



## **Kentz Corporation Limited Interim Financial Results 2011**

*London, Tuesday 30 August 2011:* Kentz Corporation Limited (the “Company” “Kentz”), the holding company of the Kentz Engineering and Construction Group, today announces its unaudited Group results for the six months ending 30 June 2011.

### **Financial Highlights**

- Revenue in the first half of 2011 increased by 48.2% to US\$643.5m (H1 2010: US\$434.3m)
- Profit before tax increased by 49.8% to US\$37.7m (H1 2010: US\$25.2m)
- Profit before tax margin increased to 5.9% (H1 2010: 5.8%)
- EPS (basic) 26.86 US cents up 79.7%. EPS (diluted) 26.05 US cents. (H1 2010: (basic) 14.95 US cents and (diluted) 14.72 US cents)
- Good backlog position of US\$1,569.9m\* as of the end of June 2011 (Dec 2010: US\$1,602.6m\*) further strengthened to the end of July to US\$2,391.1m\*\*
- The Directors have approved an interim dividend of 5.0 US cents per share up 67% (H1 2010: 3.0 US cents) payable in October 2011

\* Includes Kentz's share of Gorgon LNG construction village joint venture

\*\* Includes Kentz's share of Gorgon LNG construction village and Gorgon MEI joint ventures

### **Operational Highlights**

- Continued expansion in the Australian operations has helped produce orders on hand in this country of over US\$1,167m with visibility until 2015
- Acquisition of RNE Engineering and Projects (Pty) Limited, a leading supplier of engineering services, for a total cash consideration of approximately US\$10m over a period of four years
- Strong growth in the mining and metals operations, driven by good project progress in Southern Africa and the Dominican Republic and new awards in the Middle East
- Creation of an Asset Enhancement Services offering for clients including brownfield engineering, maintenance and turnaround, and operations support under the Technical Support Services Business Unit
- Award of a US\$2.3bn contract by Chevron Australia, in joint venture with CB&I, for the mechanical, electrical and instrumentation (MEI) work on the Gorgon Project on Barrow Island, Western Australia. Kentz's 35% share of this award provides visibility of future work through until 2015

- Award of US\$35m contract by the National Petroleum Refiners of South Africa (Natref) at the Natref Crude Refinery in Sasolburg for shutdown management and execution over a five year period
- Signed three year Framework Agreement with Shell to provide services in executing plant change requests at Pearl GTL in Ras Laffan, Qatar. Further brownfield engineering and plant modification contracts in Qatar at RasGas and Qatar Gas facilities
- Award of a US\$33.6m procurement, construction and commissioning contract for a copper processing plant at Bariq Mining's new copper mine at Jabal Sayid in Western Saudi Arabia
- EPC contract award worth in excess of US\$30m by Abu Dhabi Gas Industries Ltd (GASCO) to replace the existing emergency shutdown system and associated field instrumentation at Habshan 0 and Habshan 1 plant
- Following significant recent awards current prospects sit at US\$3.24bn as at the end of July 2011, compared to US\$3.70bn as at March 2011
- Delays experienced at the Medupi Power Station project in South Africa due to site unrest and nationwide strikes. Provision in place to cover cost to Kentz

### **Current Trading and Prospects**

- Record backlog as at the end of July 2011 was US\$2391.1m\*, an increase of 49.2% since year end December 2010
- The order intake to the end of July 2011 was US\$1,559.0m compared to US\$1,264.9m for full year 2010
- Successful graduation to the Main Market of the London Stock Exchange
- We anticipate delivering comparable revenue and margin weightings for the second half of the year.
- Following our strong trading position during the first half of 2011 and our continued positive trading since the end of June we expect to materially exceed our earlier targets for the full year

\* Includes Kentz's joint venture share of Gorgon LNG construction village and MEI contracts

**Commenting on the results Hugh O'Donnell, Chief Executive Officer of Kentz said:** "Kentz continued its strong performance in the first half of 2011 delivering a number of key developments for the Group. These included expanding our Asset Enhancement Service offering to clients, completing the acquisition of engineering and project management company RNE, and exceptional delivery in our mining and metals business. The backlog continues to strengthen and it is particularly pleasing to report a substantial growth in visibility of orders on hand following the award of the significant Gorgon MEI contract in July. Kentz is well-positioned through its unique spread of service offerings to align with the needs of core clients as well as capitalise on new opportunities with leading oil and gas and resource customers across their global operations."

