income for the year net of taxation</b>	29	<b>(132 870)</b>	<b>62 982</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(283 326)</b>	<b>455 867</b>	<b>21 355</b>	<b>10 916</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		(280 318)	458 733	21 355	10 916
Non-controlling interest		(3 008)	(2 866)	–	–
<b>Total comprehensive (loss)/income for the year</b>		<b>(283 326)</b>	<b>455 867</b>	<b>21 355</b>	<b>10 916</b>
<b>(Loss)/profit attributable to:</b>					
Equity holders of the parent		(146 787)	395 023	21 355	10 916
Non-controlling interest		(3 669)	(2 138)	–	–
<b>(Loss)/profit for the year</b>		<b>(150 456)</b>	<b>392 885</b>	<b>21 355</b>	<b>10 916</b>
<b>(Loss)/earnings per share (cents)</b>					
Basic	28	(77,47)	255,00		
Diluted		(77,47)	248,14		

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2017

	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
<b>GROUP</b>								
<b>Balance at 1 September 2015</b>	1 356 130	115 124	30 643	145 767	1 169 383	2 671 280	3 964	2 675 244
Profit for the year	–	–	–	–	395 023	395 023	(2 138)	392 885
Other comprehensive income	–	63 710	–	63 710	–	63 710	(728)	62 982
<b>Total comprehensive income for the year</b>	–	63 710	–	63 710	395 023	458 733	(2 866)	455 867
Issue of shares	249 431	–	–	–	–	249 431	–	249 431
Share-based payments	–	–	12 730	12 730	–	12 730	–	12 730
Shares issued in terms of the share scheme	498	–	(498)	(498)	–	–	–	–
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	249 929	–	12 232	12 232	–	262 161	–	262 161
<b>Balance at 1 September 2016</b>	1 606 059	178 834	42 875	221 709	1 564 406	3 392 174	1 098	3 393 272
Loss for the year	–	–	–	–	(146 787)	(146 787)	(3 669)	(150 456)
Other comprehensive (loss)/ income	–	(134 552)	–	(134 552)	1 021	(133 531)	661	(132 870)
<b>Total comprehensive income for the year</b>	–	(134 552)	–	(134 552)	(145 766)	(280 318)	(3 008)	(283 326)
Issue of shares	720 948	–	–	–	–	–	–	–
Share-based payments	–	–	8 454	8 454	–	8 454	–	8 454
Shares issued in terms of the share scheme	1 919	–	(1 919)	(1 919)	–	–	–	–
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	722 866	–	6 535	6 535	–	729 401	–	729 401
<b>Balance at 31 August 2017</b>	2 328 926	44 282	49 410	93 692	1 418 640	3 841 257	(1 910)	3 839 348

	Share capital 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 group/ company R'000	Total equity R'000
<b>COMPANY</b>						
<b>Balance at 1 September 2015</b>	1 349 176	15 553	15 553	20 157	1 384 886	1 384 886
Profit for the year	–	–	–	10 916	10 916	10 916
Other comprehensive income	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	–	–	10 916	10 916	10 916
Issue of shares	249 444	–	–	–	249 444	249 444
Share-based payment expense	–	4 990	4 990	–	4 990	4 990
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	249 444	4 990	4 990	–	254 434	254 434
<b>Balance at 1 September 2016</b>	1 598 620	20 543	20 543	31 073	1 650 236	1 650 236
Profit for the year	–	–	–	21 355	25 130	25 130
Other comprehensive income	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	–	–	21 355	25 130	25 130
Issue of shares	720 947	–	–	–	720 947	720 947
Share-based payment expense	–	3 775	3 775	–	3 775	3 775
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	720 947	3 775	3 775	–	724 722	724 722
<b>Balance at 31 August 2017</b>	2 319 567	24 318	24 318	52 428	2 396 313	2 396 313

# STATEMENTS OF CASH FLOWS

for the year ended 31 August 2017

	Notes	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Cash flows from operating activities</b>					
Cash used in operations	30	(43 142)	(233 935)	(1 379)	(37 668)
Interest income		34 520	29 117	158 316	113 252
Finance costs		(137 180)	(133 469)	(102 441)	(68 978)
Tax paid	31	(121 812)	(80 226)	(13 153)	(5 600)
<b>Net cash flows from operating activities</b>		<b>(267 614)</b>	<b>(418 513)</b>	<b>41 343</b>	<b>1 006</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(83 309)	(73 297)	(410)	(182)
Proceeds on sale of property, plant and equipment	3	3 506	4 132	–	–
Purchase of other intangible assets	5	(39 563)	(1 083)	–	–
Investment in subsidiary	6	–	–	(855 680)	–
Business combinations	32	(824 623)	–	–	–
Repayment of loans payable to group companies		–	–	(260 267)	(393 184)
Acquisition of financial assets		(4 305)	(2 459)	–	(100)
<b>Net cash flows from investing activities</b>		<b>(948 294)</b>	<b>(72 707)</b>	<b>(1 116 357)</b>	<b>(393 466)</b>
<b>Cash flows from financing activities</b>					
Proceeds on share issue	15	720 947	249 444	720 947	249 444
Increase in financial liabilities		–	–	–	335 275
Repayment of financial liabilities		(55 169)	(7 987)	(36 275)	–
New financial liabilities		–	348 719	–	–
Repayment of instalment sale liabilities		(25 197)	(26 251)	–	–
<b>Net cash flows from financing activities</b>		<b>640 581</b>	<b>563 925</b>	<b>684 672</b>	<b>584 719</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>(575 327)</b>	<b>72 705</b>	<b>(390 342)</b>	<b>192 259</b>
Cash and cash equivalents at the beginning of the year		557 926	482 477	474 237	281 978
Effect of foreign currency translation reserve movement on cash balances		6 845	2 743	–	–
<b>Total cash and cash equivalents at the end of the year</b>	14	<b>(10 556)</b>	<b>557 925</b>	<b>83 895</b>	<b>474 237</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 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 of South Africa, 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 stock

An allowance for stock to write stock down 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

## 1. ACCOUNTING POLICIES CONTINUED

### 1.1 SIGNIFICANT JUDGEMENTS CONTINUED

#### Taxation CONTINUED

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.

#### Retirement benefit obligations

The company engages the services of an actuary to measure its post health care benefit liability at the end of each financial reporting period. The valuation model used to measure the liability is the projected credit unit method. This method is sensitive to the assumptions made by the actuary in performing the valuation. The significant assumptions and sensitivity of the valuation to those assumptions are detailed in note 20.

Remeasurements comprise either actuarial gains or losses on the defined benefit obligation. These are recognised directly in other comprehensive income.

### 1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are 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
Mobile site offices	10 years

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

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

### 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.

### 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.

The amortisation period and the amortisation method for intangible assets are reviewed at every period-end and any changes thereto are accounted for as changes in estimate in terms of IAS 8.



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
Product design	3 – 6 years
Patents	15 – 20 years
Computer software	1 year

Meters under development are transferred to product design once the development phase is completed.

## 1.5 INVESTMENTS IN SUBSIDIARIES

### Group annual financial statements

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

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

- 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.

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

### Company annual financial statements

#### Joint ventures

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

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

### Impairment of financial assets

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

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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 1. ACCOUNTING POLICIES CONTINUED

### 1.7 FINANCIAL INSTRUMENTS CONTINUED

#### 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 interest 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

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

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

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.

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.

### Finance leases – lessor

The group recognises finance lease receivables on the balance sheet.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

### 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 is 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.

## 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.

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

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

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 1. ACCOUNTING POLICIES CONTINUED

### 1.12 IMPAIRMENT OF NON-FINANCIAL ASSETS CONTINUED

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.

### 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

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

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

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

#### Defined contribution plans

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

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

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

The defined benefit liability is determined on an annual basis by independent actuaries.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the period in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the company is demonstrably committed to curtailment or settlement.

Any asset in the form of fund surpluses is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds limited to the changes in the present value of those available funds.

Net interest is calculated as the net interest expense related to the defined benefit obligation less the corresponding return on plan assets (using the rate to discount the defined benefit obligation). There are no plan assets to fund the liability. The net interest cost is recorded in profit and loss in the year in which it arises.

Remeasurements comprise actuarial gains or losses on the defined benefit obligation. These are recognised directly in other comprehensive income.

### 1.16 PROVISIONS AND CONTINGENCIES

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 associated with construction contracts is recognised by reference to the stage of completion of the construction contract at the reporting date.

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.

### 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 1. ACCOUNTING POLICIES CONTINUED

### 1.21 TRANSLATION OF FOREIGN CURRENCIES CONTINUED

#### Foreign operations

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

- Assets and liabilities for each reporting period presented are translated at the closing rate ruling at the financial year-end date; 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 transaction.

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 02/2015 '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

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards:

- IFRS 7: *Financial Instruments: Disclosures*
- IAS 1: *Presentation of Financial Statements*
- IAS 16: *Property, Plant and Equipment*
- IAS 38: *Intangible Assets*

The adoption of these standards did not have a material effect on the financial statements.

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	Annual periods beginning on or after
IFRS 9: <i>Financial Instruments</i>	<p>A final version of IFRS 9 has been issued which replaces IAS 39: <i>Financial Instruments: Recognition and Measurement</i>. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:</p> <ul style="list-style-type: none"> <li>• IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics. A new business model was introduced which allows certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances;</li> <li>• The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk;</li> <li>• The new standard introduces a single "expected credit loss" impairment model for the measurement of financial assets;</li> <li>• IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements; and</li> <li>• IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.</li> </ul>	1 January 2018

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 2. NEW STANDARDS AND INTERPRETATIONS CONTINUED

## 2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE CONTINUED

Standard	Details of amendment	Annual periods beginning on or after
IFRS 15: <i>Revenue from Contracts with Customers</i>	<p>New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers.</p> <p>The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p> <p>The new standard supersedes:</p> <ul style="list-style-type: none"> <li>• IAS 11: <i>Construction Contracts</i>;</li> <li>• IAS 18: <i>Revenue</i>;</li> <li>• IFRIC 13: <i>Customer Loyalty Programmes</i>;</li> <li>• IFRIC 15: <i>Agreements for the Construction of Real Estate</i>;</li> <li>• IFRIC 18: <i>Transfers of Assets from Customers</i>; and</li> <li>• SIC-31: <i>Revenue – Barter Transactions Involving Advertising Services</i>.</li> </ul>	1 January 2018
IFRS 16: <i>Leases</i>	<p>IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.</p> <p>IFRS 16 contains expanded disclosure requirements for lessees.</p> <p>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p>	1 January 2019
IAS 17: <i>Statement of Cash Flows</i>	<p>Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).</p>	1 January 2017
IAS 12: <i>Income Taxes</i>	<p>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.</p>	1 January 2017

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 management, although initial consultations have taken place and management is satisfied that the group will be ready to implement the standards mentioned above.

### 3. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
<b>GROUP</b>						
Land and buildings	160 181	(12 261)	147 920	154 106	(10 477)	143 629
Plant and machinery	457 961	(216 327)	241 634	386 654	(159 187)	227 467
Furniture and fixtures	17 888	(11 033)	6 855	15 108	(7 639)	7 469
Motor vehicles	163 094	(105 277)	57 817	137 550	(95 373)	42 177
Office equipment	7 852	(6 640)	1 212	6 836	(3 946)	2 890
IT equipment	73 630	(57 662)	15 968	37 534	(26 903)	10 631
Computer software	74 479	(36 375)	38 104	55 901	(25 185)	30 716
Leasehold improvements	2 332	(1 828)	504	732	(488)	244
Mobile site offices	2 992	(1 613)	1 379	2 886	(1 307)	1 579
Tools and moulds	18 606	(16 339)	2 267	–	–	–
<b>Total</b>	<b>979 015</b>	<b>(465 355)</b>	<b>513 660</b>	<b>797 307</b>	<b>(330 505)</b>	<b>466 802</b>
<b>COMPANY</b>						
Furniture and fixtures	381	(308)	73	381	(261)	120
Office equipment	37	(24)	13	37	(21)	16
IT equipment	629	(255)	374	226	(187)	39
Leasehold improvements	740	(729)	11	732	(489)	243
<b>Total</b>	<b>1 787</b>	<b>(1 316)</b>	<b>471</b>	<b>1 376</b>	<b>(958)</b>	<b>418</b>

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – GROUP – 2017

	Opening balance R'000	Additions R'000	Additions through business combi- nations R'000	Disposals R'000	Transfers R'000	Foreign exchange move- ments R'000	Depre- ciation R'000	Closing balance R'000
Land and buildings	143 629	6 108	–	–	–	(33)	(1 784)	147 920
Plant and machinery	227 467	53 415	543	(502)	52	(2 780)	(36 561)	241 634
Furniture and fixtures	7 469	1 969	160	–	–	(516)	(2 227)	6 855
Motor vehicles	42 177	28 575	–	(1 610)	60	(913)	(10 472)	57 817
Office equipment	2 890	1 124	–	–	–	(107)	(2 695)	1 212
IT equipment	10 631	10 284	2 495	(6)	–	(63)	(7 373)	15 968
Computer software	30 716	9 383	1 490	–	–	–	(3 485)	38 104
Leasehold improvements	244	328	328	–	–	–	(396)	504
Mobile site offices	1 579	99	–	–	–	–	(299)	1 379
Tools and moulds	–	66	2 885	–	–	–	(684)	2 267
	<b>466 802</b>	<b>111 351</b>	<b>7 901</b>	<b>(2 118)</b>	<b>112</b>	<b>(4 412)</b>	<b>(65 976)</b>	<b>513 660</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**3. PROPERTY, PLANT AND EQUIPMENT** CONTINUED**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – GROUP – 2016**

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Foreign exchange move- ments R'000	Depre- ciation R'000	Closing balance R'000
Land and buildings	143 834	1 436	–	–	39	(1 680)	143 629
Plant and machinery	216 148	46 323	(516)	(2 071)	612	(33 029)	227 467
Furniture and fixtures	7 321	2 039	(390)	–	633	(2 134)	7 469
Motor vehicles	41 990	19 227	(2 317)	–	419	(17 142)	42 177
Office equipment	2 518	1 307	–	–	–	(935)	2 890
IT equipment	6 498	9 075	(61)	–	–	(4 881)	10 631
Computer software	30 159	8 611	–	–	–	(8 054)	30 716
Leasehold improvements	246	121	–	–	–	(123)	244
Property, plant and equipment <sup>1</sup>	1 362	627	–	–	–	(410)	1 579
	450 076	88 766	(3 284)	(2 071)	1 703	(68 388)	466 802

<sup>1</sup> Refer to notes 16 and 17 for details of property, plant and equipment given as security to the group's lenders

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – COMPANY – 2017**

	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Furniture and fixtures	120	–	(47)	73
Office equipment	16	–	(3)	13
IT equipment	39	402	(67)	374
Leasehold improvements	243	8	(240)	11
	418	410	(357)	471

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – COMPANY – 2016**

	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Furniture and fixtures	166	–	(46)	120
Office equipment	–	17	(1)	16
IT equipment	–	44	(5)	39
Leasehold improvements	245	121	(123)	243
	411	182	(175)	418

**3. PROPERTY, PLANT AND EQUIPMENT** CONTINUED**ASSETS SUBJECT TO INSTALMENT SALE LIABILITIES (NET CARRYING AMOUNT)**

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Plant and machinery	25 076	27 836	–	–
Motor vehicles	22 310	20 155	–	–
IT equipment	990	1 525	–	–
	48 376	49 516	–	–

<sup>1</sup> Refer to notes 16 and 17 for details of property, plant and equipment given as security to the group's lenders

**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 R85,2 million (2016: 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**

	2017			2016		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
<b>GROUP</b>						
Goodwill	1 191 376	(39 407)	1 151 969	574 484	(38 141)	536 343

**RECONCILIATION OF GOODWILL – GROUP – 2017**

	Opening balance R'000	Additions through business combinations R'000	Transfer to property, plant and equipment R'000	Closing balance R'000
Goodwill	536 343	615 738	(112)	1 151 969

**RECONCILIATION OF GOODWILL – GROUP – 2016**

	Opening balance R'000	Additions through business combinations R'000	Closing balance R'000
Goodwill	534 272	2 071	536 343

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**4. GOODWILL** CONTINUED**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, Tractionel, Consolidated Power Maintenance and Conlog.

