Consolidated Infrastructure Group Limited

CONSOLIDATED INFRASTRUCTURE UNAUDITED RESULTS

for the six months ended 29 February 2012

SALIENT FEATURES

- **Revenue up 12% to R763 million**
- **EBITDA up 27% to R97 million**
- **HEPS up 17% to 47,79 cps (2010: 40,85 cps)**
- **Order book up 24% to R1,8 billion**

Consolidated Infrastructure Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 2007/004935/06)
Share code: CIL ISIN: ZAE000153888
("Consolidated Infrastructure" or "CIG" or "the Group")

Condensed consolidated statements of comprehensive income

	Unaudited Six months ended 29 February 2012 R'000	Unaudited Six months ended 28 February 2011 R'000	Audited Year ended 31 August 2011 R'000
Revenue	**763 524**	680 034	1 445 556
Cost of sales	**(560 696)**	(507 504)	(1 036 075)
Gross profit	**202 828**	172 530	409 481
Other income	**–**	–	1 273
Operating expenses	**(111 183)**	(92 011)	(216 864)
Foreign exchange gain/(loss)	**5 767**	(4 025)	(7 096)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**97 412**	76 494	186 794
Depreciation	**(18 646)**	(12 680)	(27 469)
Profit before interest and taxation	**78 766**	63 814	159 325
Interest received	**3 510**	1 762	3 628
Interest paid	**(5 122)**	(1 095)	(8 547)
Profit before taxation	**77 154**	64 481	154 406
Taxation	**(21 603)**	(17 942)	(43 314)
Profit for the period	**55 551**	46 539	111 092
Other comprehensive income:			
Exchange rate differences on translating foreign operations	**266**	(3 115)	(545)
Total comprehensive income	**55 817**	43 424	110 547
Basic earnings per share (cents)	**47,79**	40,95	97,76
Fully diluted earnings per share (cents)	**46,74**	40,95	97,76
Reconciliation of headline earnings:			
Profit attributable to ordinary shareholders	**55 551**	46 539	111 092
Adjusted for:			
(Profit)/Loss on disposal of property, plant and equipment	**(3)**	(120)	3 131
Headline earnings attributable to ordinary shareholders	**55 548**	46 419	114 223
Weighted average number of shares in issue ('000)	**116 240**	113 641	113 641
Fully diluted weighted average number of shares in issue ('000)	**118 841**	113 641	113 641
Headline earnings per share (cents)	**47,79**	40,85	100,51
Fully diluted headline earnings per share (cents)	**46,74**	40,85	100,51

Condensed consolidated statements of cash flow

	Unaudited Six months ended 29 February 2012 R'000	Unaudited Six months ended 28 February 2011 R'000	Audited Year ended 31 August 2011 R'000
Cash generated by operations before changes in working capital	**98 082**	79 927	190 736
Changes in working capital	**(110 944)**	(145 906)	(179 735)
Net interest (interest paid)/received	**(1 612)**	667	(4 919)
Taxation paid	**(5 208)**	(6 577)	(39 986)
Cash flows from operating activities	**(19 682)**	(71 889)	(33 904)
Cash flows from investing activities	**(22 632)**	(9 214)	(58 567)
Cash flows from financing activities	**55 806**	(47 896)	(5 261)
Net increase/(decrease) in cash and cash equivalents	**13 492**	(128 999)	(97 732)
Effect on foreign currency translation reserve movement on cash balances	**47**	(244)	(92)
Cash and cash equivalents at beginning of period	**136 036**	233 860	233 860
Cash and cash equivalents at end of period	**149 575**	104 617	136 036