For more information about Kentz please refer to our website [www.kentz.com](http://www.kentz.com) or contact:

Kentz Corporation Limited  
Tel: +44 (0)20 3159 4001  
Elizabeth Rous  
Catriona Nugent

## **Chairman's Report**

I am pleased to report that the first six months of the year have gone very well for Kentz with further growth in sales and earnings, and good progress across its global operations. For the six months ended 30 June 2011 sales increased by 48%, profit before tax increased by 50% and backlog remained solid at US\$1.6bn. In addition, we have also increased the interim dividend by 67%.

There is very little that can be declared with certainty in the current global economy. However, the International Energy Agency remains optimistic that world primary energy demand is set to increase by 36% to 2035. Growth in demand for gas far surpasses that for other fossil fuels due to its more favourable environmental and practical attributes. China's gas demand accounts for more than one-fifth of the increase in demand to 2035 and reinforces the optimistic outlook for LNG projects set to move ahead in Australasia.

Kentz's strategy has been to focus on measures that are within its control; excellent geographic spread, a strong and diversified client base and certainty of project delivery. In addition, its ability to engage in strategic partnerships has fuelled growth and mitigated risk, particularly when entering new areas. The recent award of the Gorgon MEI contract by Chevron in Western Australia, the largest project value in the Company's history, is testament to this and substantiates Kentz's position in this important market.

The Board would like to congratulate Hugh O'Donnell and his management team for the successful graduation of Kentz's shares to the Main Market of the London Stock Exchange. Kentz has grown significantly in the past three years of public ownership and we feel confident that the Company is well-positioned to continue to deliver for its shareholders.

Tan Sri Mohd Razali Abdul Rahman  
**Chairman**

## Chief Executive Officer's Report

During the first half of 2011 we have continued to deliver sustained growth across the business. The Group's revenue increased by 48.2% to US\$643.5m, profit before tax was up by 49.6% to US\$37.7m, gross cash at the end of the first half of 2011 was up 6.7% to US\$211.1m (H1 2010: US\$197.8m).

We anticipate delivering comparable revenue and margin weightings for the second half of the year. The increase in H1 profit before tax is due primarily to a stronger performance from our Construction and Technical Support Service Business Units, leading to the profit before tax margin increasing from 5.8% in H1 2010 to 5.9% in H1 2011. This has been partially offset by cost provisions put in place for the Medupi contract.

## Backlog

The Group's backlog of work at the end of June 2011 was US\$1,569.9m, down marginally from US\$1,602.1m for the same period in 2010. As at the end of July backlog had increased to US\$2,391.1m following new awards in the month.

The Company is working on bids and proposals for target prospects valued in excess of US\$3.24bn and we are pursuing a number of strategic prospects which have a longer development period, typically twelve to eighteen months, valued at US\$5.65bn. Our order intake to end July 2011 was US\$1,559.0m which includes \$229m of natural growth from existing contracts.

The profile of the Group's backlog at 30 June consists of Specialist EPC at 42% (H1 2010: 57%), Construction at 38% (H1 2010: 33%) and Technical Support Services at 20% (H1 2010: 10%).

*NB: Backlog reflects the value of future work load on Kentz's books for the Specialist EPC, Construction and Technical Support Services business units. It comprises the value of work in contracts in progress, yet to be completed and confirmed new orders received. Backlog is not an audited measure and other companies may calculate the measure differently.*

## Global Business Units

Each of our Global Business Units (GBUs) has benefited from increased exposure across the extended Kentz global network with group revenues increasing 48.2% over the same period in 2010. The three GBUs, comprising of Specialist EPC, Construction Services and Technical Support Services have each increased revenues and have taken operational advantage of the Kentz global footprint to provide services into new projects in both existing and new geographies. In this regard Kentz has reacted quickly in providing services to large scale investments by our clients into new oil and gas production projects in Russia, the Middle East and Canada; LNG investments in Australasia; metals and mining projects in Southern Africa and Australia; and petrochemicals in the Middle East.

