Consolidated
Infrastructure
Group Limited

REVIEWED PROVISIONAL CONSOLIDATED RESULTS

for the year ended 31 August 2013

R2 037 MILLION
Revenue up 31%
(2012: R1 553 million)

137,8 CENTS PER SHARE
HEPS up 19%
(2012: 116,1 cents per share)

R278 MILLION
EBITDA up 24%
(2012: R225 million)

R2,2 BILLION
Order book up 10%






STATEMENTS OF FINANCIAL POSITION

	Reviewed Year ended 31 August 2013 R'000	Audited Year ended 31 August 2012 R'000
ASSETS		
Non-current assets	867 718	819 151
Property, plant and equipment	364 368	313 704
Goodwill	462 220	462 220
Intangible assets	28 342	31 825
Deferred tax	6 316	8 250
Financial assets	6 472	3 152
Current assets	1 910 571	1 163 277
Inventories	93 156	65 972
Trade and other receivables	94 786	57 086
Amounts due from contract customers	1 216 896	635 412
Taxation receivable	1 402	368
Cash and cash equivalents	504 331	404 389
Total assets	2 778 289	1 982 378
EQUITY AND LIABILITIES		
Equity	1 579 991	1 146 503
Issued capital	13	11
Share premium	982 572	726 897
Share-based payment reserve	16 336	11 545
Foreign currency translation reserve	(1 960)	(3 074)
Non-controlling interest	1 086	12
Accumulated income	581 944	411 112
Non-current liabilities	496 658	396 053
Other financial liabilities	428 774	328 787
Provisions	8 232	8 065
Instalment sale liabilities	27 552	13 799
Deferred tax	32 100	45 402
Current liabilities	701 640	439 822
Other financial liabilities	10 256	17 711
Trade and other payables	499 467	232 569
Amounts received in advance	22 755	34 589
Amounts due to contract customers	113 369	108 930
Instalment sale liabilities	16 985	9 975
Taxation payable	38 808	36 048
Total equity and liabilities	2 778 289	1 982 378
Number of shares in issue (000's)	133 999	118 841
Net asset value per share (cents)	1 179	964
Net tangible asset value per share (cents)	813	549

STATEMENTS OF COMPREHENSIVE INCOME

	Reviewed Year ended 31 August 2013 R'000	Audited Year ended 31 August 2012 R'000
Revenue	2 037 402	1 553 522
Cost of sales	(1 528 347)	(1 116 409)
Gross profit	509 055	437 113
Other income	22 589	1 690
Operating expenses	(290 359)	(241 734)
Foreign exchange gain	37 211	27 990
Earnings before interest taxation depreciation and amortisation (EBITDA)	278 496	225 059
Depreciation and amortisation	(44 646)	(39 680)
Profit before interest and taxation	233 850	185 379
Interest received	17 631	18 457
Interest paid	(33 758)	(15 786)
Profit before taxation	217 723	188 050
Taxation	(46 097)	(51 146)
Profit for the year	171 626	136 904
Total profit for the year attributable to:		
Equity holders of the parent	170 832	136 892
Non-controlling interest	794	12
Other comprehensive income:		
Recyclable in profit and loss:		
Exchange rate differences on translating foreign operations	1 394	851
Total comprehensive income	173 020	137 755
Total comprehensive income attributable to:		
Equity holders of the parent	171 946	137 743
Non-controlling interest	1 074	12
Basic earnings per share (cents)	138,3	116,5
Diluted earnings per share (cents)	136,9	116,2
Fully diluted earnings per share (cents)	126,3	115,0
Reconciliation of headline earnings:		
Profit attributable to ordinary shareholders	170 832	136 892
Adjusted for:		
Profit on disposal of property, plant and equipment	(760)	(565)
Tax effect on adjustments	213	158
Headline earnings attributable to ordinary shareholders	170 285	136 485
Weighted average number of shares in issue (000's)	123 533	117 548
Diluted weighted average number of shares in issue (000's)	124 815	117 800
Headline earnings per share (cents)	137,8	116,1
Diluted headline earnings per share (cents)	136,4	115,9
Fully diluted headline earnings per share (cents)	125,9	114,6

STATEMENTS OF CASH FLOW

	Reviewed Year ended 31 August 2013 R'000	Audited Year ended 31 August 2012 R'000
Cash generated by operations before changes in working capital	273 341	226 523
Changes in working capital	(383 827)	(225 068)
Net (interest paid)/ received	(16 127)	2 671
Taxation paid	(55 764)	(13 845)
Cash flows from operating activities	(182 377)	(9 719)
Cash flows from investing activities	(60 928)	(42 789)
Cash flows from financing activities	343 257	320 870
Net increase in cash and cash equivalents	99 952	268 362
Effect on foreign currency translation reserve movement on cash balances	(10)	(9)
Cash and cash equivalents at beginning of year	404 389	136 036
Cash and cash equivalents at end of year	504 331	404 389