Condensed consolidated statements of financial position

	Unaudited As at 29 February 2012 R'000	Unaudited As at 28 February 2011 R'000	Audited As at 31 August 2011 R'000
ASSETS			
Non-current assets	**819 418**	784 414	817 423
Property, plant and equipment	**312 950**	276 247	307 529
Goodwill	**462 220**	462 220	462 220
Intangible assets	**33 567**	37 050	35 309
Deferred tax	**8 124**	7 040	10 115
Financial assets	**2 557**	1 857	2 250
Current assets	**854 884**	572 683	807 528
Inventories	**44 354**	40 665	40 228
Trade and other receivables	**46 485**	25 682	51 102
Amounts due from contract customers	**611 151**	381 429	569 624
Taxation receivable	**352**	5 524	7 811
Cash and cash equivalents	**152 542**	119 383	138 763
Total assets	**1 674 302**	1 357 097	1 624 951
EQUITY AND LIABILITIES			
Equity	**1 053 020**	879 341	946 311
Issued capital	**11**	11	11
Share premium	**726 892**	676 153	676 000
Foreign currency translation reserve	**(3 658)**	(6 494)	(3 924)
Accumulated profits	**329 775**	209 671	274 224
Non-current liabilities	**134 542**	82 342	132 570
Other financial liabilities	**72 330**	32 567	70 469
Provisions	**7 964**	8 346	7 881
Instalment sale liabilities	**11 492**	10 273	11 182
Deferred tax	**42 756**	31 156	43 038
Current liabilities	**486 740**	395 414	546 070
Other financial liabilities	**10 845**	7 615	10 029
Trade and other payables	**229 089**	180 177	299 816
Amounts received in advance	**31 494**	1 385	45 883
Amounts due to contract customers	**186 058**	155 374	170 850
Bank overdraft	**2 967**	14 766	2 727
Instalment sale liabilities	**8 779**	5 288	6 852
Taxation payable	**17 508**	30 809	9 913
Total equity and liabilities	**1 674 302**	1 357 097	1 624 951
Number of shares in issue ('000)	**118 841**	113 641	113 641
Net asset value per share (cents)	**886,08**	773,79	832,72
Net tangible asset value per share (cents)	**468,89**	334,49	394,91

Condensed consolidated statements of changes in equity

	Unaudited Six months ended 29 February 2012 R'000	Unaudited Six months ended 28 February 2011 R'000	Audited Year ended 31 August 2011 R'000
Balance at beginning of period	**946 311**	835 917	835 917
Issue of share capital and share issue expenses	**50 892**	–	(153)
Total comprehensive income for period	**55 817**	43 424	110 547
Balance at end of period	**1 053 020**	879 341	946 311

Segmental analysis

	Unaudited 29 February 2012 R'000	Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000	Unaudited 29 February 2012 % of total	Unaudited 28 February 2011 % of total	Audited 31 August 2011 % of total
Revenue						
Heavy building materials	**123 329**	96 729	202 890	**16**	14	14
Power	**640 195**	583 305	1 242 666	**84**	86	86
Corporate	**–**	–	–	**–**	–	–
	763 524	680 034	1 445 556	**100**	100	100
EBITDA						
Heavy building materials	**26 028**	17 541	28 299	**27**	23	15
Power	**78 987**	62 609	165 866	**81**	82	89
Corporate	**(7 603)**	(3 656)	(7 371)	**(8)**	(5)	(4)
	97 412	76 494	186 794	**100**	100	100

	Unaudited 29 February 2012 R'000	Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000
Reconciliation of profit before tax			
EBITDA per segment analysis	**97 412**	76 494	186 794
Depreciation	**(18 646)**	(12 680)	(27 469)
Net interest (paid)/received	**(1 612)**	667	(4 919)
Profit before tax	**77 154**	64 481	154 406
Assets			
Heavy building materials	**425 734**	394 913	422 954
Power	**851 623**	624 788	848 016
Corporate	**1 175 099**	1 127 436	1 137 134
Total assets including group loan accounts	**2 452 456**	2 408 104	2 408 104
Inter-group elimination	**(778 154)**	(790 040)	(783 153)
	1 674 302	1 357 097	1 624 951
Liabilities			
Heavy building materials	**341 778**	308 329	336 101
Power	**468 327**	361 279	515 704
Corporate	**51 031**	43 178	60 630
Total liabilities including group loan accounts	**861 136**	712 786	912 435
Inter-group elimination	**(239 854)**	(235 030)	(233 795)
	621 282	477 756	678 640

Commentary

We have delivered positive growth in all of our markets over the past six months. Specifically, we are benefitting from the estimated R100 billion increased spend in power generation and transmission in South Africa, which is apparent in the sizeable growth of our order book.