**ALLOCATION OF GOODWILL**

	2017 R'000	2016 R'000
Drift Supersand	22 717	22 717
West End Claybrick	41 565	41 565
Conco	397 938	397 938
Tractionel	72 052	72 052
Consolidated Power Maintenance	1 959	2 071
Conlog	615 738	–
<b>Total</b>	<b>1 151 969</b>	<b>536 343</b>

**5. INTANGIBLE ASSETS**

	2017			2016		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
<b>GROUP</b>						
Mining rights	21 743	(10 871)	10 872	21 743	(9 784)	11 959
Brand names	43 923	(20 421)	23 502	23 959	(18 025)	5 934
Product design	141 863	(38 246)	103 617	–	–	–
Meters under development	24 002	–	24 002	–	–	–
Patents	3 704	(3 662)	42	–	–	–
Computer software	9 344	(8 006)	1 338	1 861	(1 483)	378
<b>Total</b>	<b>244 579</b>	<b>(81 206)</b>	<b>163 373</b>	<b>47 563</b>	<b>(29 292)</b>	<b>18 271</b>

**5. INTANGIBLE ASSETS** CONTINUED**RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2017**

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Amortisation R'000	Closing balance R'000
Mining rights	11 959	–	–	(1 087)	10 872
Brand names	5 934	–	19 964	(2 396)	23 502
Product design	–	13 604	116 442	(26 429)	103 617
Meters under development	–	24 002	–	–	24 002
Patents	–	–	48	(6)	42
Computer software	378	1 957	787	(1 784)	1 338
	<b>18 271</b>	<b>39 563</b>	<b>137 241</b>	<b>(31 702)</b>	<b>163 373</b>

**RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2016**

	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
Mining rights	13 046	–	(1 087)	11 959
Brand names	8 330	–	(2 396)	5 934
Computer software	43	1 083	(748)	378
	<b>21 419</b>	<b>1 083</b>	<b>(4 231)</b>	<b>18 271</b>

**REMAINING USEFUL LIVES OF INTANGIBLE ASSETS (YEARS)**

	2017 R'000	2016 R'000
Mining rights	10	11
Brand names	1	2
Product design	3	–
Meters under development	–	–
Patents	20	–
Computer software	3	1



NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**5. INTANGIBLE ASSETS** CONTINUED**SYNOPSIS OF MINING RIGHTS**

	<b>Drift Supersand Mining</b>	<b>West End Claybrick</b>	<b>Regal Brick</b>	<b>Regal Brick</b>
Reference number	ML06/1998	ML07/2003	MR78/2007	MR68/2007
Mineral	Sand, gravel and igneous rock	Clay	Sand occurring in the slimes dam	Clay
Properties	<p>Portion 116, a portion of portion 79 of Roodekrans No. 183, District Krugersdorp, Gauteng measuring 26,8480 hectares in extent</p> <p>Portion 80 of Roodekrans No. 183, District Krugersdorp, Gauteng measuring 38,86 hectares in extent</p> <p>Portion 79 of Roodekrans No. 183, District Krugersdorp Gauteng measuring 26,84 hectares in extent</p>	<p>Remaining portion 1 of the farm Waterspan 292 – IQ Westonaria</p>	<p>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</p>	<p>Remaining portion of portion 1 and a portion of portion 32 of the farm Waterspan 292 – IQ Westonaria, measuring 49,9934 hectares in extent</p>
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

*\* In terms of MR78/2007, a renewal application has been submitted of which the outcome is pending. From a business continuity perspective, the resource to be mined is not critical to the manufacturing process of clay bricks. Alternative sources of supply have been identified in the open market*

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	2017		2016	
	% holding	Cost R'000	% holding	Cost R'000
Drift Supersand Proprietary Limited	74	28 841	74	28 841
West End Claybrick Proprietary Limited	100	61 558	100	61 558
Consolidated Power Projects Group 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	210 101
Tractionel	100	123 634	100	123 634
CIGenCo SA Proprietary Limited***	100	–	–	–
Conlog Proprietary Limited****	100	855 680	–	–
		<b>1 738 842</b>		<b>883 162</b>

\* Certain subsidiaries of Consolidated Power Projects Group Proprietary Limited are incorporated in countries outside of South Africa

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

\*\*\* On 1 September 2016 the group acquired 100% of the voting equity interest of CIGenCo SA Proprietary Limited

\*\*\*\* On 1 November 2016 the group acquired 100% of the voting equity interest of Conlog Proprietary Limited

## 7. INVESTMENT 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 its 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:

		2017		2016	
		% ownership interest	Carrying amount R'000	% ownership interest	Carrying amount R'000
<b>GROUP</b>					
Angola Environmental Services Limitada	CIG Angola 1 (AES)	30,5	724 783	30,5	782 850
Uvuko-Tractionel JV	Tractionel	–	–	65	4
			<b>724 783</b>		<b>782 854</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 7. INVESTMENT IN JOINT ARRANGEMENTS CONTINUED

## JOINT VENTURES CONTINUED

The following joint venture is material to the group:

	Country of incorporation	Method	% ownership interest	
			2017	2016
AES	Angola	Equity	30,5	30,5

## SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE

	AES	
	2017 R'000	2016 R'000
<b>Summarised statement of comprehensive income (100%)</b>		
Profit before tax	255 022	684 938
Tax expense	(89 258)	(239 728)
Profit after tax	165 764	445 210
Dividends paid	–	–
<b>Total comprehensive income</b>	<b>165 764</b>	<b>445 210</b>
<b>Summarised statement of financial position (100%)</b>		
<b>ASSETS</b>		
<b>Non-current</b>	<b>763 095</b>	<b>893 731</b>
<b>Current</b>		
Cash and cash equivalents	353 158	259 360
Other current assets	548 557	750 697
<b>Total current assets</b>	<b>901 715</b>	<b>1 010 057</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Non-current financial liabilities	–	27 926
<b>Total non-current liabilities</b>	<b>–</b>	<b>27 926</b>
<b>Current</b>		
Current financial liabilities	160 415	241 874
<b>Total current liabilities</b>	<b>160 415</b>	<b>241 874</b>
<b>Total net assets</b>	<b>1 504 395</b>	<b>1 633 988</b>
<b>Reconciliation of net assets to equity-accounted investments in joint ventures</b>		
Interest in joint venture at percentage ownership (30,5%)	562 780	656 792
Goodwill	162 003	126 062
<b>Carrying value of investment in joint venture</b>	<b>724 783</b>	<b>782 854</b>
Investment at the beginning of the period	782 854	584 170
Share of profit	50 558	135 789
Share of OCI	(108 629)	62 895
<b>Investment at the end of the period</b>	<b>724 783</b>	<b>782 854</b>

In January 2018, the Angolan central bank abandoned the peg of the Angola Kwanza against the US Dollar. This has resulted in a ~30% devaluation of the Angolan Kwanza. Although AES's revenue continues to be benchmarked against the US Dollar, the devaluation will have an impact on the carrying value of the investment as assets are held in Angolan Kwanza. This will result in a fair value adjustment in the carrying value of AES in the 2018 financial year.

## 8. FINANCIAL ASSETS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Loans and receivables carried at amortised cost</b>				
Environmental Rehabilitation Trust Fund	12 498	10 734	–	–
Advances for capital under construction	6 127	–	–	–
A subsidiary company, CIGenCo SA Proprietary Limited, has made advances to Ejuva 1&2 Solar Energy				
Non-current receivable	868	2 381	–	–
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	1 705	1 537	100	100
<b>Total other financial assets</b>	<b>21 198</b>	<b>14 652</b>	<b>100</b>	<b>100</b>
The carrying value of the financial assets approximates their fair value				
<b>Non-current assets</b>				
Loans and receivables	14 007	13 271	100	100
<b>Current assets</b>				
Loans and receivables	7 191	1 381	–	–
	<b>21 198</b>	<b>14 652</b>	<b>100</b>	<b>100</b>

## 9. DEFERRED TAX

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Deferred tax breakdown</b>				
Property, plant and equipment	(39 997)	(42 457)	–	–
Deferred taxation on intangible assets	(44 345)	(23 301)	–	–
Debtors and income received in advance	28 633	13 251	–	–
Tax losses available for set off against future taxable income	118 074	79 130	424	424
Other provisions	(376)	108	–	–
Provision for doubtful debts	(1 586)	(4 262)	–	–
Accrual for leave pay and bonus	(7 622)	(11 496)	–	–
	<b>52 781</b>	<b>10 973</b>	<b>424</b>	<b>424</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 9. DEFERRED TAX CONTINUED

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Reconciliation of deferred tax</b>				
At the beginning of the year	10 973	(15 745)	424	424
Originating/(reversing) temporary difference on property, plant and equipment	2 460	(5 485)	–	–
(Reversing)/originating temporary difference on intangible assets	(21 044)	7 194	–	–
Originating temporary difference on debtors and income received in advance	15 382	655	–	–
Increase in tax losses available for set off against future taxable income	38 944	33 592	–	–
Reversing temporary difference on other provisions	(484)	(943)	–	–
Originating/(reversing) temporary difference on provision for doubtful debts	2 676	(4 070)	–	–
Originating/(reversing) temporary difference on accrual for leave pay and bonus	3 874	(4 225)	–	–
	52 781	10 973	424	424
<b>Disclosure on the statement of financial position</b>				
Deferred tax asset	140 293	66 768	424	424
Deferred tax liability	(87 512)	(55 795)	–	–
	52 781	10 973	424	424

## 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 R118,1 million (2016: R79,1 million), 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	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Raw materials, components	165 383	73 859	–	–
Work in progress	17 925	15 430	–	–
Finished goods	56 476	45 963	–	–
Inventory allowances	(7 576)	–	–	–
	232 208	135 252	–	–

Inventory is carried at the lower of cost and net realisable value. There were no write downs of inventory during the current financial year.

## 11. LOANS TO/(FROM) GROUP COMPANIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Subsidiaries</b>				
<i>Drift Supersand Proprietary Limited</i>	–	–	93 783	86 920
The loan is unsecured, bears interest at prime interest rate plus 0,5% and has no fixed terms of repayment.				
<i>West End Claybrick Proprietary Limited</i>	–	–	129 390	129 390
The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.				
The group has subordinated the loan in favour of the subsidiary's bankers.				
<i>Consolidated Power Projects Proprietary Limited</i>	–	–	1 188 627	947 418
The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.				
<i>Consolidated Power Maintenance Proprietary Limited</i>	–	–	71 795	83 675
The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.				
<i>Tension Overhead Electrification Proprietary Limited</i>	–	–	25 557	–
The loan is unsecured, bears interest at prime interest rate and has no fixed terms of repayment.				
<i>Consolidated Infrastructure Group International</i>	–	–	(25)	–
The loan is unsecured, bears no interest and has no fixed terms of repayment.				
<i>CIGenCo SA Proprietary Limited</i>	–	–	904	–
The loan is unsecured, bears no interest and has no fixed terms of repayment.				
	–	–	1 510 031	1 247 403
Current assets	–	–	1 510 056	1 247 403
Current liabilities	–	–	(25)	–
	–	–	1 510 031	1 247 403

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 12. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cost incurred plus recognised profits/(less recognised losses) on contracts in progress at year-end	2 003 121	2 600 976	–	–
Amounts receivable on contracts (net of impairments)	891 022	1 027 610	–	–
	2 894 143	3 628 586		–
Advances received in excess of work completed	(68 276)	(75 912)		–
Amounts receivable from contracts	2 825 867	3 552 674		–
Retentions receivable (net of impairments)	213 490	106 265		–
	3 039 357	3 658 939		–
Amounts due from contract customers	3 107 633	3 734 851		–
Amounts due to contract customers	(68 276)	(75 912)		–
	3 039 357	3 658 939	–	–
<b>Amounts due from contract customers past due but not impaired</b>				
<p>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 2017, R343,1 million (2016: R302,5 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.</p> <p>An allowance of R20,6 million (2016: R24,4 million) was raised for past due amounts receivable from contract customers.</p> <p>The ageing of amounts past due but not impaired is as follows:</p>				
31 – 60 days	196 079	106 418	–	–
61 – 90 days	36 785	26 913	–	–
91 – 120 days	110 186	169 173	–	–
	343 050	302 504	–	–
<b>Reconciliation of allowance for impairment of amounts due from contract customers</b>				
Opening balance	24 417	24 463	–	–
Utilisation of provision	(5 859)	(46)	–	–
	20 558	24 417	–	–

R3 107,6 million (2016: R3 734,9 million) amounts due from contract customers have been ceded to the bank as security for facilities granted.