STATEMENTS OF CHANGES IN EQUITY

	Reviewed Year ended 31 August 2013 R'000	Audited Year ended 31 August 2012 R'000
Balance at beginning of the year	1 146 503	946 310
Issue of share capital and share issue expenses	255 677	50 893
Share-based payment reserve	4 791	11 545
Total comprehensive income for the year	171 946	137 743
Non-controlling interest	1 074	12
Balance at end of year	1 579 991	1 146 503

SEGMENTAL ANALYSIS

	Reviewed Year ended 31 August 2013 R'000	Audited Year ended 31 August 2012 R'000	Reviewed Year ended 31 August 2013 %	Audited Year ended 31 August 2012 %
Revenue				
Heavy building materials	309 923	272 898	15	18
Power	1 727 479	1 280 624	85	82
Corporate	–	–	–	–
Total	2 037 402	1 553 522	100	100
EBITDA				
Heavy building materials	61 865	57 840	22	26
Power	213 765	179 264	77	80
Corporate	2 866	(12 045)	1	(6)
Total	278 496	225 059	100	100

	Reviewed Year ended 31 August 2013 R'000	Audited Year ended 31 August 2012 R'000
ASSETS		
Heavy building materials	486 636	448 705
Power	1 259 482	868 846
Corporate	1 814 808	1 442 983
Total assets including Group loan accounts	3 560 926	2 758 925
Inter-group elimination	(782 637)	(778 156)
Total	2 778 289	1 982 378
LIABILITIES		
Heavy building materials	385 357	363 029
Power	676 214	419 397
Corporate	422 400	316 426
Total liabilities including Group loan accounts	1 483 971	1 097 243
Inter-group elimination	(285 673)	(262 977)
Total	1 198 298	835 875

CEO of CIG, Raoul Gamsu commented...
"We are pleased to deliver another robust set of results.

In South Africa, our power subsidiary Consolidated Power Projects (Pty) Ltd ("Conco"), successfully executed R600 million worth of highly complex electrical work on seven Round 1 projects of the Department of Energy's Renewable Energy Independent Power Producer Programme ("REIPPP"). Conco met all key milestones to date and with renewed focus and restructuring, is proving itself to be a competent supplier and contender in the REIPPP.

The continued demand for and development of new electrical infrastructure in West and East Africa, specifically Ghana and Kenya, contributed substantially to our earnings.

The Group expanded its Protection and Automation offerings and is positioned to service major utilities and municipalities on the African continent.

We also made further inroads in our Operations and Maintenance division to service the highly technical maintenance requirements of wind farm developers and original equipment manufacturers.

The Building Materials division expanded in line with a moderate pick up in the sector and two small strategic bolt-on acquisitions were completed during the year.

Our acquisition in specialist oil and gas waste management group, Angolan Environmental Serviços Limitada ("AES"), was announced on SENS on 3 December 2012. The quota (shareholding) is expected to be transferred next month. We have been involved with the running of this business since December 2012 and are pleased with its performance, which is in line with our expectations".

COMMENTARY

FINANCIAL OVERVIEW

Revenue grew by R483 million to R2 037 million, a 31% increase over the prior year. Earnings before interest, taxation, depreciation and amortisation (EBITDA) grew by R53 million to R278 million, a 24% increase over the prior year. The decline in EBITDA margin to 13,7% from 14,5% in the prior year is partly attributable to the lower margin South African renewable energy work. While the renewable energy work required specific intensive focus, it also resulted in an inability to fully exploit other operational efficiencies across other areas of the business.

The power and electrification sector continues to be the core business for CIG with 85% of CIG's revenue and earnings and 77% of EBITDA directly attributed to this sector.

Profit for the year improved by 25% to R172 million (2012: R137 million).

Earnings per share of 138,3 cents (2012: 116,5 cents) and headline earnings per share of 137,8 (2012: 116,1 cents) cents represents an increase of 19% over the previous year.

The debt-to-equity ratio remained constant at 30% (2012: 32%) despite an additional R130 million of funds raised through the medium-term note programme in August 2013. A portion of the first R270 million raised to finance expenditure from the alternative energy sector was deployed during the year into Renewable Energy Projects. The Group maintained a Moody's credit rating of Baa2.za as part of the programme.

As anticipated, the Group utilised working capital to fund the R500 million of turnover growth. The Round 1 renewable energy projects of the REIPP are in the final rounds of completion and consequently should unlock additional cash flow over the next six months.