Our initiatives to position the group in the Alternative Energy sector are gaining momentum and the Department of Energy tender places Conco in an exciting position where we have a reasonable probability of being awarded meaningful amounts of work throughout the roll out of the Refit Program.

In the core business of turnkey development and installation of sub-stations, overhead lines and protection systems Conco experienced growth in all its target markets.

BUSINESS OVERVIEW

Consolidated Infrastructure, the largest turnkey developer and installer of high-voltage electrical sub-stations and overhead cables in sub-Sahara Africa recorded strong profits for the six months ended 29 February 2012. The group continued its strategy of investing for the medium and longer term by adding project execution capacity for Conco, setting up of the Middle East region and incurring substantial bidding, legal and due diligence costs in the Renewable Energy division. At the corporate level the group expanded its investment in capacity to assess opportunities arising in the Energy and Infrastructure sectors.

Financial overview

Revenue grew by 12% to R763 million (2011: R680 million). Trading margins increased to 26,6% (2011: 25,4%) as management continued their focus on improved efficiencies, supply chain initiatives, geographic and project mix at Conco and realising cost savings in the Building Materials division.

The Power and Electrification sector is the core sector for CIG with 84% of CIG's revenue and earnings and 81% of EBITDA directly attributed to this sector.

Profit and headline earnings for the period improved by 19% to R55 million from the prior year's R46 million.

Earnings and headline earnings per share of 47,79 cents represents an increase of 17% over the previous period.

The debt-to-equity ratio increased to 9,8% (2011: 6,3%) as additional funds were raised in the prior year to recapitalise the Building Materials division. Interest cover as measured against EBITDA was 60 times. Net finance charges of R1,6 million were incurred against interest earned in the prior period of R0,6 million.

CIG's financial position remains strong due to strict contract management, where advance and progress payments are negotiated upfront. Working capital management remained an area of key focus. The current ratio has improved to 1,76 times (2010: 1,45 times) and during the period there has been no relative increase in arrear accounts.

Due to the December shut down period that takes place during the interim reporting period, the second half of the financial year has historically produced a stronger earnings performance. We expect this trend to continue in the current financial year.

As a result of the substantial increase in orderbook and extensive growth in tenders awaiting adjudication (including potential renewable energy work), sufficient working capital and guarantee facilities are a critical constraint to successful delivery of results. Accordingly, the group continues in its efforts with bankers and other providers of debt capital to ensure appropriate levels of facilities are in place at all times. On 30 November 2011 CIG raised R50 million cash by placing 5,2 million shares with selected institutions at R9,80 per share and, in addition, has secured a R100 million revolving credit facility with the Industrial Development Corporation (IDC) which, to date, is still unutilised.

The group is in the process of implementing a Medium-Term Note Programme to assist with its working capital requirements and has already received a Moody's credit rating of Baa2.za. The group intends to finalise the programme by the end of May 2012 by raising R200 million to R250 million with a tenor of 36 months.

The Building Materials division continues to operate at a satisfactory capacity, which is pleasing, given the continued constrained market conditions. Despite this, the division has again managed to increase its market share and recorded an increased operating profit for the period.

DIVISIONAL OVERVIEW

Conco

Conco, a market leader in its field, performed well over the past six months, securing a healthy 24% increase in its order book to R1,8 billion.