The carrying value of amounts due from contract customers approximates 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	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade receivables	397 683	269 625	–	–
Prepayments	81 956	63 329	401	23 303
Deposits	8 644	10 754	–	–
VAT	7 110	4 244	2 366	1 301
Other	27 565	33 500	6 104	5 880
	522 958	381 452	8 871	30 484
<b>Trade and other receivables pledged as security</b>				
Trade receivables have been ceded to the respective banks of underlying subsidiaries as security for facilities granted.				
<b>Trade and other receivables past due but not impaired</b>				
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 2017, R96,8 million (2016: R17,6 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 R19,7 million (2016: R0,8 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	58 865	10 904	–	–
61 – 90 days	6 813	1 574	–	–
91 – 120 days	31 077	5 091	–	–
	96 755	17 569	–	–
<b>Reconciliation of allowance for impairment of trade and other receivables</b>				
Opening balance	823	825	–	–
Movement in provision	626	(117)	–	–
Additions through business combinations	29 538	–	–	–
Written off	(11 297)	115	–	–
	19 690	823	–	–

The carrying value of the trade and other receivables approximates 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cash and cash equivalents consist of:				
Cash on hand	190	185	–	–
Bank balances	360 006	592 286	83 895	474 237
Short-term deposits	22	3 680	–	–
Bank overdraft	(370 774)	(38 226)	–	–
	(10 556)	557 925	83 895	474 237
Current assets	360 218	596 151	83 895	474 237
Current liabilities	(370 774)	(38 226)	–	–
	(10 556)	557 925	83 895	474 237

The carrying value of the cash and cash equivalents approximates 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.

Amounts due from contract customers (refer note 12), trade and other receivables (refer note 13) and a R50 million (2016: R8,0 million) surety by Consolidated Infrastructure Group Limited were pledged as security for overdraft facilities.

## 15. SHARE CAPITAL

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Authorised</b>				
300 million no par value shares (2016: 300 million)				
<b>Reconciliation of number of shares issued:</b>				
Reported as at 1 September	156 966	148 884	–	148 884
Issue of shares – no par value shares	38 860	8 000	–	8 000
Issue of shares – share options exercised	429	82	–	82
<b>Closing balance as at 31 August</b>	<b>196 255</b>	<b>156 966</b>	<b>–</b>	<b>156 966</b>
On 25 November 2016, 38,9 million no par value shares were issued for the acquisition of Conlog and the remainder of the shares were issued for share options exercised. A further 103,8 million unissued no par value shares (2016: 143,0 million unissued ordinary shares) are under the control of the directors. This authority remains in force until the next annual general meeting.				
<b>Issued</b>				
No par value shares	2 328 926	1 606 059	2 319 567	1 598 620

## 16. FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Held at amortised cost</b>				
<b>16.1 BOE MORTGAGE BOND</b> 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.	111	213	–	–
<b>16.2 IDC SUSPENSIVE SALE AGREEMENT</b> 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 R234 146. At year-end eight 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.	2 738	7 075	–	–
<b>16.3 IDC PORTION B OF WORKING CAPITAL LOAN</b> 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 nine 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.	1 249	2 916	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**16. FINANCIAL LIABILITIES** CONTINUED

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>16.4 MORTGAGE LOAN</b>	<b>177</b>	1 750	–	–
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 R88 500. At year-end two instalments remain outstanding.				
<b>16.5 OUTSIDE SHAREHOLDERS</b>	<b>4 226</b>	4 402	–	–
The loan is unsecured and held by Lugbell Investments Proprietary Limited, a subsidiary of Consolidated Power Projects Proprietary Limited. The loan is interest free with no fixed terms of repayment.				
<b>16.6 VENDOR LOAN</b>	<b>87 143</b>	98 183	–	–
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 AES achieving certain profit after tax targets from the acquisition date to the financial years ended 31 December 2017, 31 December 2018 or 31 December 2019.				
The loan is denominated in US Dollars and carries no interest.				
<b>16.7 SENIOR UNSECURED FLOATING RATE NOTES</b>				
<b>16.7.1 CIG03</b>	–	36 275	–	36 275
Interest charged was three-month JIBAR plus 2,75% and was paid quarterly on 31 March, 30 June, 30 September and 31 December each year.				
The note was repaid on 30 June 2017.				
<b>16.7.2 CIG04</b>	<b>134 000</b>	134 000	<b>134 000</b>	134 000
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.				
Due to the extended waiver and debt standstill referred to in note 38 – Subsequent events, the maturity date has been extended to 1 March 2019.				
<b>16.7.3 CIG05</b>	<b>135 000</b>	135 000	<b>135 000</b>	135 000
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.				

**16. FINANCIAL LIABILITIES** CONTINUED

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>16.7 SENIOR UNSECURED FLOATING RATE NOTES</b> CONTINUED				
<b>16.7.4 CIG06</b> 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. Due to the extended waiver and debt standstill referred to in note 38 – Subsequent events, the maturity date has been extended to 1 March 2019.	70 000	70 000	70 000	70 000
<b>16.7.5 CIG07</b> 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	155 000	155 000
<b>16.7.6 CIG09</b> Interest charged is three-month JIBAR plus 3,00% and is paid quarterly on 7 June, 7 September, 7 December and 7 March each year. The maturity date of the note is 7 June 2019 at which time the full capital amount will be repaid.	85 000	85 000	85 000	85 000
<b>16.7.7 CIG10</b> Interest charged is three-month JIBAR plus 3,00% and is paid quarterly on 23 July, 23 October, 23 January and 23 April each year. The maturity date of the note is 29 July 2019 at which time the full capital amount will be repaid.	19 000	19 000	19 000	19 000
<b>16.7.8 CIG11</b> Interest charged is three-month JIBAR plus 3,27% and is paid quarterly on 29 July, 29 October, 29 January and 29 April each year. The maturity date of the note is 29 July 2020 at which time the full capital amount will be repaid.	147 000	147 000	147 000	147 000
<b>16.7.9 CIG12</b> Interest charged is three-month JIBAR plus 3,70% and is paid quarterly on 29 July, 29 October, 29 January and 29 April each year. The maturity date of the note is 29 July 2021 at which time the full capital amount will be repaid.	179 000	179 000	179 000	179 000
	<b>1 019 644</b>	1 074 815	<b>924 000</b>	960 275

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**16. FINANCIAL LIABILITIES** CONTINUED

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Non-current liabilities</b>				
At amortised cost	87 255	1 026 504	–	924 000
<b>Current liabilities</b>				
At amortised cost	932 389	48 311	924 000	36 275
	<b>1 019 644</b>	<b>1 074 815</b>	<b>924 000</b>	<b>960 275</b>

Post year-end, a R150 million five-year loan in Conlog Proprietary Limited was raised. Repayment is made quarterly starting 30 November 2017 with a final payment of R30 million. Interest is calculated on a three-month JIBAR + 2%.

As part of the extended waiver and debt standstill referred to in note 38 – Subsequent events, all senior unsecured floating rate notes will receive an additional 2% to their agreed interest rates.

**17. INSTALMENT SALE LIABILITIES**

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Minimum payments due</b>				
– within one year	17 618	21 669	–	–
– in second to fifth year inclusive	30 817	22 878	–	–
	48 435	44 547	–	–
Less: Future finance charges	(7 117)	(6 399)	–	–
<b>Present value of minimum payments</b>	<b>41 318</b>	<b>38 148</b>	<b>–</b>	<b>–</b>
<b>Present value of minimum payments due</b>				
– within one year	15 838	18 747	–	–
– in second to fifth year inclusive	25 480	19 401	–	–
	41 318	38 148	–	–
Non-current liabilities	25 480	19 401	–	–
Current liabilities	15 838	18 747	–	–
	<b>41 318</b>	<b>38 148</b>	<b>–</b>	<b>–</b>

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

The average term was three to five years and the average effective borrowing rate was 10,0% (2016: 10,5%).

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 to note 3.

## 18. PROVISIONS

### RECONCILIATION OF PROVISIONS – GROUP 2017

Group 2017	Opening balance R'000	Additions through business combinations R'000	Additions R'000	Decrease in provision R'000	Reversed during the year R'000	Closing balance R'000
Environmental rehabilitation	8 166	–	–	(1 261)	–	6 905
Product warranties	–	5 025	250	–	(4 686)	589
	8 166	5 025	250	(1 261)	(4 686)	7 494

### GROUP – 2016

	Opening balance R'000	Additions through business combinations R'000	Additions R'000	Decrease in provision R'000	Reversed during the year R'000	Closing balance R'000
Environmental rehabilitation	8 166	–	–	–	–	8 166

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Non-current liabilities	6 905	8 166	–	–
Current liabilities	589	–	–	–
	7 494	8 166	–	–

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

In accordance with legislation, the land contaminated by the company must be restored to a condition as prescribed by the Department of Mineral Resources (DMR), when mining activities come to an end. During the current year the company made provision 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 23 years; however, portions of land are rehabilitated as part of ongoing operations from time to time.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**19. TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade payables	1 361 683	1 805 771	–	–
VAT	2 741	4 677	–	–
Straight-lining of leases	256	195	–	–
Accrued leave pay	33 926	33 302	–	–
Accrued bonus	12 250	38 373	4 300	4 000
Accrued audit fees	8 165	6 969	557	476
Accrued expenses	47 039	62 976	19 288	19 685
Other payables	292	325	–	–
	<b>1 466 352</b>	<b>1 952 588</b>	<b>24 145</b>	<b>24 161</b>

The carrying value of the trade and other payables approximates 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.

**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	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
The total group contribution to such schemes	<b>42 725</b>	33 180	<b>368</b>	282

**DEFINED BENEFIT PLAN**

The defined benefit plan in Conlog, to which 20 current and six past employees of the company belong, consists of the commitment of the company to pay medical aid contributions to Discovery Health Medical Scheme, administered by Discovery Health Proprietary Limited, after the employees have retired.

The actuarial valuation completed on 15 August 2017 determined that the retirement plan was in a sound financial position and the potential liability for past service amounts to R15 598 000.

The condition of employment for new Conlog employees specifically excludes company contributions for post-employment medical benefits.

**20. RETIREMENT BENEFITS** CONTINUED**Carrying values**

	GROUP
	2017 R'000
Present value of the defined benefit obligation – wholly unfunded	(15 598)

**Movements for the year**

	GROUP
	2017 R'000
Acquired on acquisition of subsidiary	(15 446)
Actuarial loss recognised in other comprehensive income	1 021
Net expense recognised in profit or loss	(1 173)
	(15 598)

**Net expense recognised in profit or loss**

	GROUP
	2017 R'000
Current service cost	(230)
Past service cost	225
Interest cost	(1 168)
	(1 173)

**Key assumptions used**

	GROUP
	2017 R'000
Assumptions used on last valuation on	15 August 2017
Discount rates used	12,00%
Expected rate of return on assets	11,00%
Expected rate of return on reimbursement rights	9,00%
Expected retirement age	65,0
Pre-retirement mortality	SA85-90 (Lite)
Post-retirement mortality	PA (90)
	ultimate table
	rate down
	2 years
	+1,9% p.a.
	improvement
	from 2006
Pre-retirement withdrawal	0% to 15%
	from ages
	20 to 45

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 20. RETIREMENT BENEFITS CONTINUED

### SENSITIVITY ANALYSIS

Significant actuarial assumptions for the determination of the defined benefit obligation are the rates disclosed in key assumptions used. The sensitivity analysis below has been determined based on the possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate had decreased (increased) by 1% the defined benefit obligation would have increased/(decreased) by 18,0% (14,3%).

If the health care inflation rate had decreased (increased) by 1%, the defined benefit obligation would have decreased/(increased) by 14,7% (18,3%). The current service and interest cost would have decreased/(increased) by 15,4% (19,1%).

The average duration of the defined benefit obligation at 31 August 2017 is 21 years. The duration of the liability as at 31 August 2017 is estimated to be 21,1 years.

The active participants expect to make a contribution of R0,8 million to the defined benefit plan during the next financial year.

The company expects to contribute R0,3 million to the defined benefit plan during the next financial year.

## 21. REVENUE

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Sale of goods	1 008 262	485 714	–	–
Construction contracts	3 360 613	4 045 926	–	–
Management fees	–	–	21 007	10 995
	4 368 875	4 531 640	21 007	10 995

## 22. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after accounting for the following:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Operating lease charges</b>				
– Premises	39 700	27 134	786	857
– Equipment	702	455	–	–
	40 402	27 589	786	857
Profit on sale of property, plant and equipment	(1 232)	(848)	–	–
Loss/(profit) on exchange differences	37 728	(17 183)	–	–
Employee costs	440 350	378 235	28 648	22 292

## 23. DIRECTORS' EMOLUMENTS

### EXECUTIVE

	Salary R'000	Bonus and performance- related payments R'000	Subsistence and travel allowance R'000	Share- based payment R'000	Total R'000
<b>2017</b>					
<b>Paid by the company</b>					
RD Gamsu	4 535	1 000	120	–	5 655
IM Klitzner	2 858	–	84	–	2 942
	<b>7 393</b>	<b>1 000</b>	<b>204</b>	<b>–</b>	<b>8 597</b>

The short-term incentive which is defined as discretionary, includes KPIs against which annual performance is assessed. The KPIs for 2017 included but were not limited to the acquisition and successful integration of Conlog, successful commercial operation of the CIGenCo project. This would have resulted in a short-term incentive for the CEO of R2,5 million in the 2017 financial year.

As a consequence of the poor 2017 financial performance, no short-term incentive was awarded to the FD and a R1,5 million reduction was made in the award to the CEO.

134 915 and 63 778 share appreciation rights were awarded to the CEO and FD respectively during the current year, at a strike price of R23,29. On 28 February 2017, 75 398 and 35 293 performance shares were awarded to the CEO and FD respectively during the current year. 4 369 498 share options have vested in terms of the performance criteria as per note 40, 3 969 498 remain unexercised at year-end. Due to the operating loss, no options or appreciation rights vested in the current year.