Revenues by Global Business Unit				
	H1 2011	H1 2010	% Change	Recent project values range
Specialist EPC	\$181.0m	\$107.0m	69%	\$50-250m
Construction	\$330.1m	\$210.7m	57%	\$30-800m
Technical Support Services	\$132.4m	\$116.6m	14%	\$3-100m

## Specialist Engineering, Procurement and Construction (EPC)

The Specialist EPC Business Unit has had a successful period of growth in revenues; H1 2011 revenues were up 69.1% to US\$181.0m (H1 2010: US\$107.0m). The backlog for the business unit stood at US\$654.1m as at the end of June 2011 with significant opportunities in our overall pipeline. The growth in revenue has been underpinned through continued expansion in Australasia, where a number of new very significant LNG projects are under development. Kentz is currently involved in delivering EPC solutions on two large scale LNG projects in this region. The Australasian, Middle East and African operations continue to experience new opportunities where there continues to be strong demand for onshore oil and gas processing facilities and infrastructure in these particular regions.

The growth of our EPC business unit has been driven through a combination of complementary strategies. These include: leveraging our international footprint with our core clients in new and remote areas; the centralisation of competitive centres of engineering excellence in a number of locations; developing Process EPC expertise with our joint venture company Kentz Global Oil and Gas Process Systems Ltd; and a continued focus on niche EPC opportunities in upstream oil and gas.

In this regard, Kentz now has five regional engineering centres of excellence supporting clients' projects based in Qatar, Saudi Arabia, Abu Dhabi, South Africa and Australia. The geographic spread of these centres ensures proximity to our clients and suppliers, as well as delivering global solutions to local challenges for more remote projects.

In Australia Kentz continues work on the AUD\$150m EPC telecommunications package and the AUD\$729m contract for the construction village project on Barrow Island, in joint venture with Decmil and Thiess; both part of the Chevron AUD\$43bn Gorgon LNG project.

In South Africa, we have a number of on-going capital and brownfield EPC projects with Sasol through our engineering contractor agreement. The EPC team in Southern Africa is busy developing several new exciting opportunities in the oil and gas, mining, metals and infrastructure sectors in the region. The outlook for 2012 is very positive and the acquisition of RNE has unlocked further potential in the sectors we are currently serving.

In the Middle East region Kentz continues to deliver a number of EPC projects; the Process EPC upgrade for two existing glycol regeneration trains at QP's Fahahil Stripping Plant in Dukhan, Qatar; the US\$36m Qatar Petroleum contract at its Halul Island facility for the new Internet Protocol (IP) based integrated security and telecom systems; the US\$30m ADGAS contract for the Storex Control Systems upgrade on the LNG, LPG, Sulphur storage and Jetty Loading facilities on Das Island. Recently the team on the US\$85m contract on the Ras Laffan Refinery port project for Qatar Gas successfully completed its handover to the client.

In Yemen our contract on the OMV Process Facility remains on hold and we are awaiting direction on remobilisation to the project site from our client.

The overall pipeline of current and strategic prospects for the Specialist EPC Business Unit stood at US\$4,134m at the end of June 2011 (H1 2010: US\$4,434m). There are a number of significant opportunities in both Australasia and Iraq for Kentz.

## Construction services

This business unit performed particularly well during the first half of 2011 with 56.7% growth in revenues to US\$330.1m (H1 2010: US\$210.7m). Project activity across all regions and sectors, including oil and gas, metals and mining and power, remains strong for Construction, evidenced by the volume in both natural growth from existing contracts and new awards during 2011.

The Construction Business Unit has been successful in delivering a blend of services pertaining to each of the markets in which Kentz operates. In mature markets such as Australia and Canada and in open maturing markets such as the Middle East we have focused on delivering solutions along the original core business of Kentz in electrical, instrumentation and controls. In new and remote markets, such as Sakhalin Island and Madagascar, Kentz has delivered a more complete range of construction services across a number of disciplines covering civil, mechanical, piping, electrical and instrumentation.

In Sub-Saharan Africa, Kentz continues to deliver construction services on a number of mega resources projects in the region; the US\$69m Moatize Coal Project in Mozambique; the the US\$100m Ambatovy Project in Madagascar and the US\$310m Medupi power contract for Eskom's power generation roll-out. The Medupi Power Plant project has experienced some delays outside of Kentz's control, resulting in an expected cost increase that we have made provision for. We are working closely with the client to reschedule the remaining works and are committed to the successful completion of this high profile project.