The investment in amounts due from contract customers increased during the year due to the increase in revenue and an unfavourable shift in payment milestones negotiated within our existing contracts, specifically those relating to the Renewable Energy Projects. The Group has identified the negotiation of payment milestones as a critical area to reduce the required working capital to fund the growth of the business. Subsequent to year-end, management have begun to introduce controls to improve assessment of tenders prior to submission, which should ensure that projects deliver enhanced cash generation during execution.

COMMENTARY
continued

To deliver on the current order book and growth prospects the Group is satisfied that for the foreseeable future, sufficient facilities and guarantee lines have been secured through its bankers and other providers of capital.

DIVISIONAL OVERVIEW

Substations and high voltage electrification work

Conco, a market leader in its field, continued with its excellent track record and delivered solid results for the year. Revenue from the division increased 35% to R1 727 million (2012: R1 280 million) while EBITDA improved 19% to R214 million (2012: R179 million).

Conco secured a 10% increase in its order book to R2,2 billion (2012: R2,0 billion).

Over the past four years Conco has increased its revenue by a compounded 19% and sustainably positioned itself to successfully operate across its African continent. To underpin Conco's sustainable growth, management have sharpened its focus regionally to improve operational efficiency and flexibility. The Protection and Automation division which generated R136 million of revenue was deemed material enough to become a standalone business, with its own strategy, key customers and growth prospects.

Work stemming from the South African municipalities, historically a key market for Conco, was disappointing as the number of tenders issued during the year declined. In addition the issuing of the certificates required to proceed on large strategic projects was delayed as a result of external technical and bidding issues. Continued progress was made on the rest of the continent and significant contract wins were achieved in Tanzania, Kenya, Uganda and Zambia in East Africa whilst Ghana and Angola continue to develop.

The Saudi Arabia business successfully executed its first small project and the business has been selected for an additional R70 million project. Currently negotiations are ongoing and the Group anticipates closure within the next 30 days.

Protection and Automation

Protection and Automation is the control of power delivery systems to reduce the occurrence of, and shorten the duration of outages. The Conco Protection and Automation business was originally set up as an internal service provider in 2002. It has subsequently established a reliable name as a supplier of protection and automation schemes to major utilities and municipalities on the African continent.

The independent Protection and Automation division will extend its services to other market segments as the Group anticipates that the market for protection schemes will grow over the medium term. The individual focus will allow the independent division to focus on business development, assembly systems and processes that are more appropriate for a business of this nature. In addition, management will seek to augment the breadth of offering from this division.

Renewable Energy

In the first round of the REIPPP programme, Conco won R870 million of renewable energy business and after the certificates to proceed on the projects were issued in November and December 2012, has executed R600 million worth of business. The remaining R270 million is due for delivery in the next financial year. The projects were internally classified as having higher risks, particularly due to penalties for late delivery and grid compliance in terms of Eskom codes. To successfully complete these projects Conco re-assigned highly experienced internal personnel to meet the demanding deadlines and comply with the required stringent legal and risk criteria.

Although at the planning stage the Group underestimated some of the unforeseen challenges the Group expected to encounter during execution, a huge effort was expended at every level of the organisation and the team to date, has successfully delivered on all these projects in compliance with set standards, on time and without any penalties.

Operations and Maintenance

Incubated within Conco, the new division was formed to supply the prescribed operational and maintenance services to wind farms, solar parks, municipalities and utilities on a long-term basis. The division won a maintenance balance of plant and a turbine maintenance contract during the year. The necessary foundations for its success have been established and it has developed management capacity and undertaken training of its South African technicians by the Danish Wind

Academy. The division's management actively engaged with both the wind farm developers and the original equipment manufacturers to secure and meet their highly technical maintenance requirements, which is imperative to sustain the assets on a long-term basis.

Developing skills

The recruitment drive to increase the Group's skills base continues at the Conco Skills Academy and over the past year an additional eight interns were enrolled in the Group's programme. The Academy has recruited 16 candidates for 2014 and introduced a bursary scheme for engineering graduates. The Academy seeks to develop and educate engineers according to Conco's high standards with the intention of retaining these graduates to contribute to Conco's robust growth plans.

Building Materials

The Building Materials division had another successful year and continued to gain market share particularly in the roof tile market. Market conditions improved from the lows of 2009/2010 but remain volatile. The market continued to respond negatively to price increases and the division was unable to pass on the full extent of cost increases.

Revenue increased 14% to R310 million (2012: R273 million) and EBITDA increased 7% to R62 million (2012: R58 million).

During the year the division increased its capacity and range with the acquisition of a small roof tile operation and purchase of the Laezonia quarry which is situated close to a high growth node in Northern Johannesburg. These acquisitions did not contribute to the current year's results and we expect them to deliver a positive contribution in 2014.

Oil and Gas Services

AES collects, recycles and disposes of the oil-based waste created during the process of drilling for oil.