	Salary R'000	Bonus and performance- related payments R'000	Subsistence and travel allowance R'000	Share- based payment R'000	Total R'000
<b>2016</b>					
<b>Paid by the company</b>					
RD Gamsu	4 230	3 915	120	2 561	10 826
IM Klitzner	2 666	2 475	84	991	6 216
	<b>6 896</b>	<b>6 390</b>	<b>204</b>	<b>3 552</b>	<b>17 042</b>

104 731 and 57 985 share appreciation rights were awarded to the CEO and FD respectively in previous financial year, at a strike price of R27,06. 49 510 and 27 142 performance shares were awarded to the CEO and FD respectively during the previous 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 previous financial year are included in the directors' emoluments table above. 4 369 498 share options have vested in terms of the performance criteria as per note 40, 3 969 498 remain unexercised at year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**23. DIRECTORS' EMOLUMENTS** CONTINUED

	Board fees R'000	Total R'000	
<b>NON-EXECUTIVE</b>			
<b>2017</b>			
<b>Paid by the company</b>			
F Boner	743	743	
K Bucknor	267	267	
A Darko	472	472	
AD Dixon	537	537	
R Horton	374	374	
Dr K Kariuki	284	284	
J Nwokedi	297	297	
Prof K Ojah	178	178	
	3 152	3 152	
<b>2016</b>			
<b>Paid by the company</b>			
F Boner	387	387	
K Bucknor	133	133	
A Darko	411	411	
AD Dixon	387	387	
R Horton	260	260	
Dr K Kariuki	36	36	
J Nwokedi	169	169	
	1 783	1 783	
	Salary R'000	Bonus R'000	Total R'000
<b>PRESCRIBED OFFICERS</b>			
<b>2017</b>			
DC Moore	2 259	806	3 065
<b>2016</b>			
DC Moore	2 357	1 237	3 594

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

**24. INVESTMENT REVENUE**

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Interest revenue</b>				
Bank	29 588	26 834	21 075	12 873
Other	4 932	2 283	913	–
Loans to subsidiaries	–	–	136 328	100 379
	<b>34 520</b>	<b>29 117</b>	<b>158 316</b>	<b>113 252</b>

**25. FINANCE COSTS**

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Financial liabilities	–	1 157	–	–
Profit on foreign currency borrowings	(940)	(54)	–	–
Instalment sale liabilities	4 157	4 503	–	–
Bank and other	134 986	131 123	102 441	68 978
Late payment of tax	8	234	–	–
	<b>138 211</b>	<b>136 963</b>	<b>102 441</b>	<b>68 978</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 26. TAXATION

## MAJOR COMPONENTS OF THE TAX EXPENSE

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Current</b>				
Local income tax – current period	64 391	40 151	9 773	6 186
Prior period under/(over) provision	569	(8 588)	–	–
Foreign income tax or withholding tax – current period	2 942	33 128	–	–
	67 902	64 691	9 773	6 186
<b>Deferred</b>				
Originating and reversing temporary differences	(62 977)	(37 093)	–	–
Changes in tax rates	–	18	–	–
Arising from prior period adjustments	84	10 357	–	–
	(62 893)	(26 718)	–	–
	5 009	37 973	9 773	6 186
<b>Reconciliation of the tax expense</b>				
Reconciliation between accounting profit and tax expense.				
Accounting profit	(145 447)	430 858	31 128	17 102
Tax at the applicable tax rate of 28%	(40 725)	120 640	8 716	4 789
<b>Tax effect of adjustments on taxable income</b>				
Non-deductible expenditure	4 836	5 181	1 057	1 397
Income from equity-accounted investments	(29 308)	(38 021)	–	–
Changes in tax rates	–	18	–	–
Foreign tax differential	70 238	(48 694)	–	–
Prior period adjustments	653	1 769	–	–
Deferred tax asset not recognised	–	(2 610)	–	–
Exempt income	(685)	(310)	–	–
	5 009	37 973	9 773	6 186

The estimated tax loss available for set off against future taxable income is R209,4 million (2016: R172,9, million).

## 27. AUDITORS' REMUNERATION

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
External audit fees (local and foreign operations)	6 414	3 689	557	476
Internal audit fees	–	84	–	–
Consulting, taxation and secretarial fees	422	380	–	–
	6 836	4 153	557	476



## 28. (LOSS)/EARNINGS PER SHARE

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Basic (loss)/earnings per share</b>				
(Loss)/profit for the year attributable to equity holders of the parent	(146 787)	395 023	–	–
Shares in issue at year-end ('000)	196 255	156 966	–	–
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	189 484	154 912	–	–
<b>Basic (loss)/earnings per share (cents)</b>	<b>(77,47)</b>	255,30	–	–
<b>Diluted (loss)/earnings per share</b>				
(Loss)/profit for the year attributable to equity holders of the parent	(146 787)	395 023	–	–
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	189 484	154 912	–	–
Dilutive options – share schemes	–	4 282	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	189 484	159 194	–	–
<b>Diluted (loss)/earnings per share (cents)</b>	<b>(77,47)</b>	248,14	–	–
<b>Headline (loss)/earnings per share</b>				
(Loss)/profit for the year attributable to equity holders of the parent	(146 787)	395 023	–	–
Less: IAS 16 profit on disposal of property, plant and equipment	(887)	(611)	–	–
Impairment of fixed assets	–	1 081	–	–
Headline (loss)/earnings for the year attributable to equity holders of the parent	(147 674)	395 493	–	–
Weighted average number of ordinary shares for the purpose of headline earnings per share ('000) (refer basic earnings per share)	189 484	154 912	–	–
<b>Headline (loss)/earnings per share (cents)</b>	<b>(77,94)</b>	255,30	–	–
<b>Diluted headline (loss)/earnings per share</b>				
(Loss)/profit for the year attributable to equity holders of the parent	(146 787)	395 023	–	–
Less: IAS 16 profit on disposal of property, plant and equipment	(887)	(611)	–	–
Impairment of fixed assets	–	1 081	–	–
Headline (loss)/earnings for the year attributable to equity holders of the parent	(147 674)	395 493	–	–
Weighted average number of ordinary shares for the purpose of headline earnings per share ('000) (refer basic (loss) earnings per share)	189 484	154 912	–	–
Dilutive options – share schemes	–	4 282	–	–
Weighted average number of ordinary shares for the purpose of diluted headline earnings per share ('000)	189 484	159 194	–	–
<b>Diluted headline (loss)/earnings per share (cents)</b>	<b>(77,94)</b>	248,43	–	–

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

**29. OTHER COMPREHENSIVE INCOME****COMPONENTS OF OTHER COMPREHENSIVE INCOME – GROUP – 2017**

	Gross R'000	Tax R'000	Net before non- controlling interest R'000	Non- controlling interest R'000	Net R'000
<b>Items that will not be reclassified subsequently to profit or loss</b>					
<b>Remeasurements on net defined benefit liability/asset</b>					
Remeasurements on net defined benefit liability/asset	1 021	–	1 021	–	1 021
<b>Items that may be reclassified subsequently to profit or loss</b>					
<b>Exchange differences on translating foreign operations</b>					
Exchange differences arising during the year	(133 891)	–	(133 891)	(661)	(134 552)
<b>Total</b>	<b>(132 870)</b>	<b>–</b>	<b>(132 870)</b>	<b>(661)</b>	<b>(133 531)</b>

**COMPONENTS OF OTHER COMPREHENSIVE INCOME – GROUP – 2016**

	Gross R'000	Tax R'000	Net before non- controlling interest R'000	Non- controlling interest R'000	Net R'000
<b>Items that may be reclassified subsequently to profit or loss</b>					
<b>Exchange differences on translating foreign operations</b>					
Exchange differences arising during the year	62 982	–	62 982	728	63 710

### 30. CASH USED IN OPERATIONS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
(Loss)/profit before taxation	(145 447)	430 858	31 128	17 102
<b>Adjustments for:</b>				
Depreciation and amortisation	97 678	72 619	357	175
Profit on sale of assets	(1 232)	(848)	–	–
Loss on foreign exchange	938	88	–	–
Income from equity-accounted investments	(50 558)	(135 789)	–	–
Interest received	(34 520)	(29 117)	(158 316)	(113 252)
Finance costs	138 211	136 963	102 441	68 978
Gain on settlement of instalment sale liabilities	(682)	(427)	–	–
Movements in operating lease assets and accruals	(1 864)	–	–	–
Movements in retirement benefit assets and liabilities	1 608	–	–	–
Movements in provisions	(5 803)	–	–	–
Share-based payment expense	8 454	12 731	3 775	4 990
<b>Changes in working capital:</b>				
Inventories	(45 835)	(26 202)	–	–
Trade and other receivables	(28 121)	(143 749)	19 252	(22 705)
Amounts due from contract customers	627 218	(1 015 365)	–	–
Amounts due to contract customers	(7 635)	9 301	–	–
Trade and other payables	(562 642)	513 573	(16)	7 044
Amounts received in advance	(32 910)	(58 571)	–	–
	(43 142)	(233 935)	(1 379)	(37 668)

### 31. TAX PAID

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Balance at the beginning of the year	17 601	790	(1 556)	(970)
Current tax for the year recognised in statement of comprehensive income	(67 902)	(64 691)	(9 773)	(6 186)
Adjustment in respect of business combinations and effect of foreign currency translation reserve movement in tax balance	(4 217)	1 276	–	–
Balance at the end of the year	(67 294)	(17 601)	(1 824)	1 556
	(121 812)	(80 226)	(13 153)	(5 600)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 32. BUSINESS COMBINATIONS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Business combinations</b>				
Property, plant and equipment	7 901	–	–	–
Intangible assets	138 180	–	–	–
Goodwill	2 441	–	–	–
Deferred tax	(21 026)	–	–	–
Inventories	51 133	–	–	–
Trade and other receivables	152 376	–	–	–
Cash and cash equivalents	25 193	–	–	–
Provisions	(32 265)	–	–	–
Current tax payable	(4 156)	–	–	–
Trade and other payables	(83 258)	–	–	–
Total identifiable net assets	236 519	–	–	–
Goodwill acquired	613 297	–	–	–
	849 816	–	–	–
<b>Consideration paid</b>				
Cash	(849 816)	–	–	–
<b>Net cash outflow on acquisition</b>				
Cash consideration paid	(849 816)	–	–	–
Cash acquired	25 193	–	–	–
	(824 623)	–	–	–

**Conlog**

On 1 November 2016 the group acquired 100% of the voting equity interest of Conlog for a total purchase consideration of R850,0 million. Conlog is a leading developer, manufacturer and distributor of pre-paid electricity meters and related applications and support services for Africa and other international emerging markets.

In terms of IFRS 3: *Business Combinations*, the allocation of the purchase consideration to identifiable assets, goodwill acquired (R613 million) and intangible assets has been raised. As such, intangibles relating to the brand and product design have been raised to the value of R92 million (included in the intangible assets above). CIG will leverage synergies between business units in the Power Division to positively enhance the group's performance and believes the goodwill raised on acquisition is justified.

The purchase consideration comprised an initial payment of R700 million paid on closing (31 October 2016), together with a deferred consideration and an earn-out component of between R50 million and R150 million, depending on Conlog's 2016 adjusted EBITDA, to be paid in 2017. The maximum earn-out component was met and was paid in March 2017.

The initial payment and guaranteed deferred payment was funded by a fully underwritten clawback rights offer. Any purchase consideration in excess of the initial payment and the guaranteed deferred payment was funded from CIG's existing cash resources.

### 33. COMMITMENTS

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Authorised capital expenditure</b>				
<b>Not yet contracted for and authorised by directors</b>				
– Existing operations	62 209	105 879	–	–
<b>Operating leases – as lessee (expense)</b>				
<b>Minimum lease payments due</b>				
– within one year	47 649	17 396	–	–
– in second to fifth year inclusive	100 650	31 914	–	–
	148 299	49 310	–	–

No contingent rent is payable.

### 34. CONTINGENCIES

The group has procured the following performance bonds:

- Lombards Insurance: R627,8 million (2016: R678,0 million) for 112 bonds (2016: 128 bonds);
- Standard Bank: R73,1 million (2016: R208,7 million) for two bonds (2016: four bonds);
- Standard Chartered Bank: R488,7 million (2016: R602,1 million) for 42 bonds (2016: 36 bonds);
- Santam: R375,9 million (2016: R399,1 million) for 17 bonds (2016: 27 bonds); and
- Barclays Bank: R36,8 million (2016: Rnil) for 10 bonds (2016: nil bonds).

The group has issued the following letters of intent:

- Lombards Insurance: R21,6 million (2016: R35,9 million) for nine letters (2016: 12 letters);
- Standard Chartered Bank: R5,0 million (2016: R5,0 million) for one letter (2016: one letter); and
- Santam: R5,0 million (2016: Rnil) for two letters (2016: nil letters).

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

- Lombards Insurance:
  - Consolidated Power Maintenance Proprietary Limited: R0,8 million (2016: R0,4 million) for three (2016: two) bonds;
  - Drift Laezonia (Quarry Cats Mining): R9,0 million (2016: R9,0 million) for one (2016: one) bond; and
  - Tractionel Enterprise: R21,1 million (2016: R18,7 million) for four (2016: four) bonds.
- Standard Bank:
  - Consolidated Power Maintenance Proprietary Limited: Rnil million (2016: R7,2 million) for nil (2016: one) bonds.
- The group issued the following parent company guarantee:
  - R200 million guarantee on the construction bridge loan for Ejuva One and Two Solar Energy Proprietary Limited. The solar plant is commercially operational and the guarantee on the bridge loan will fall away once financial close on the term loan is reached, envisaged to be in the third quarter of FY2018.
- Arbitration proceedings:
  - Arbitration proceedings instituted by Hi-Tech General Contractors in Rwanda in respect of consulting fees in the amount of USD3 million allegedly due to Hi-Tech in terms of a consultancy agreement concluded between Conco and Hi-Tech. Conco denies the existence of the consultancy agreement and has defended the matter along with a counter claim in the amount of USD0,5 million. The group's legal advisor views a claim relating to this arbitration as highly improbable.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 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	M Farmer	J Boshoff
	IM Klitzner	M Prasti	CJ Boshoff
	J Hooman	R Dijkstra	D Lubbe
	IM Hambridge	L Bushney	D Viljoen
	F Aveling	M Grobler	S Roodt
	B Reynecke	S Zondi	TG Lomkwane
	T Macadam	M Mabaso	PB Vogel
	M Conradie	C Pillay	J Friedman
	H Thomas	P Gumbi	B Lans
	S Gesha	I van der Merwe	S Muhammad
	D van Zyl	H Beukes	W Bassaragh
	L Heymans	M Raath	M Klaas
	A Richelman	K Rathbone	M Tonjeni
	M Mulligan	M Prinsloo	
	R de Villiers	E Philips	
	A Clacher	A Ramkissoon	

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Related party balances</b> (refer to note 11)				
<b>Related party transactions</b>				
<b>Interest paid to/(received from) related parties</b>				
Drift Supersand Proprietary Limited	–	–	(7 463)	(7 044)
Consolidated Power Projects Proprietary Limited	–	–	(119 976)	(85 037)
Consolidated Power Maintenance Proprietary Limited	–	–	(8 121)	(8 298)
Tension Overhead Electrification Proprietary Limited	–	–	(768)	–
<b>Rent paid to related party</b>				
Consolidated Power Properties Proprietary Limited	5 679	5 210	–	–
<b>Management fees paid to/(received from) related parties</b>				
West End Claybrick Proprietary Limited	–	–	(1 667)	(792)
Consolidated Power Projects Proprietary Limited	–	–	(5 388)	(4 828)
Drift Supersand Proprietary Limited	–	–	(6 040)	(5 375)
Conlog Proprietary Limited	–	–	(7 165)	–
<b>Compensation to directors and other key management</b>				
Emoluments	102 443	81 259	8 597	17 042

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.