In Australia our focus has been on LNG projects delivering a number of services for the Pluto LNG Project in Karratha, Western Australia. Following the recent achievement of securing the US\$805m contract for Gorgon MEI we remain positive about future opportunities for our Construction business in Australia, both in LNG and the mining and metal sectors.

In the Middle East, Kentz provides construction services on the Saudi Kayan Petrochemicals Complex Project in Jubail, the Saudi Aramco feedstock facilities in Saudi Arabia, and on Qatar Gas's new LNG Berth 6 loading facility in Qatar.

In the Americas, Kentz is providing construction services in a number of locations: on the Kearl Oil Sands project in Canada; with Petrotrin Refinery on a number of projects in Trinidad & Tobago; and in the Dominican Republic for Barrick Gold.

The Construction Business Unit backlog has continued to grow and backlog stood at US\$592.4m as of the end of June 2011 (H1 2010: US\$527.2m). This was boosted further in July 2011 with the US\$2.3bn award to the CB&I Kentz JV for the Gorgon MEI Project, valued at approximately US\$805m to Kentz. The overall pipeline of current and strategic prospects for Construction at the end of June stood at US\$3,528m (H1 2010: US\$2,393m) with a number of significant opportunities in Australasia and Africa.

## Technical Support Services (TSS)

The TSS business unit has performed well during the first half of 2011 with revenues increasing to US\$132.4m (H1 2010: US\$116.6m). We have seen demand for technical services at remote based projects and continued growth on projects where Kentz is also executing either specialist EPC or Construction services.

The TSS Business Unit has grown steadily through providing a broad range of high value services across the life cycle of the project. These services are delivered to high value blue chip clients particularly in remote project locations. Kentz works in the early stages of project development, at the front-end engineering and design phase (FEED) before EPC work commences. We perform specific FEED study programmes and have teams of specialist personnel engaged with the client delivering validation and budgeting. Once the project receives approval, a team then typically works as part of an integrated project management group, providing specialist services and systems to support the management of the project.

Kentz also provides process plant maintenance, shutdown and turnaround management services for clients on an international basis, as well as commissioning services for the upstream oil and gas in both offshore and onshore applications, refining, petrochemicals and in the metals and mining industries.

In addition, the formation of our Asset Enhancement Services business has generated new contracts for brownfield engineering services for a number of oil and gas facilities that have come on stream during 2011.

The Global Framework Continuing Engineering Service Agreement with ExxonMobil Global Services Company has supported growth within the TSS Business Unit. The framework agreement, which covers the provision of engineering, design and technical support services to ExxonMobil projects around the world is currently being utilised to provide services for a number of projects throughout Australasia, the Middle East, Russia, North America and Canada. This contract is now being utilised to look at opportunities in new areas of operation.

In the Middle East the TSS Business Unit has been successful in receiving awards from a number of clients to provide on-going brownfield engineering service contracts that are being delivered from our engineering centre in Qatar. These include Qatar Shell GTL, RasGas, Oryx GTL and Qatar Gas. The TSS group in Qatar also supported the final stages of commissioning of the mega Shell Pearl GTL project in Qatar. In Saudi Arabia, Kentz has a US\$35m contract for the provision of engineering, consultancy, procurement and onsite construction support services on the development of infrastructure with the Royal Commission for Jubail and Yanbu in Saudi Arabia and in Kuwait we have a PMC support services contract with Fluor for the Kuwait Oil Company.

There has been on-going growth in the TSS division during 2011 in challenging areas where existing Kentz teams are delivering for our clients; in Far East Russia on the Chayvo, Odoptu and Arkutun-Dagi projects for ExxonNefteGas; in Madagascar for Sherritt Mining and in Papua New Guinea for ExxonMobil

In Canada, we participated in a number of Oil Sands developments delivering telecommunications engineering and procurement services for the Kearn Oil Sands and commissioning and telecommunications engineering services for Syncrude. In the US market we participated in the start-up of the Golden Pass Liquefied Natural Gas terminal in Texas, and are supporting ExxonMobil through our Global Framework Agreement on a number of other projects in the US market. In Southern Africa, we continue to provide construction and maintenance, shutdown and turnaround services to Sasol facilities, as well as Natref, Engen and Sappref.