The division won project tenders to build and upgrade electrical sub-stations across the African sub-continent, including South Africa, Mozambique, Tanzania, Botswana and Ghana and expanded its African footprint into Kenya and Uganda, where tenders were secured. The period was characterised by higher than expected tender submissions.

New business increased some five-fold out of the South African Transportation sector, where sizable tenders were won from Transnet for the upgrade and electrification of existing infrastructure across South Africa. These tender projects involve the electrification upgrade of the existing Metrorail network and port structures.

Conco maintained a robust development programme for new operating capacity into Africa and the Middle East to meet the increased demand for power from these regions. The Saudi Arabian office based in Al-Khobar remains active in seeking and tendering for opportunities.

Revenue from the division increased 10% to R640 million (2011: R583 million) and EBITDA improved 26% to R79 million (2011: R62 million). A supplier of choice, the division continues to differentiate itself through distinctive design, a superior skills base and an excellent delivery record.

Building Materials
Despite a constrained Building sector and downward pressure on margins, the Building Materials division managed to maintain its market share. This was partly due to managements' decision to consolidate the division into a more efficient single business unit which will realise the expected cost savings in the current financial year.

Revenue increased 27% to R123 million (2011: R96 million) and EBITDA increased 48% to R27 million (2011: R17 million).

Prospects
The current order book at Conco, together with higher than expected levels of bidding, tenders awaiting adjudication and the prospects of the Department of Energy Renewable Energy Tender places the group on a solid foundation to continue to deliver growth.

The group is strategically positioned to provide infrastructure to the African Power Market, with the majority of clients being South African or African utilities. The geographic mix provides a fairly robust buffer against the volatility of the market place. The drivers of growth in these markets remain commoditisation and urbanisation and we continue to pursue opportunities across the continent. It is expected that, over the medium and longer term, the greatest constraint to growth is the availability of qualified engineers to execute work. In order to overcome this constraint Conco has implemented a Conco Skills Academy to educate and train young engineers and embarked on a recruitment drive to increase its skills base.

SHARES ISSUED FOR CASH
On 30 November 2011, the group placed 5,2 million shares (4,6% of shares in issue) for cash at R9,80 per share, to selected institutions. The proceeds raised will be used to bolster expected working capital requirements to facilitate further growth.

The increased number of shares has been used in calculating the headline earnings per share and fully diluted earnings per share for the period.

CHANGES TO THE BOARD OF DIRECTORS
Frank Boner, who has been acting as chairman since 10 January 2012, was appointed chairman of the group. Panos Voutyritsas, previously a non-executive director, is now employed as an executive director of the group.

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

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

Accordingly, no dividend has been recommended for the period.

BASIS OF PREPARATION
These consolidated interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), Interim Financial Reporting (IAS 34), AC 500 series of interpretations, the JSE Limited Listings Requirements and comply with the South African Companies Act, 2008 (as amended). The accounting policies applied are consistent with those applied in the annual financial statements for the year ended 31 August 2011. These results have not been audited or reviewed by the group's auditors.

Due to a change in management structures within the Building Materials division and, given the size of each operation relative to the overall profitability and asset base of the group, Building Materials is reported as one segment in the current period and the prior period's segmental reporting have been adjusted accordingly.

These unaudited interim results has been prepared under the supervision of the group financial director I Klitzner, CA(SA).

Appreciation
The directors and management of Consolidated Infrastructure wish to thank all staff for their focused efforts and loyalty. We also thank our customers, business partners, advisors, suppliers and our shareholders for their ongoing support and faith in the group.

By order of the board

Frank Boner
Chairman

Raoul Gamsu
CEO

2 May 2012

Non-executive director:
R Horton

Independent non-executive directors:
AD Dixon, A Darko***, N Mintah**, F Boner (Chairman)

Executive directors:
RD Gamsu, IM Klitzner, B Berelowitz, P Voutyritsas*
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