### 36. CATEGORIES OF FINANCIAL INSTRUMENTS

#### CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2017

	Notes	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
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	–	–	–	513 660	513 660
Goodwill	4	–	–	–	1 151 969	1 151 969
Intangible assets	5	–	–	–	163 373	163 373
Investment in joint ventures	7	–	–	–	724 783	724 783
Financial assets	8	14 007	–	–	–	14 007
Deferred tax	9	–	–	–	140 293	140 293
		<b>14 007</b>	<b>–</b>	<b>–</b>	<b>2 694 078</b>	<b>2 708 085</b>
<b>Current assets</b>						
Inventories	10	–	–	–	232 208	232 208
Financial assets	8	7 191	–	–	–	7 191
Current tax receivable		–	–	–	73 334	73 334
Amounts due from contract customers	12	3 107 633	–	–	–	3 107 633
Trade and other receivables	13	425 248	–	–	97 710	522 958
Cash and cash equivalents	14	360 218	–	–	–	360 218
		<b>3 900 290</b>	<b>–</b>	<b>–</b>	<b>403 252</b>	<b>4 303 542</b>
<b>Total assets</b>		<b>3 914 297</b>	<b>–</b>	<b>–</b>	<b>3 097 330</b>	<b>7 011 627</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 36. CATEGORIES OF FINANCIAL INSTRUMENTS CONTINUED

## CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2017 CONTINUED

	Notes	Debt instruments 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
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity attributable to equity holders of parent:						
Share capital	15	–	–	–	2 328 926	2 328 926
Foreign currency translation reserve	15	–	–	–	44 282	44 282
Share-based payment reserve		–	–	–	49 410	49 410
Retained income	15	–	–	–	1 418 640	1 418 640
		–	–	–	3 841 258	3 841 258
Non-controlling interest		–	–	–	(1 910)	(1 910)
<b>Total equity</b>		–	–	–	3 839 348	3 839 348
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Financial liabilities	16	–	87 255	–	–	87 255
Instalment sale liabilities	17	–	–	25 480	–	25 480
Retirement benefit obligation	20	–	–	–	15 598	15 598
Deferred tax	9	–	–	–	87 512	87 512
Provisions	18	–	–	–	6 905	6 905
		–	87 255	25 480	110 015	229 319
<b>Current liabilities</b>						
Financial liabilities	16	–	932 389	–	–	932 389
Current tax payable		–	–	–	6 040	6 040
Instalment sale liabilities	17	–	–	15 838	–	15 838
Operating lease liability		–	–	3 377	–	3 377
Trade and other payables	19	–	1 463 611	–	2 741	1 466 352
Provisions	18	–	–	–	589	589
Amounts received in advance		–	–	–	79 325	79 325
Amounts due to contract customers		–	–	–	68 276	68 276
Bank overdraft	14	–	370 774	–	–	370 774
		–	2 558 112	19 215	365 633	2 942 960
<b>Total liabilities</b>		–	2 645 367	51 264	475 648	3 172 279
<b>Total equity and liabilities</b>		–	2 645 367	51 264	4 314 996	7 011 627



**36. CATEGORIES OF FINANCIAL INSTRUMENTS** CONTINUED**CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2016**

	Notes	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
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	–	–	–	466 802	466 802
Goodwill	4	–	–	–	536 343	536 343
Intangible assets	5	–	–	–	782 854	18 271
Investment in joint ventures	7	–	–	–	–	782 854
Financial assets	8	13 271	–	–	–	13 271
Deferred tax	9	–	–	–	66 768	66 768
		13 271	–	–	1 871 038	1 884 309
<b>Current assets</b>						
Inventories	10	–	–	–	135 252	135 252
Financial assets	8	1 381	–	–	–	1 381
Current tax receivable		–	–	–	22 702	22 702
Amounts due from contract customers	12	3 734 851	–	–	–	3 734 851
Trade and other receivables	13	341 458	–	–	39 994	381 452
Cash and cash equivalents	14	596 151	–	–	–	596 151
		4 673 841	–	–	197 948	4 871 789
<b>Total assets</b>		4 687 112	–	–	2 068 986	6 756 098

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 36. CATEGORIES OF FINANCIAL INSTRUMENTS CONTINUED

## CATEGORIES OF FINANCIAL INSTRUMENTS – GROUP – 2016 CONTINUED

	Notes	Debt instruments 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
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity attributable to equity holders of parent:						
Share capital	15	–	–	–	1 606 059	1 606 059
Foreign currency translation reserve	15	–	–	–	178 834	178 834
Share-based payment reserve		–	–	–	42 875	42 875
Retained income	15	–	–	–	1 564 406	1 564 406
		–	–	–	3 392 174	3 392 174
Non-controlling interest		–	–	–	1 098	1 098
<b>Total equity</b>		–	–	–	3 393 272	3 393 272
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Other financial liabilities	16	–	1 026 504	–	–	1 026 504
Instalment sale liabilities	17	–	–	19 401	–	19 401
Deferred tax	9	–	–	–	55 795	55 795
Provisions	18	–	–	–	8 166	8 166
		–	1 026 504	19 401	63 961	1 109 866
<b>Current liabilities</b>						
Other financial liabilities	16	–	48 311	–	–	48 311
Current tax payable		–	–	–	5 101	5 101
Instalment sale liabilities	17	–	–	18 747	–	18 747
Trade and other payables	19	–	1 947 911	–	4 677	1 952 588
Amounts received in advance		–	–	–	114 075	114 075
Amounts due to contract customers		–	–	–	75 912	75 912
Bank overdraft	14	–	38 226	–	–	38 226
		–	2 034 448	18 747	199 765	2 252 960
<b>Total liabilities</b>		–	3 060 952	38 148	263 726	3 362 826
<b>Total equity and liabilities</b>		–	3 060 952	38 148	3 656 998	6 756 098

**36. CATEGORIES OF FINANCIAL INSTRUMENTS** CONTINUED

## CATEGORIES OF FINANCIAL INSTRUMENTS – COMPANY – 2017

	Notes	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
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	–	–	–	471	471
Investments in subsidiaries	6	–	–	–	1 738 842	1 738 842
Financial assets	8	100	–	–	–	100
Deferred tax	9	–	–	–	424	424
		100	–	–	1 739 737	1 739 837
<b>Current assets</b>						
Loans to group companies	11	1 510 056	–	–	–	1 510 056
Current tax receivable		–	–	–	3 126	3 126
Trade and other receivables	13	6 104	–	–	2 767	8 871
Cash and cash equivalents	14	83 895	–	–	–	83 895
		1 600 055	–	–	5 893	1 605 948
<b>Total assets</b>		1 600 155	–	–	1 745 630	3 345 785
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity attributable to equity holders of parent:						
Share capital	15	–	–	–	2 319 567	2 319 567
Share-based payment reserve	15	–	–	–	15 553	24 318
Retained income	15	–	–	–	61 193	52 428
		–	–	–	2 396 313	2 396 313
<b>Total equity</b>		–	–	–	2 396 313	2 396 313
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Loans from group companies	11	–	25	–	–	25
Other financial liabilities	16	–	924 000	–	–	924 000
Current tax payable		–	–	–	1 302	1 302
Trade and other payables	19	–	24 145	–	–	24 145
		–	948 170	–	1 302	949 472
<b>Total liabilities</b>		–	948 170	–	1 302	949 472
<b>Total equity and liabilities</b>		–	948 170	–	2 397 615	3 345 785

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 36. CATEGORIES OF FINANCIAL INSTRUMENTS CONTINUED

## CATEGORIES OF FINANCIAL INSTRUMENTS – COMPANY – 2016

	Notes	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
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	–	–	–	418	418
Investments in subsidiaries	6	–	–	–	883 162	883 162
Financial assets	8	100	–	–	–	100
Deferred tax	9	–	–	–	424	424
		100	–	–	884 004	884 104
<b>Current assets</b>						
Loans to group companies	11	1 247 403	–	–	–	1 247 403
Trade and other receivables	13	25 108	–	–	5 376	30 484
Cash and cash equivalents	14	474 237	–	–	–	474 237
		1 746 748	–	–	5 376	1 752 124
<b>Total assets</b>		1 746 848	–	–	889 380	2 636 228
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity attributable to equity holders of parent:						
Share capital	15	–	–	–	1 598 620	1 598 620
Share-based payment reserve	15	–	–	–	20 543	20 543
Retained income	15	–	–	–	31 073	31 073
		–	–	–	1 650 236	1 650 236
<b>Total equity</b>		–	–	–	1 650 236	1 650 236
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Financial liabilities	16	–	924 000	–	–	924 000
<b>Current liabilities</b>						
Other financial liabilities	16	–	36 275	–	–	36 275
Current tax payable		–	–	–	1 556	1 556
Trade and other payables	19	–	24 161	–	–	24 161
		–	60 436	–	1 556	61 992
<b>Total liabilities</b>		–	984 436	–	1 556	985 992
<b>Total equity and liabilities</b>		–	984 436	–	1 651 792	2 636 228

## 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 for as disclosed in note 16.7.

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.

In November 2017, as a result of a breach of the EBITDA interest cover ratio, the group entered into negotiations with banks and other debt providers to request a covenant waiver effective 31 August 2017. A forum was convened representing the group's lead bankers and a group of noteholders that represent a majority of the total notes outstanding relative to notes in issue. As part of submissions to the forum, a data room was prepared by management which included, *inter alia*, group budgets, twelve-month cash flows, forward-looking covenant calculations and group debt exposures. The forum granted the group a covenant waiver and provided assurance that all current facilities will remain in place until 15 February 2018. Subsequent to this, CIG reached an agreement with its funders to extend the waiver until 28 February 2019. Refer to note 38 – Subsequent events for further detail.

The debt:equity ratio at 2017 and 2016 respectively was as follows:

	Notes	GROUP		COMPANY	
		2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Total borrowings</b>					
Instalment sale liabilities	17	41 318	38 148	–	–
Financial liabilities	16	1 019 644	1 074 815	924 000	960 275
		1 060 962	1 112 963	924 000	960 275
Less: Cash and cash equivalents	14	(10 556)	557 925	83 895	474 237
Net (cash)/debt		1 071 518	555 038	840 105	486 038
Total equity		3 839 348	3 393 272	2 396 313	1 650 236
<b>Total capital</b>		4 910 866	3 948 310	3 236 418	2 136 274
Debt:equity ratio (%)		22	14	26	23

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**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 one year R'000	Second to fifth year inclusive R'000	Over five years R'000
<b>GROUP</b>			
<b>At 31 August 2017</b>			
Financial liabilities	932 389	87 255	–
Instalment sale liabilities	17 618	30 817	–
Trade and other payables	1 463 611	–	–
Bank overdraft	370 774	–	–
<b>At 31 August 2016</b>			
Financial liabilities	51 355	1 309 875	–
Instalment sale liabilities	21 669	22 878	–
Trade and other payables	1 947 911	–	–
Bank overdraft	38 226	–	–
	Within one year R'000	Second to fifth year inclusive R'000	Over five years R'000
<b>COMPANY</b>			
<b>At 31 August 2017</b>			
Financial liabilities	924 000	–	–
Loans from group companies	25	–	–
Trade and other payables	24 145	–	–
<b>At 31 August 2016</b>			
Financial liabilities	39 319	1 207 371	–
Trade and other payables	24 161	–	–

### 37. RISK MANAGEMENT CONTINUED

#### 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 2017, 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 R7,7 million (2016: R4,0 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.

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

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Loans to group companies	–	–	1 510 056	1 247 403
Financial assets	21 198	14 652	100	–
Amounts due from contract customers	3 107 633	3 734 851	–	–
Trade and other receivables	425 248	341 458	6 104	25 108
Cash and cash equivalents	360 218	596 151	83 895	474 237

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

**37. RISK MANAGEMENT** CONTINUED**FOREIGN EXCHANGE RISK**

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro, Botswana Pula, Uganda Shilling, Ghanaian New Cedi, Kenyan Shilling, Zambian Kwacha, Omani Rial and Ethiopian Birr. 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:

**GROUP – 2017**

Financial instrument	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	Ethiopian Birr R'000	Other R'000
Amounts due from contract customers	3 107 633	2 085 326	405 628	–	59 952	3 277	17 777	255 692	19 543	–	206 812	53 626
Other receivables	425 248	404 746	–	–	2 667	–	385	923	368	4 233	10 594	1 332
Cash and cash equivalents	360 218	254 654	–	–	23 956	1 766	401	10 362	4 745	18 017	5 591	40 726
Trade and other payables	(1 254 949)	(902 062)	(163 537)	(13 005)	(10 408)	–	(537)	(141 957)	(1 707)	(2 123)	(19 613)	–
Amounts due to contract customers	(68 276)	(32 945)	(27 325)	–	(5 759)	–	–	–	(2 247)	–	–	–
Bank overdraft	(370 774)	(296 307)	(74 467)	–	–	–	–	–	–	–	–	–
<b>Net exposure</b>	<b>2 199 100</b>	<b>1 513 412</b>	<b>140 299</b>	<b>(13 005)</b>	<b>70 408</b>	<b>5 043</b>	<b>18 026</b>	<b>125 020</b>	<b>20 702</b>	<b>20 127</b>	<b>203 384</b>	<b>95 684</b>

**GROUP – 2016**

Financial instrument	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	Ethiopian Birr R'000	Other R'000
Amounts due from contract customers	3 734 851	1 915 864	1 475 102	282	197 901	7 234	1 051	49 883	31 230	–	–	56 304
Other receivables	381 452	224 612	115 259	–	6 921	4 762	5 206	7 665	4 404	4 803	2 819	5 101
Cash and cash equivalents	596 151	460 463	24 802	16	1 896	2 387	11 146	4 968	2 300	2 262	70 601	15 310
Trade and other payables	(1 952 588)	(1 114 412)	(665 650)	(75 632)	(52 399)	(648)	(11 501)	(9 656)	(4 599)	(1 550)	(4 484)	(12 057)
Amounts due to contract customers	(75 912)	(27 588)	(48 324)	–	–	–	–	–	–	–	–	–
Bank overdraft	(38 226)	(30 863)	(7 363)	–	–	–	–	–	–	–	–	–
<b>Net exposure</b>	<b>2 645 728</b>	<b>1 428 076</b>	<b>893 726</b>	<b>(75 334)</b>	<b>154 319</b>	<b>13 735</b>	<b>5 902</b>	<b>52 860</b>	<b>33 335</b>	<b>5 515</b>	<b>68 936</b>	<b>64 658</b>

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.