The Technical Support Services Business Unit backlog has continued to grow to US\$323.0m as of the end of June 2011 (H1 2010: US\$164.0m). This substantial growth has been supported by a number of recent awards for support service

contracts with core clients to provide management, completions and commissioning services on oil and gas infrastructure and production systems in the Arctic and Australasian regions. The overall pipeline of current and strategic prospects for the TSS Business Unit at the end of June 2011 stood at US\$1,371m (H1 2010: US\$732m). The pipeline includes an increased focus on longer term maintenance service contract opportunities and the demand for technical services to support the boom in the development of remote onshore oil and gas facilities. We see significant opportunities to grow the asset enhancement services business, where EPC and Construction teams have built relationships with our core clients.

## Geographical review

In the first half of 2011 we have seen further growth in our core markets;

<b>Revenues by Core Markets</b>			
	<b>H1 2011</b>	<b>H1 2010</b>	<b>% Change</b>
Southern Africa	\$259.5m	\$82.6m	214%
Middle East	\$223.5m	\$198.7m	13%
ACE*	\$174.2m	\$98.6m	77%
Arctic and New Areas	\$36.9m	\$54.4m	-32%

\* Includes an additional US\$50.6m of sales during the period attributable to Kentz's share of the Thiess Decmil Kentz joint venture, which are accounted for on an equity basis.

In Australia, we continue to see considerable ongoing investment in LNG liquefaction to take place in the Pacific Rim over the mid to longer term. Several LNG processing facilities are either under development or in implementation, all of which are significant in size and complexity. Several of these projects are located in remote areas where prior international LNG project remote area experience held by Kentz will be a strong advantage.

The Middle East is showing signs of significant future expansion. New projects are being developed by both national and international oil companies, especially in Iraq, UAE and Saudi Arabia for oil and gas production, petrochemical and refining industries.

The Arctic and New Areas revenues reduced as the region had a specific peak in activity during 2010.

In Iraq Kentz, together with our local partner Dome is actively pursuing both EPC and Technical Support Service project opportunities with many of the newly established operating companies. Kentz is currently established and operating in 28 countries worldwide, including the Middle East, Southern Africa, Australia, Far East Russia, the Caribbean, South East Asia, USA, Canada and Europe.

## Sector review

<b>Revenues by sector*</b>			
	<b>H1 2011</b>	<b>H1 2010</b>	<b>% change</b>
Oil, gas and petrochemicals	63.0%	78.0%	-15.0%
Metals and mining	23.7%	9.2%	14.5%
Power operations	7.1%	5.4%	1.7%
Other businesses	6.2%	7.4%	-1.2%

The growth in H1 2011 revenues in the metals and mining sector has come about due to growth in some of our scope of work on two of our projects in this area.

*\* Includes an additional US\$50.6m of sales during the period attributable to Kentz's share of the Thiess Decmil Kentz joint venture, which are accounted for on an equity basis.*

### **Client review**

Kentz maintains a good balance and mix of clients with 49.6% of revenues\* in the first half of 2011 coming from end user international and national oil companies (H1 2010: 55.4%). These clients include Shell, ExxonMobil, Chevron, Sasol, Woodside, Saudi Aramco, Kuwait Oil Company, OMV, Qatar Petroleum, Adnoc and KNPC. A further 36.4% of revenues came from leading engineering and project management companies (H1 2010: 27.7%), such as Fluor, Foster Wheeler, SNC Lavalin, Linde and GEA. The remaining 14.0% from other sources (H1 2010: 16.9%); primarily key clients in the metals and mining sector, which amongst others include Vale, ArcelorMittal Steel, Rio Tinto, BHP Billiton, Kenmare Resources, Xstrata and Anglo American.

*\* Includes an additional US\$50.6m of sales during the period attributable to Kentz's share of the Thiess Decmil Kentz joint venture, which are accounted for on an equity basis.*

### **Health & Safety and Environment (HSE) Report**

The health and safety of our workforce continues to be our number one value. Kentz's Total Recordable Injury Rate (TRIR) for the first half of 2011 was 0.38 compared to 0.13 for the same period in 2010. This increase observed in TRIR has come predominantly from new and remote areas of operation. We executed just over 31 million man-hours for the first six months of 2011, an increase of over eleven million man-hours for the same period in 2010.