AES has an exciting growth trajectory as the level of oil drilling increases and the industry in Angola prepares for the more stringent environmental standards scheduled to be implemented in 2014. To fund the growth of the business, AES concluded a USD30 million financing agreement with Standard Bank Angola. This will allow AES to meet the demand for their specialist services with minimal additional shareholder assistance.

AES performed in line with expectations and substantial new contracts were won with the international oil companies. Two major clients requested extensions on the implementation of the environmental standards which will allow them additional time to comply. Consequently these two clients have not yet contracted for the additional services.

It is anticipated that CIG's acquisition of quota holding (shares) in AES will be discharged and transferred to an Angolan incorporated company controlled by CIG International in November 2013.

Had CIG equity accounted the results of AES for the eight months ended August 2013 it would have contributed 18 cents of additional earnings per share.

PROSPECTS

The current order book of Conco together with higher than expected levels of bidding and tenders awaiting adjudication will contribute to the Group's sustainable growth path. Business development through our Mauritian-based subsidiary, Consolidated Power Projects International (Pty) Ltd, has made progress with significant non-South African clients in developing turnkey solutions. The potential size and scope of those projects managed and controlled through our Mauritian subsidiary is greater than we have historically executed. There is however some downward pricing pressure from Iberian and Asian competitors in order to potentially secure these high value contracts.

The Group expects that the Protection and Automation division will receive significant enquiries for protection schemes from utilities over the next 12 months. If successful they will have a material impact on the division in 2015.

The Renewable Energy division still has one-third of Round 1 of the REIPP programme to complete. While there are currently ongoing negotiations on the award of Round 2 projects the Group has secured orders of R290 million out of a potential R500 million. Our strategy to offer large full turnkey projects didn't prove to be as successful as in Round 1, as developers divided the projects between multiple contractors and we secured a smaller amount of work than expected. We believe we remain well positioned for Round 3 as the market observes our high-quality output and ability to mitigate risks as a turnkey EPC (in full) once the Round 1 projects are commissioned on-time.

The Group's recent investment into operating and maintenance is showing positive signs. The division has noted an increasing trend from municipalities to outsource maintenance on a longer-term contractual basis, which should benefit the division.

The Group continues to mitigate market volatility risk by operating in multiple geographies across the African continent. The continent continues to experience higher than average growth rates, which are expected to accelerate with the demand for minerals, oil, gas and food security. Favourable demographics and increasing population growth rates together with increasing urbanisation and purchasing power will increase the opportunities for Conco and the Group.

The Group is actively pursuing acquisitions in South Africa and on the African continent, which are synergistic to the current business operations or transformative in nature across the infrastructure services sector.

REVIEW OPINION

These reviewed provisional consolidated annual financial results have been reviewed by Grant Thornton (Jhb) Inc. Their unqualified review opinion is available for inspection at Consolidated Infrastructure's registered address. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors.

SHARES ISSUED FOR CASH

On 9 May 2013, the Group placed 15 million shares (12,6% of shares in issue) for cash at R17,20 per share to selected institutions. The proceeds raised will be used to fund the settlement of the AES acquisition and to bolster expected working capital requirements to facilitate further growth.

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

DIVIDEND POLICY

The dividend policy was reviewed by the board. After taking into account prevailing circumstances and future cash requirements, all earnings generated by the Group will be utilised to fund the anticipated growth in the coming year. Accordingly, no dividend has been recommended for the period.

BASIS OF PREPARATION

These reviewed provisional consolidated annual financial results have been prepared in accordance with International Financial Reporting Standards (IFRS), Interim Financial Reporting (IAS 34), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and comply with the requirements of the South African Companies Act 2008, as amended. The accounting policies are consistent with those applied in the prior year other than the adoption of the revised IAS 1 whereby Other Comprehensive Income needs to be split between those items that can be reclassified to profit and loss and those that can't.

These reviewed results have 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

29 October 2013

www.ciglimited.co.za

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

Executive directors
RD Gamsu, IM Klitzner, B Berelowitz

Non-executive directors
K Bucknor*

Independent non-executive directors
R Horton, AD Dixon, A Darko*, J Nwokedi, F Boner (Chairman)
** Ghanaian*
There was no change to the board of directors during the year

Company secretary
Probity Business Services (Pty) Ltd

Transfer secretaries
Computershare Investor Services (Pty) Ltd

Sponsor
Java Capital

Auditors
Grant Thornton (Jhb) Inc.

DISCLAIMER

The Group has in good faith made reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be regarded as "forward-looking statements".

Forward-looking statements may be identified by words such as "believe", "anticipate", "expect", "plan", "estimate", "intend", "project", "target".

Forward-looking statements are not statements of fact, but statements by the management of the Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the Group's future performance and no assurance can be given to this effect.

The risks and uncertainties inherent in the forward-looking statements contained in this document include but are not limited to changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

The Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits or consequential loss or damage.