**37. RISK MANAGEMENT** CONTINUED

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	
	2017 R'000	2016 R'000
US Dollar	6 710	7 477
Euro	130	(753)
Botswana Pula	1 027	1 543
Uganda Shilling	50	137
Ghanaian New Cedi	191	59
Kenyan Shilling	4 089	529
Zambian Kwacha	286	333
Omani Rial	244	55
Ethiopian Birr	2 426	689
<b>Exchange rates used for conversion of foreign items were:</b>		
US Dollar	13,003	14,731
Euro	15,489	16,416
Botswana Pula	1,285	1,354
Uganda Shilling	0,0036	0,0044
Ghanaian New Cedi	2,933	3,961
Kenyan Shilling	0,1264	0,1453
Zambian Kwacha	1,4318	1,5439
Omani Rial	33,8000	38,240
Ethiopian Birr	0,5525	0,6533

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 38. SUBSEQUENT EVENTS

### EXTENDED WAIVER AND DEBT STANDSTILL

1. CIG shareholders are referred to the company's announcement published on SENS on 30 November 2017 (the November announcement) in respect of its reviewed provisional condensed consolidated results for the year ended 31 August 2017 (the 2017 financial year). In this announcement, reference to the "funders" means the banks providing funding to the group who are parties to the common terms agreement (CTA) which CIG entered into with them in or about May 2016, and persons holding notes issued by CIG in terms of its Domestic Medium Term Note Programme (DMTNP), represented by funds and asset managers who between them represent more than 90% of the notes by value.
2. In the November announcement, mention was made of a waiver and undertakings which had been obtained until 15 February 2018 (the existing waiver), to enable the group to focus on satisfying the further requirements of its funders. The existing waiver and undertakings applied to the 2017 financial year and the measurement period which ended on 31 August 2017.
3. CIG is pleased to announce that it has reached an agreement with its funders to extend the waiver (the extended waiver) until 28 February 2019 (the extended waiver period), in respect of all funders. The terms of the extended waiver are captured in a binding term sheet signed by all funders.
4. In addition, funders who are noteholders have furnished irrevocable undertakings to amend (at a meeting of noteholders yet to be called), the terms of the outstanding notes which mature during the extended waiver period, so as to extend their maturity dates to 1 March 2019.
5. The extended waiver period runs from 1 September 2017 until 28 February 2019.
6. The extended waiver suspends all capital repayments under the CTA and the DMTNP (collectively, the financing agreements), until 28 February 2019 (the debt standstill). Interest thereunder remains payable, after which suspended capital payments totalling R204 million under the DMTNP fall due for payment on 1 March 2019 and remaining repayments will resume thereafter as scheduled. The extended waiver also includes a waiver of all defaults under the financing agreements arising from a breach of the financial covenants which have been waived. New financial covenants in respect of the financing agreements are to be negotiated and to become effective in respect of all measurement periods on or after 1 March 2019.
7. All existing facilities made available to the group by the funders will, despite any provisions to the contrary under the financing agreements, remain available on a committed basis up to and including, 28 February 2019.
8. The extended waiver, agreed with the funders, is the result of the funders taking comfort in CIG's forecast cash flow generation over the short- and medium-term, coupled with numerous far-reaching initiatives being undertaken by CIG to address the challenges at Consolidated Power Projects Group Proprietary Limited (Conco).

9. With respect to the extended waiver, the group has agreed to the following, the breach of any of which could trigger a default if not remedied:
  - 9.1. to maintain a minimum cash buffer, which includes available facilities, of at least R250 million as at 28 February 2018, increasing by R25 million per month for each month thereafter falling within the extended waiver period;
  - 9.2. to measure separate revised EBITDA covenants for Conco on the one hand and the group excluding Conco on the other hand, in the case of Conco, on a monthly basis and, in the case of the group, excluding Conco, at the end of each of CIG's financial quarters, during the extended waiver period;
  - 9.3. extensive reporting on covenants and the delivery of monthly management accounts and updated cash flow forecasts for the group; and
  - 9.4. the delivery to the funders of monthly progress reports, for the duration of the extended waiver period, from the group's independent business review team.
10. Notwithstanding the extended waiver and the initiatives undertaken as mentioned above, CIG has commenced a process to review and evaluate its optimal long-term funding requirements and capital structure. FirstRand Bank, acting through its Rand Merchant Bank division, has been appointed to provide CIG with strategic advice in relation to the execution of this strategy. Strategic options available to CIG include the potential refinancing of existing facilities, the potential sale of non-core assets and/or the raising of additional capital, to the extent required. CIG will report back to its stakeholders on the outcome of this process by no later than 31 March 2018.
11. CIG views the extended waiver for the duration of the extended waiver period as a favourable outcome for shareholders, given the extensive remedial actions that are being taken at Conco and the long-term outlook and prospects for the group.
12. Post year-end, a R150 million five-year loan in Conlog Proprietary Limited was raised. Repayment is made quarterly starting 30 November 2017 with a final payment of R30 million. Interest is calculated on a three-month JIBAR + 2%.
13. In January 2018, the Angolan central bank abandoned the peg of the Angola Kwanza against the US Dollar. This has resulted in a ~30% devaluation of the Angolan Kwanza. Although AES's revenue continues to be benchmarked against the US Dollar, the devaluation will have an impact on the carrying value of the investment as assets are held in Angolan Kwanza. This will result in a fair value adjustment in the carrying value of AES in the 2018 financial year.

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 39. SEGMENTAL INFORMATION

## OPERATING SEGMENTS

	GROUP	
	2017 R'000	2016 R'000
<b>Revenue</b>		
Building materials	533 499	485 306
Rail	394 366	291 604
Power	3 441 010	3 754 730
<b>Total</b>	<b>4 368 875</b>	<b>4 531 640</b>
<b>Depreciation, amortisation and impairments</b>		
Building materials	26 752	30 285
Rail	5 292	5 585
Power	65 277	36 574
Corporate	357	175
<b>Total</b>	<b>97 678</b>	<b>72 619</b>
<b>EBITDA</b>		
Building materials	99 010	96 214
Rail	41 987	21 930
Power	(128 036)	364 301
Corporate	(7 597)	(6 913)
<b>Total</b>	<b>5 364</b>	<b>475 532</b>
<b>Reconciliation of EBITDA to (loss) profit before tax</b>		
EBITDA	5 364	475 532
Depreciation and amortisation	(97 678)	(72 619)
Income from equity-accounted investments	50 558	135 789
Net interest paid	(103 691)	(107 844)
<b>(Loss)/profit before tax</b>	<b>(145 447)</b>	<b>430 858</b>
<b>Assets acquired</b>		
Building materials	23 947	26 165
Rail	18 356	6 480
Power	68 638	56 121
Corporate	410	–
<b>Total</b>	<b>111 351</b>	<b>88 766</b>
<b>Total assets</b>		
Building materials	689 374	625 348
Power	2 598 469	3 042 585
Oil and gas	724 783	782 850
Rail	292 316	171 783
Corporate	3 613 744	3 024 872
Inter-group elimination	(907 059)	(891 340)
<b>Total</b>	<b>7 011 627</b>	<b>6 756 098</b>

**39. SEGMENTAL INFORMATION** CONTINUED**OPERATING SEGMENTS** CONTINUED

	GROUP	
	2017 R'000	2016 R'000
<b>Liabilities</b>		
Building materials	471 176	448 749
Power	1 766 687	2 032 872
Oil and gas	89 330	98 183
Rail	193 407	97 028
Corporate	1 000 501	1 028 320
Inter-group elimination	(348 822)	(342 326)
<b>Total</b>	<b>3 172 279</b>	<b>3 362 826</b>

**40. SHARE-BASED PAYMENTS****EQUITY-SETTLED SHARE-BASED PAYMENTS**

	First grant	Second grant	Third grant	Fourth grant
<b>Director share option scheme</b>				
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-free interest rate	5%	5%	5%	5%
Remaining vesting period	Nil years	Nil years	Nil years	Nil years

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**40. SHARE-BASED PAYMENTS** CONTINUED**EQUITY SETTLED SHARE-BASED PAYMENTS** CONTINUED

	First grant	Second grant	Third grant	Fourth grant
<b>Non-director share option scheme</b>				
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-free interest rate	5%
Remaining vesting period	Nil years

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

	First grant	Second grant	Third grant
<b>Conco employee option scheme</b>			
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-free interest rate	5%	5%	5%
Remaining vesting period	Nil years	Nil years	Nil years

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

**40. SHARE-BASED PAYMENTS** CONTINUED

Awards made under the 2014 share plan as at 31 August 2017.

	First grant	Second grant	Third grant
<b>Share appreciation rights</b>			
Grant date	1 August 2015	29 February 2016	28 February 2017
Number of rights granted	520 703	717 032	210 313
Strike price	R31,13	R27,06	R23,29
Final expiry	7 years	7 years	7 years
Risk-free rate	6,0%	6,0%	6,0%
Dividend yield	0%	0%	0%
Portion vesting	One third per annum	One third per annum	One third per annum
Exercisable	On third, fourth and fifth anniversary after vesting	On third, fourth and fifth anniversary after vesting	On third, fourth and fifth anniversary after vesting
Performance criteria	15% growth in earnings per annum	15% growth in earnings per annum	15% growth in earnings per annum
Black Scholes option model fair value using the above criteria	R14,49	R9,93	R9,59
<b>Performance criteria</b>			
Grant date	1 August 2015	29 February 2016	28 February 2017
Number of shares granted	250 104	344 853	99 071
Strike price	R31,13	R27,06	R23,29
Final expiry	3 years	3 years	3 years
Risk-free rate	6,0%	6,0%	6,0%
Dividend yield	0%	0%	0%
Portion vesting	On third anniversary following award.	On third anniversary following award.	On third anniversary following award.
	An assessment of performance against peer group will be conducted to determine the number of performance shares earned	An assessment of performance against peer group will be conducted to determine the number of performance shares earned	An assessment of performance against peer group will be conducted to determine the number of performance shares earned
Black Scholes option model fair value using the above criteria	R32,70	R27,06	R23,29

	GROUP		COMPANY	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Reconciliation of share options</b>				
Outstanding at the beginning of the year	6 258 781	7 115 379	4 086 583	4 086 583
Expired during the year	(882 649)	(767 036)	(116 667)	–
Exercised during the year	(378 957)	(89 562)	(17 847)	–
<b>Outstanding at the end of the year</b>	<b>4 997 175</b>	<b>6 258 781</b>	<b>3 952 069</b>	<b>4 086 583</b>
Equity-settled share option payment expense recognised in employee costs	8 454	12 730	3 775	4 990
Value of the equity-settled share options exercised during the year	(1 919)	(498)	(197)	–
Value of the equity-settled share options included in the share-based payment reserve at year-end	49 410	42 875	34 852	31 274

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

## 41. GOING CONCERN

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the company can continue to operate for the foreseeable future in the light of the group incurring a loss after tax for the 2017 financial year of R150 million (2016: profit R393 million). Following the grant of the funders' extended waiver, the going concern assumption is appropriate in relation to the preparation of the annual financial statements and is supported by the following:

- The group's anticipated return to profitability in the second half of FY2018 (excluding once-off restructuring costs in Conco);
- Cash flow forecasts based on current facilities remaining in place indicating that the group will be able to meet its liquidity obligations for the ensuing 12-month period in the conduct of its business in the ordinary course;
- Net current assets of R1,36 billion;
- Net asset value of R3,84 billion;
- Net tangible asset value of R2,52 billion;
- No material deterioration in the value of assets used to generate cash flows;
- No material loss of key management; and
- No loss of any major market, material customer or supplier.

In terms of IAS 1.74, when an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it is required to classify the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity is required to classify the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date.

As a consequence, the full value of notes outstanding under the DMTNP, totalling R924 million, has been reclassified to current liabilities. Based on the extended waiver the table below sets out the current contractual maturity dates of all outstanding notes.

Note maturity	FY2018 R'000	FY2019 R'000	FY2020 R'000	FY2021 R'000
CIG04 1 March 2019*	–	134	–	–
CIG06 1 March 2019*	–	70	–	–
CIG09 7 June 2019	–	85	–	–
CIG05 30 June 2019	–	135	–	–
CIG10 29 July 2019	–	19	–	–
CIG11 29 July 2020	–	–	147	–
CIG07 28 August 2020	–	–	155	–
CIG12 29 July 2021	–	–	–	179
<b>Total</b>	–	443	302	179

\* As per the extended waiver in note 38 – Subsequent events, the maturities of CIG 04 and CIG 06 were extended from 30 June 2018 and 28 August 2018 respectively





## SHAREHOLDERS' INFORMATION



# THE BOARD



RAOUL GAMSU

IVOR KLITZNER

FRANK BONER

KOFI BUCKNOR

ALEX DARKO

## EXECUTIVE DIRECTORS

### RAOUL GAMSU (48)

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.

### IVOR KLITZNER (49)

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&I Distributors Proprietary Limited, a subsidiary of Brandcorp Holdings Limited.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### FRANK BONER (71)

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 known as 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.