We have continued with the implementation of our behaviour-based safety programme; the Safety Observation Card System, which recorded over 1.1 million observations made during the first half of the year (H1 2010: 0.4m). The programme has shown that 99.3% (H1 2010: 99%) of the employees observed were found to be working with safe behaviour. During the first half of 2010 we completed over 169,000 HSE training hours (H1 2010: 59,000).

### **Growth Strategy including Acquisitions and Business Opportunities**

The Kentz strategy is to continue to grow our business both organically and by way of acquisition. We have continued to increase our addressable market through growing our service offering across an expanded international footprint. Across the Energy and Resources space our focus has been in growth with core clients; IOCs, NOCs, Mining Resource Companies and EPCM clients. As we progress our growth expansion we remain focused on increasing our service capabilities and our capacity in three distinct areas; oil and gas processing solutions, the operations and maintenance of processing facilities and growth with new clients and in new geographies.

In oil and gas processing solutions our focus remains in expanding our business model to grow a technology platform by way of both acquisition and by joint venture. The acquisition of RNE earlier this year has proven very successful and we are

working closely together in the development and execution of several EPC projects which are progressing well. In our joint venture activities Kentz Global Oil and Gas Process Systems Ltd, our joint venture company with GPS Inc., continues to focus on building a platform for Kentz Oil and Gas Process expertise with several opportunities for further growth.

The acquisition a year ago of a 49% interest in Dome General Contracting Company Ltd. (Iraq), has positioned Kentz for opportunities in Iraq's Oil and Gas spend; our focus being both process and non-process infrastructure projects. The Company continues to look at opportunities to make acquisitions in the upstream oil and gas industry that will provide a good strategic investment as well as creating value for our shareholders.

The creation of our new Asset Enhancement Services group earlier this year increases our capacity and offering to our clients. Within this the brownfield engineering, maintenance and turnaround, and operations support of the Technical Support Services Business Unit have been realigned to provide an improved offering to clients. We may look to increase our geographical presence by way of acquisition in this area should the correct opportunity arise.

Elsewhere Kentz's joint venture partnerships in Australia, the Caribbean and in Far East Russia, continue to prosper with ongoing awards and growth in backlog.

An important part of the growth strategy has been in the formation of joint ventures to provide a sustainable local capability in niche services. We continue to evaluate further joint venture and alliance opportunities with other industry participants where we perceive such partnerships will enable us to reduce and diversify risks, provide greater cost efficiency, increase the number of opportunities that can be pursued, and capitalise on the client relationships of each party.

## **Outlook**

Growth in our core Energy and Resources markets to service growing world demand in these sectors is being validated by double digit increases in capex spend by E&P and resource companies during 2011. This continues to provide increased visibility for future growth opportunities into 2012 and 2013.

Kentz's reorganisation into three GBUs has continued to provide a sustained foundation for further growth, with each business unit increasing in geographic reach and sales. Up to the end of July 2011 we have generated a record backlog of US\$2,391.1m with some major new contract awards during 2011 providing increased visibility in our order book into 2015.

Our strategy of focusing on oil and gas, petrochemicals and energy projects in developing regions has been highly successful, and we continue to build on the strong foundations in our core markets. In addition, we have seen a significant increase in our metals and mining business in remote parts of Africa and Australia, which we expect to continue in the long term.

Recent IEA forecasts suggest the demand for energy is set to grow 36% between 2008 and 2035. Within this growth, the demand for gas is set to exceed this at around 44%, driven by continued growth in developing economies and a reduced focus on nuclear power in Far East Asia. Specifically the development of the Pacific Rim as a major LNG liquefaction centre continues to strengthen in the first half of 2011. Kentz has been awarded significant LNG projects in this area and we expect

investment to continue. Kentz's strength is its ability to provide engineering, procurement and construction services to remote and logistically challenging projects, and is therefore well placed to service this demand. Our GBUs are enabling us to fully service our clients' needs in these areas.

We have built sustainable foundations in many of the markets in which we operate and the achievement of record backlog as at the end of July 2011, underpinned by strong order intake during the period of US\$1,559.0m, gives us excellent visibility of projects on hand.

Following our strong result in the first half of the year and our continued positive trading since the end of June we expect to materially exceed our earlier targets for the full year. Continued demand for our complementary services across an increasingly diversified client base, provides optimism for the outlook and future success of Kentz.

Hugh O'Donnell  
**Chief Executive Officer**

## **Chief Financial Officer's Report**

### **Summary of Key Financial Indicators**

<b>For the six months ended 30 June</b>	<b>2011 (US\$m)</b>	<b>2010 (US\$m)</b>	<b>% Change</b>
Sales Revenue	643.5	434.3	+48.2%
EBITDA	45.4	32.4	+40.3%
Profit before tax	37.7	25.2	+49.8%
Profit after tax	28.6	18.5	+54.4%
Profit after tax attributable to shareholders	31.3	17.4	+79.6%
Cash (used in)/generated from operations	(2.6)	42.2	-106.2%
Cash and equivalents at period end	193.5	196.0	-1.3%
Diluted earnings per share (US cents)	26.05	14.72	+77.0%
Backlog	1,569.9	1,602.1	-2.0%

### **Consolidated Income Statement - Overview of Trends**

<b>For the six months ended 30 June</b>	<b>2011 (US\$m)</b>	<b>2010 (US\$m)</b>	<b>2009 (US\$m)</b>
Sales Revenue	643.5	434.3	328.8
Gross Profit	78.7	53.8	43.8
% of sales	12.2%	12.4%	13.3%
S.G. & A. expenses	48.6	34.4	26.2
% of sales	7.5%	7.9%	8.0%
EBITDA	45.4	32.4	22.1
% of sales	7.1%	7.5%	6.7%
Profit before tax	37.7	25.2	18.5
% of sales	5.9%	5.8%	5.6%
Profit for the period	28.6	18.5	13.8
% of sales	4.4%	4.3%	4.2%
ROCE	15.3%	13.4%	12.3%

The Group accounts are prepared in accordance with IFRS.

## **Summary of Group Income Statement Highlights**

### **Revenue**

Sales revenues from continuing operations for the six months to 30 June 2011 are up 48% to US\$643.5m (30 June 2010: US\$434.3m) mainly due to increased project activity in the African region.

In monetary terms, we have achieved growth in all of our business lines. Specialist EPC revenues have increased by 69%, Construction by 57% and Technical Support Services by 14%. The split of Group revenue is now: Specialist EPC 28% (H1 2010: 25%), Construction 51% (H1 2010: 48%) and Technical Support Services 21% (H1 2010: 27%).

Our order backlog at 30 June 2011 stands at US\$1,569.9m of which US\$654.1m (42%) consists of Specialist EPC, US\$592.4m (38%) Construction and US\$323.4m (20%) Technical Support Services.

Sales to the oil and gas and petrochemicals market in H1 2011 totalled US\$386.1m or 60% of Group revenues, (H1 2010: 78%). We have witnessed strong growth in our Metals and Mining sector, with sales now accounting for 26% of Group revenue in H1 2011 (H1 2010: 9%). Our remaining revenues have come from the power sector (8%) (H1 2010: 5%) and from other sectors (6%) (H1 2010: 8%).

### **Gross Profit**

Gross profit of US\$78.7m or 12.2% of sales was recorded in the six months to 30 June 2011, an increase of US\$24.9m or 46.2% on the 30 June 2010 figure of US\$53.8m or 12.4% of sales. Overall the gross margin percentage reported has dropped from 12.4% in H1 2010 to 12.2% in H1 2011 primarily as a result of a greater proportion of profits coming from joint venture activities in Australia which are equity accounted and as such are included at the PBT level (see below).

### **Selling, General & Administrative Expenses (SG&A)**

SG&A expenses in the six months to 30 June 2011 increased by US\$14.2m to US\$48.6m in absolute terms (30 June 2010: US\$34.4m). In relative terms this equates to 7.5% of sales which is down on the figure reported in H1 2010 of 7.9%. Included in this figure is US\$2.9m of costs associated with the recent move from AIM to the Main Market of the London Stock Exchange.