### KOFI BUCKNOR (63) (GHANAIAN)

BSc (Bus Admin), MBA (Finance)

Appointed: 2012

Kofi was previously 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), Baker Hughes Ghana Limited and the Bank of Ghana. He formerly served as a director of Ashanti Goldfields Corporation and Ecobank Transnational Corporation, and is a former chairman of the Ghana Stock Exchange.

### ALEX DARKO (65) (GHANAIAN)

FCCA, MSc (MIS)

Appointed: 2010

Alex is a seasoned executive and management consultant with over 30 years' 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 and Safintra Proprietary Limited.



ANTHONY DIXON

ROBERT HORTON

DR KEVIN KARIUKI

JUDI NWOKEDI

PROFESSOR KALU OJAH

### ANTHONY DIXON (71)

CA(SA), FinstD

Appointed: 2007

During a 29-year career with Coopers & Lybrand (PricewaterhouseCoopers), Tony 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 the executive director of the IoD from 2004 to 2007. 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.

### ROBERT HORTON (46)

CA(SA), BComm (Accounting and Information Systems) (UCT)

Appointed: 2011

Robert worked in the oil and gas sector at Masfield 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.

### DR KEVIN KARIUKI (53) (KENYAN)

PhD, Chartered Electrical Engineer, Fellow of the Institute of Engineering and Technology

Appointed: 2016

Kevin holds a PhD in the reliability of power systems with 28 years of post-qualification experience. He is the Head of Infrastructure at Industrial Promotion Services – IPS (EA) and has been involved in the development of over USD1.75 billion of privately financed infrastructure projects, including Public Private Partnership projects, both in his current position and formerly as a consultant with Midlands Power International. Kevin was previously head of the Technical Division at Kenya's Electricity Regulatory Board, the predecessor of Energy Regulatory Commission. He is a frequent global speaker on private sector participation in infrastructure, including PPP schemes. Kevin is currently a board member at Bujagali Energy Limited, SEACOM Limited and Tsavo Power Company and a former Chairman of the Kenya Civil Aviation Authority.

### JUDI NWOKEDI (58)

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 chairperson of African Spirit Proprietary Limited and is chief operating officer at Tourvest.


### PROFESSOR KALU OJAH (58) (USA)

BSc, MA (Finance), PhD

Appointed: 2016

Kalu's entire career has been in academia with his teaching focused on capital markets, financial institutional management, banking operations management, international finance, investment and innovation, emerging market and development finance, corporate finance, entrepreneurial finance, financial economics and international business. He has published over 50 peer-referred articles which have appeared in top international journals and handbooks.

# CORPORATE GOVERNANCE REPORT

	<b>MEMBERS</b> <i>* Independent non-executive</i> Raoul Gamsu (CEO) Ivor Klitzner (Financial Director) Frank Boner* (Chairman) Kofi Bucknor* Alex Darko* Anthony Dixon* Robert Horton* Dr Kevin Kariuki* Judi Nwokedi* Professor Kalu Ojah*	<b>RESPONSIBILITIES</b> <p>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 IV principles. There is a policy which sets out a clear balance of power and authority at board level to ensure that no one director has unfettered powers of decision making. The responsibilities of the board are set out in full in its Charter.</p>		
<b>COMMITTEES</b> <b>Audit and risk</b> See full report on page 32	<b>Remuneration</b> See full report on page 14	<b>Nominations</b>	<b>Social and ethics</b> See full report on page 21	
<b>MEMBERS</b> Anthony Dixon* (Chair) Alex Darko* Robert Horton* By invitation Ivor Klitzner (Financial Director) Frank Boner*	Alex Darko* (Chair) Frank Boner* Anthony Dixon* By invitation Raoul Gamsu (CEO)	Frank Boner* (Chair) Alex Darko* Anthony Dixon* By invitation Raoul Gamsu (CEO)	Alex Darko* (Chair) Ivor Klitzner (Financial Director) Judi Nwokedi*	
<b>RESPONSIBILITIES</b> <ul style="list-style-type: none"> <li>Reviewing the interim and annual financial statements and the integrated annual report</li> <li>Internal control framework and procedures</li> <li>Confirming and reviewing internal audit, financial and operational controls</li> <li>Reviewing risk management, standards of grievance, reporting and compliance</li> <li>Monitoring the outsourced internal audit and IT governance functions</li> <li>Approving the appointment of the auditors for non-audit services</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Identifying and nominating suitable candidates for election to the group's board of directors</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>Overseeing the good corporate citizenship of the group, on behalf of the board</li> </ul>	
<b>INDEPENDENT DIRECTORS</b> 3/3	3/3	3/3	2/3	

## THE BOARD

### SUCCESSION PLANNING

The succession plan is reviewed periodically 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 relevance 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.

### 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 under review all non-executive directors were considered to be independent. Eight of the total ten directors are independent.

As Anthony Dixon has been a member of the board for a period exceeding nine years, in terms of practice 29 of principle 7 of King IV and the company's Memorandum of Incorporation, his continued independence was assessed and confirmed by the board.

### COMPANY SECRETARY

The board of directors has considered and is satisfied with the competence, qualifications and experience of the company secretary.

### MEETING ATTENDANCE

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

\* Independent non-executive

^ Audit committee chairman

+ Social and ethics committee chairman

# Remuneration committee chairman

§ Nominations committee chairman

### SELF-EVALUATION

The board conducts an annual self-evaluation exercise, facilitated by the independent company secretary, with the individual directors completing self-evaluation assessments. The company secretary coordinates collation of the results and formal reporting in respect of the consolidated results.

No self-evaluation was conducted in the year due to board focus on extending the bank waivers. An evaluation will be conducted as soon as possible in the current year.

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 on an annual basis as part of the process of updating the IoD corporate governance assessment.

### GENDER DIVERSITY


CIG supports the principles and aims of gender and racial diversity at board level.

In terms of CIG's existing gender policy, the board is required to have one female representative. The nominations committee will review the gender targets and fulfilment thereof annually.

A racial diversity policy will be put in place in the year ahead.

## KING IV APPLICATION

CIG complies fully and materially with the 16 principles of King IV. Full compliance and disclosure is available on our website

 [www.ciglimited.com](http://www.ciglimited.com)

# ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 August 2017

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
<b>SHAREHOLDER SPREAD</b>				
1 – 1 000	2 389	47,22	950 858	0,47
1 001 – 10 000	2 109	41,69	6 808 681	3,37
10 001 – 100 000	432	8,54	12 601 662	6,24
100 001 – 1 000 000	95	1,88	32 367 195	16,02
Over 1 000 000	34	0,67	149 362 673	73,91
<b>Total</b>	<b>5 059</b>	<b>100,00</b>	<b>202 091 069</b>	<b>100,00</b>

## DISTRIBUTION OF SHAREHOLDERS

Assurance companies	18	0,36	11 351 064	5,62
BEE entities	1	0,02	15 060 112	7,45
Close corporations	52	1,03	485 450	0,24
Collective investment schemes	105	2,08	45 394 001	22,46
Control accounts	1	0,02	2	0,00
Custodians	20	0,40	2 103 762	1,04
Foundations and charitable funds	16	0,32	1 659 934	0,82
Hedge funds	4	0,08	1 157 374	0,57
Insurance companies	2	0,04	35 510	0,02
Investment partnerships	37	0,73	178 759	0,09
Managed funds	23	0,45	13 630 449	6,74
Medical aid funds	2	0,04	435 666	0,22
Organs of state	2	0,04	831 959	0,41
Private companies	167	3,30	33 227 591	16,44
Public companies	3	0,06	236 963	0,12
Public entities	2	0,04	36 775	0,02
Retail shareholders	4 083	80,71	28 022 995	13,87
Retirement benefit funds	46	0,91	4 842 098	2,40
Scrip lending	4	0,08	12 338 183	6,11
Sovereign funds	3	0,06	4 009 542	1,98
Stockbrokers and nominees	16	0,32	15 165 266	7,50
Treasury	5	0,10	5 835 824	2,89
Trusts	447	8,84	6 051 790	2,99
<b>Total</b>	<b>5 059</b>	<b>100,00</b>	<b>202 091 069</b>	<b>100,00</b>

## SHAREHOLDER TYPE

<b>Non-public shareholders</b>	<b>18</b>	<b>0,36</b>	<b>43 426 782</b>	<b>21,49</b>
Directors and associates	12	0,24	8 627 490	4,27
Treasury	5	0,10	6 093 900	3,02
<b>Beneficial holders &gt;10%</b>				
Pinecourt International Limited	1	0,02	28 705 392	14,20
<b>Public shareholders</b>	<b>5 041</b>	<b>99,64</b>	<b>158 664 287</b>	<b>78,51</b>
<b>Total</b>	<b>5 059</b>	<b>100,00</b>	<b>202 091 069</b>	<b>100,00</b>

	Number of shares	% of issued capital
<b>FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES</b>		
Old Mutual Investment Group	20 739 974	10,26
Investec Asset Management	10 894 066	5,39
CoroCapital	6 871 385	3,40
Stanlib Asset Management	6 770 442	3,35
<b>Total</b>	<b>45 275 867</b>	<b>22,40</b>

### **BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES**

Pinecourt International Limited	28 705 392	14,20
Old Mutual Group	20 095 784	9,94
Nala Empowerment Investment Company Proprietary Limited	15 060 112	7,45
Peregrine Group	13 592 483	6,73
Investec	11 462 597	5,67
Berkeley Private Wealth Limited	6 871 385	3,40
Consolidated Infrastructure Group Limited	6 093 900	3,02
<b>Total</b>	<b>101 881 653</b>	<b>50,41</b>

<b>Total number of shareholdings</b>	<b>5 059</b>
<b>Total number of shares in issue</b>	<b>202 091 069</b>

### **SHARE PRICE PERFORMANCE**

Opening price 1 September 2016	R26,00
Closing price 31 August 2017	R14,05
Closing high for period	R26,41
Closing low for period	R13,96
Number of shares in issue	202 091 069
Volume traded during period	91 617 554
Ratio of volume traded to shares issued (%)	45,33%
Rand value traded during the period	R1 827 904 253
Dividend yield as at 31 August 2017	–
Market capitalisation at 31 August 2017	R2 839 379 519
Total deals	44 617

# ANALYSIS OF ORDINARY SHAREHOLDERS CONTINUED

for the year ended 31 August 2017

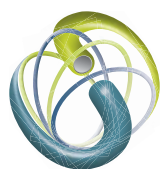
	Number of shares	% of total shareholdings
<b>NON-PUBLIC BREAKDOWN</b>		
<b>Directors of the company or any of its subsidiaries</b>		
<b>Beneficial holders &gt;10%</b>		
Pinecourt International Limited	28 705 392	14,20
	<b>28 705 392</b>	<b>14,20</b>
<b>Treasury</b>		
Consolidated Infrastructure Group Limited	3 341 877	1,65
Consolidated Infrastructure Group Limited	1 516 144	0,75
Consolidated Infrastructure Group Limited	783 644	0,39
Consolidated Infrastructure Group Limited	337 742	0,17
Consolidated Infrastructure Group Limited	114 493	0,06
	<b>6 093 900</b>	<b>3,02</b>
<b>Directors</b>		
Raoul Gamsu	4 963 489	2,46
Ivor Klitzner	1 128 904	0,56
Anthony Dixon	49 500	0,02
Frank Boner	689 679	0,34
	<b>6 831 572</b>	<b>3,38</b>
<b>Other non-public shareholders</b>		
Yonbor Nominees (Global Capital)	4 777 616	2,36
Sweetman Siluleko Gesha	2 565 482	1,27
Chantilly Trading	1 457 614	0,72
Hooman Family Trust	371 449	0,18
Hambridge Family Trust	771 449	0,38
David van Zyl	195 010	0,10
Leon Heymans	87 500	0,04
	<b>10 226 120</b>	<b>5,06</b>
<b>Total</b>	<b>51 856 984</b>	<b>25,7</b>

	2017		2016	
	Beneficial direct and indirect (including their associates)	Total beneficial percentage	Beneficial direct and indirect (including their associates)	Total beneficial percentage
<b>Directors</b>				
RD Gamsu	4 963 489	2,46	3 349 359	2,13
IM Klitzner	1 128 904	0,56	853 000	0,54
F Boner	689 679	0,34	557 061	0,35
AD Dixon	49 500	0,02	49 500	0,03
	<b>6 831 572</b>	<b>3,38</b>	<b>4 808 920</b>	<b>3,05</b>

There were no changes to directors' interests since 31 August 2017 and the date of approval of the annual financial statements.



# 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 company or the group)

Notice is hereby given that the annual general meeting of shareholders will be held at First Floor, 30 Melrose Boulevard, Melrose Arch 2196 at 10:00 on Thursday, 3 May 2018 (the **annual general meeting** or the **AGM**), for the purposes of:

- presenting, considering and adopting the directors' report, the annual financial statements, the auditor's report, the audit and risk committee report and the social and ethics committee report of the company for the year ended 31 August 2017, contained in the integrated annual report of the company for the same period (the **integrated annual report**);
- 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 special and ordinary resolutions set out below.

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.com](http://www.ciglimited.com).

### IMPORTANT DATES TO NOTE

	2018
Record date for receipt of notice period	Friday, 23 February
Last day to trade in order to be eligible to participate in and vote at the AGM	Monday, 23 April
Record date for voting purposes ( <b>voting record date</b> )	Thursday, 26 April
Annual general meeting held at 10:00 on	Thursday, 3 May
Results of AGM released on SENS	Thursday, 3 May

### DIRECTORS OF THE COMPANY

#### EXECUTIVE

Raoul Gamsu (*CEO*)

Ivor Klitzner (*Financial Director*)

#### INDEPENDENT NON-EXECUTIVE

Frank Boner (*Chairman*)

Kofi Bucknor

Alex Darko

Anthony Dixon

Robert Horton

Dr. Kevin Kariuki

Judi Nwokedi

Professor Kalu Ojah

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

- A shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint 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 register 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 2017, including the auditor's report, directors' report, report of the audit and risk committee and the report of the social and ethics 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.

### ORDINARY RESOLUTION NUMBER 2:

#### RE-ELECTION OF FRANK BONER AS A DIRECTOR

"Resolved that Frank Boner, an independent non-executive director, 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."

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

A brief *curriculum vitae* is set out on page 100 of the integrated annual report. The nominations committee has taken into account his past performance and contribution to the company and recommended Frank 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.

### ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF ALEX DARKO AS A DIRECTOR

"Resolved that Alex Darko, an independent non-executive director, 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 100 of the integrated annual report. The nominations committee has taken into account his past performance and contribution to the company and recommended Alex Darko 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.

### ORDINARY RESOLUTION NUMBER 4: CONFIRMATION OF INDEPENDENCE AND RE-ELECTION OF ANTHONY DIXON AS A DIRECTOR

"Resolved that, in accordance with the recommended practice 29 of Principle 7 of King IV Code of Corporate Governance (**King IV**), and in terms of the company's Memorandum of Incorporation, Anthony Dixon, whose continued independence has been assessed and confirmed by the board, in accordance with practice 29 of principle 7 of King IV, and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

As Anthony Dixon has been a member of the board of directors for a period exceeding nine years, in terms of practice 29 of principle 7 of King IV and the company's Memorandum of Incorporation, his continued independence must be assessed and confirmed by the board, prior to him offering himself for re-election.

A brief *curriculum vitae* is set out on page 101 of the integrated annual report. The board has confirmed its satisfaction with his continued independence, past performance and contribution to the company and recommended Anthony Dixon for re-election.

In order for ordinary resolution number 4 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.

### ORDINARY RESOLUTION NUMBER 5: 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. The membership as proposed by the board of directors is:

- 5.1 Anthony Dixon (Chairman), subject to passing ordinary resolution number 4 above;
- 5.2 Alex Darko, subject to passing ordinary resolution number 3 above; and
- 5.3 Robert Horton."

A brief *curriculum vitae* of each of the above audit and risk committee members is set out on pages 100 and 101 of the integrated annual report.

In order for ordinary resolution numbers 5.1, 5.2 and 5.3 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.

### ORDINARY RESOLUTION NUMBER 6: RE-APPOINTMENT OF AUDITORS

"Resolved that Grant Thornton, together with Jacques Barradas as designated audit partner, 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 Grant Thornton for appointment as auditors of the company under section 90 of the Companies Act, 71 of 2008 and pursuant to the provisions of paragraph 3.84(g)(iii) of the JSE Limited (**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.

## ORDINARY RESOLUTION NUMBER 7:

### CONTROL OVER UNISSUED SHARES

"Resolved that 20 209 107 of the authorised but unissued shares of the company, being 10% 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 7 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.

## ORDINARY RESOLUTION NUMBER 8:

### 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, 71 of 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 from the date of passing of this ordinary resolution, 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 20 209 107 shares, being 10% 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 20 209 107 shares the company is authorised to issue in terms of this authority; and
  - in the event of a sub-division 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 8 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.

## ORDINARY RESOLUTION NUMBER 9:

### 9.1 APPROVAL OF REMUNERATION POLICY

"Resolved that, in accordance with the principles of King IV, and through a non-binding advisory vote, the company's remuneration policy as detailed on pages 14 to 20 of the integrated annual report, be and is hereby approved."

### 9.2 APPROVAL OF REMUNERATION IMPLEMENTATION REPORT

"Resolved that, in accordance with the principles of King IV and through a non-binding advisory vote, the company's report on the implementation of the remuneration policy, as detailed on pages 14 to 20 and 71 and 72 of the integrated annual report, be and is hereby approved."

In the event of 25% or more of shareholders voting against ordinary resolution numbers 9.1 and 9.2, the directors are committed to engaging actively with shareholders in this regard, in order to address all legitimate and reasonable objections and concerns.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### **SPECIAL RESOLUTION NUMBER 1: 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 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.

#### **Reason for and effect of special resolution number 1**

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 1. Therefore, the

reason for, and effect of, special resolution number 1 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act, 71 of 2008) to the entities referred to in special resolution number 1 above.

#### **Notice in terms of section 45(5) of the Companies Act, 71 of 2008, in respect of special resolution number 1**

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 1" 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.

## ORDINARY RESOLUTION NUMBER 10:

### 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 to 9 and special resolution number 1 which are passed by the shareholders in accordance with and subject to the terms thereof."

In order for ordinary resolution number 10 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.

### 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 (Rosebank Towers, 15 Biermann Avenue, Rosebank 2196), for the purposes of being entitled to attend, participate in and vote at the annual general meeting, is Thursday, 26 April 2018.

### 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. For ease of administration, the completed form of proxy should be deposited at or posted to the office of the transfer

secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107) or emailed to proxy@computershare.co.za, to be received 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting or the transfer secretaries, at the annual general meeting prior to the commencement of the annual general meeting, or prior to voting on any resolution proposed at 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, should complete the attached form of proxy and lodge it with the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or email to proxy@computershare.co.za, which for ease of administration, to be received 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting, or the transfer secretaries, at the annual general meeting, prior to the commencement of the annual general meeting, or prior to the voting on any resolution proposed at 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

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 Thursday, 26 April 2018 by submitting, by email to Ronelle Adant at [ronelle@ciglimited.co.za](mailto:ronelle@ciglimited.co.za), 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 (the costs of which will be for the shareholder's account) 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



**Gillian Prestwich**  
*Company secretary*

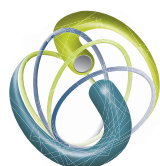
### CIS Company Secretaries Proprietary Limited

#### Registered office of the company

First Floor  
30 Melrose Boulevard  
Melrose Arch  
PO Box 651455, Benmore 2010

28 February 2018

# 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 company or the group)

### DIRECTORS OF THE COMPANY

#### EXECUTIVE

Raoul Gamsu (CEO)

Ivor Klitzner (Financial Director)

#### INDEPENDENT NON-EXECUTIVE

Frank Boner (Chairman)

Kofi Bucknor

Alex Darko

Tony Dixon

Robert Horton

Dr. Kevin Kariuki

Judi Nwokedi

Professor Kalu Ojah

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 Participants (CSDP) and brokers' nominee companies, registered as such at the close of business on Thursday, 26 April 2018 (the voting record date), at the annual general meeting to be held at First Floor, 30 Melrose Boulevard, Melrose Arch at 10:00 on Thursday, 3 May 2018 (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 Frank Boner as a director			
Ordinary resolution number 3: Re-election of Alex Darko as a director			
Ordinary resolution number 4: Confirmation of independence and re-election of Anthony Dixon as a director			
Ordinary resolution number 5: Re-appointment of members of the audit and risk committee:			
5.1 Anthony Dixon (Chairman) as a member of the audit and risk committee			
5.2 Alex Darko as a member of the audit and risk committee			
5.3 Robert Horton as a member of the audit and risk committee			
Ordinary resolution number 6: Re-appointment of the auditors			
Ordinary resolution number 7: Control over unissued shares			
Ordinary resolution number 8: General authority to issue shares for cash			
Ordinary resolution number 9.1: Approval of remuneration policy			
Ordinary resolution number 9.2: Approval of remuneration implementation report			
Special resolution number 1: Financial assistance to related and inter-related parties			
Ordinary resolution number 10: 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 2018

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.

For ease of administration, forms of proxy should be deposited at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, emailed to proxy@computershare.co.za or posted to PO Box 61051, Marshalltown 2107 so as to arrive 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting, or the transfer secretaries, at the annual general meeting prior to the commencement of the annual general meeting or prior to the voting on any resolution proposed at 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 Thursday, 26 April 2018, 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. For ease of administration, the forms of proxy should be lodged at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, emailed to proxy@computershare.co.za or posted to PO Box 61051, Marshalltown 2107 so as to be received 48 hours prior to the meeting. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting or the transfer secretaries at the annual general meeting prior to the commencement of the annual general meeting or prior to the voting on any resolution proposed at 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 foregoing, 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, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, emailed to proxy@computershare.co.za or posted to PO Box 61051, Marshalltown 2107 to reach the company 48 hours prior to the meeting or 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 or the transfer secretaries prior to the voting on any resolution proposed at the annual general 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 foregoing 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:
  - (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
    - 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;
  - (c) the company must not require that the proxy appointment be made irrevocable; and
  - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
9. Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

## ANNEXURE A

# 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
Conlog	Conlog Proprietary Limited, a company acquired post year-end FY16 which is a leading developer, manufacturer and distributor of pre-paid electricity meters and related applications and support services
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
Drift Supersand or DSS	Drift Supersand Proprietary Limited, part of the Consolidated Building Materials division which supplies aggregates
EPC	Engineer, Procure, Construct
RE	Renewable energy
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

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
current year	The year ending 31 August 2017
DMTNP	Domestic Medium Term Note Programme
group	Consolidated Infrastructure Group Limited and its subsidiaries
IDC	Industrial Development Corporation (of South Africa)
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 IV Report	King Report on Corporate Governance for South Africa
LTI	Lost time injury
OEM	Original equipment manufacturer
PRASA	Passenger Rail Agency of South Africa
the previous year	The year ended 31 August 2016
REIPPPP	South African Renewable Energy Independent Power Producer Procurement Programme launched in 2011 aimed at stimulating the renewable energy industry in South Africa
the year under review	The year ended 31 August 2017
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
ROI	Return on investment
ROCE	Return on capital employed

## ANNEXURE B

## GRANT THORNTON B-BBEE VERIFICATION CERTIFICATE

# Grant Thornton Verification Services (Pty) Ltd

## Broad-Based Black Economic Empowerment

### Verification Certificate

#### CONSOLIDATED INFRASTRUCTURE GROUP LTD

has been evaluated in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended in 2014

Address: Unit 2 Commerce Square, 39 Rivonia Road, Sandhurst  
 Reg. Number: 2007/004935/06  
 Vat Number: 4180240477

**B-BBEE Status Awarded:** LEVEL 5  
**B-BBEE Procurement Level:** 80%

The score obtained above comprises the following elements:

Element	Score	Weighting
Ownership	22.72	25.00
Management Control	4.59	19.00
Skills Development	12.94	20.00
Enterprise & Supplier Development	30.06	40.00
Socio Economic Development	5.00	5.00
<b>Total</b>	<b>75.31</b>	<b>109.00</b>

Discounting Principle applied (already discounted above if applicable) **YES**  
 Financial Period Measured 01 Sep 2016 - 31 Aug 2017  
 Black Ownership 37.12%  
 Black Women Ownership 9.16%  
 Empowering Supplier **YES**  
 Scorecard / Sector Dti Codes of Good Practice (Revised Codes) - Generic  
 Designated Group Supplier **NO**  
 Modified Flow Through applied **NO**

Grant Thornton  
 Verification Services  
 (Pty) Ltd

Cape Town  
 6th Floor,  
 119 Hertzog Boulevard,  
 Foreshore, Cape Town, 8001  
 T +27 (0)21 417 8800

Port Elizabeth  
 106 Park Drive, St. Georges,  
 Port Elizabeth, 6001  
 T +27 (0)414501313

Johannesburg  
 Wanderers Office Park  
 52 Corlett Drive  
 Illovo, 2196  
 T +27 (0)10 590 7200

www.granthornton.co.za

**Effective Date:** 15 May 2017  
**Expiry Date:** 10 May 2018  
**Verification Number:** GT10016-150517 REV 1  
**Technical Signatory:** Marsha Arnold

This certificate is valid for 12 months from date of issue.



Grant Thornton



BVA133

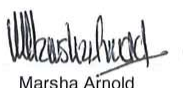
## Schedule A:

The certificate incorporates the following subsidiaries:

Consolidated Power Projects (Pty) Ltd	1963/006171/07
Consolidated Power Projects Group South Africa (Pty) Ltd	2015/034106/07
Consolidated Power Maintenance (Pty) Ltd	1996/008732/07
Consolidated Power Projects Shared Services (Pty) Ltd	2015/034099/07
Consolidated Power Projects IT Solutions (Pty) Ltd	2015/034113/07
Consolidated Power Projects International (SA) (Pty) Ltd	2015/034104/07
Consolidated Power Projects Energy Solutions (Pty) Ltd	2015/037373/07
Drift Supersand (Pty) Ltd	2006/031434/07
Conlog (Pty) Ltd	1982/011895/07
Tension Overhead Electrification T/A Tractionel Enterprise	1982/010497/07
Tractionel Maintenance Services (Pty) Ltd	2010/013978/07
Overhead Track Supplies (Pty) Ltd	2014/118241/07
West End Claybrick (Pty) Ltd	2006/031881/07

Effective Date: 15 May 2017  
 Expiry Date: 10 May 2018  
 Verification Number: GT10016-150517 – REV 1

Technical Signatory:

  
 Marsha Arnold

Grant Thornton  
 Verification Services  
 (Pty) Ltd

Cape Town  
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 119 Hertzog Boulevard,  
 Foreshore, Cape Town, 8001  
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 F +27 (0)21 417 8700

Port Elizabeth  
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 3 Edward Street,  
 Richmond Hill, 6001  
 T (office) 27414501313  
 F 27415851463

Johannesburg  
 137 Daisy Street  
 Sandown, 2196  
 T +27 (0) 11 322-4500  
 F +27 (0) 11 322-4545

www.gt.co.za



Grant Thornton



BVA133

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# CONTACT DETAILS

## COUNTRY OF INCORPORATION AND DOMICILE

South Africa

## NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Turnkey contractor 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\*\*

A Darko\*\*

AD Dixon

R Horton\*

K Kariuki\*°

J Nwokedi\*

K Ojah\*\*

\* *Independent*

# *Ghanaian*

° *Kenyan*

\* *USA*

## REGISTERED OFFICE

First Floor, 30 Melrose Boulevard

Melrose Arch 2196

PO Box 651455, Benmore 2010

## COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited

Registration number 2006/024994/07

Rosebank Towers

15 Biermann Avenue, Rosebank 2196

PO Box 61051, Marshalltown 2107

## AUDITORS

Grant Thornton

Chartered Accountants (SA)

Registered auditors

Wanderers Office Park, 52 Corlett Drive

Johannesburg 2196

## SPONSOR

Java Capital Trustees and Sponsors Proprietary Limited

Registration number 2006/005780/07

6A Sandown Valley Crescent, Sandton 2196

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Registration number 2004/003647/07

Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

PO Box 61051, Marshalltown 2107

## INVESTOR RELATIONS

Singular Systems IR

28 Fort Street, Birnam, Johannesburg 2196

michele@singular.co.za/jdebbe@singular.co.za

# SHAREHOLDERS' DIARY

Next financial year-end	31 August 2018
Preliminary annual results announcement	30 November 2017
Annual report posted	28 February 2018
Annual general meeting	3 May 2018
Interim results announcement	18 April 2018

Editorial



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production



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