### **Other operating income**

Net other operating income of US\$0.9m for the period is up US\$0.3m on the corresponding period last year and relates to miscellaneous income from discounts received and sale of scrap.

### **Operating profit before finance costs**

Operating profit before finance costs for the period increased by US\$11.0m overall or by 54.8% to US\$31.1m equivalent to 4.8% of sales (H1 2010: US\$20.1m or 4.6% of sales).

Geographically, the main increase in operating profit occurred in the African region (up US\$15.8m to US\$16.8m) due to strong performances in the Construction and Technical Support Services business segments.

Australasia, Europe and Caribbean region recorded an operating loss of US\$5.8m during the period. Included in this figure is US\$2.9m of costs associated with the recent move from AIM to the Main Market of the London Stock Exchange. This result

does not take into account our share of profits from our joint venture in Australia (see below).

Profits in the Middle East have remained strong and are broadly in line with H1 2010 levels.

Operating profits in the Arctic and New Areas region are down 43% on H1 2010 due to reduced levels of Technical Support Services activity in Russia.

#### **Net finance income**

Net finance income for the period was in line with H1 2010 at US\$0.2m.

#### **Share of joint ventures' profit**

Profit for the period from our joint venture operation was US\$6.4m (H1 2010: US\$4.9m). This improvement is mainly attributable to good progress in our Australian joint venture with Thiess and Decmil.

#### **Profit before tax**

Profit before tax for the period is up 49.8% to US\$37.7m or 5.9% of sales. This represents an increase of US\$12.5m on the six months to 30 June 2010 figure (US\$25.2m or 5.8% of sales). This result has mainly been achieved in the Middle East and Africa regions.

#### **Taxation**

The tax charge for the period is US\$9.1m which is an effective tax rate of 24.2%. This compares with an effective rate of 26.5% for the same period in 2010. This saving is attributable to a greater portion of our profits being generated in lower tax jurisdictions.

#### **Net profit for the period**

Profit for the period from continuing operations was US\$28.6m, up 54.4% on the same period in 2010. Net profit for the period represents 4.4% of revenue, compared to 4.3% for the six months to 30 June 2010.

#### **Non-controlling interest**

The non-controlling interest for the period is negative by US\$2.7m and is significantly down on the same period last year. This is due to a provision made on the Medupi project in Kentz (Pty) Ltd (our Black Economic Empowered company in South Africa), which management deemed appropriate following a thorough review of progress to date and anticipated costs to go to project completion. The project is receiving continuous management attention and we believe the position we have adopted on it is a conservative one.

#### **Earnings per share (Basic)**

Basic earnings per share for the six months were 26.86 US cents, up 79.7% (H1 2010: 14.95 US cents). This calculation is based on a weighted average number of 116,355,380 ordinary shares in issue in 2011 (2010: 116,371,470 ordinary shares in issue). At 30 June 2011, 101,113 shares were held as treasury shares.

#### **Dividend**

The Group reports its financial results in US dollars and accordingly declares its dividends in US dollars. Dividends are paid to shareholders in Sterling using an exchange rate calculated at the record date.

The Board has approved an interim dividend based on the interim results of 5.0 US\$ cents per share to be paid on 21st October 2011, to all eligible shareholders on the register on 23rd September 2011. The interim dividend approved represents a 67% increase on the corresponding period last year (H1 2010: 3.0 US\$ cents). This is in line with the Company's progressive dividend policy, paying out between 20% and 25% of profits on an interim and final basis. A final dividend payment based on the final results to December 2011 is expected to be made around mid 2012.

On request shareholders have the option of receiving their dividend in their local currency, using a competitive rate based on the market rate on the date of conversion, and sent to them by currency draft or paid directly into their bank account. Please note that the record date and the date of conversion are not the same and those requesting for the dividend to be paid in a currency other than Sterling may be exposed to foreign exchange movements during the intervening period.

An application pack containing further information about the International Payments Service, including full terms and conditions and an international mandate form, can be obtained from Capita Registrars, [www.international.capitaregistrars.com](http://www.international.capitaregistrars.com).

## **Summary of Group Balance Sheet Highlights**

### **Working Capital**

Working capital at the period end was US\$157.6m, up 45.2% from H1 2010 and up 13.3% from 31 December 2010 year end (US\$139.1m). This is as expected and is in line with the growth in the business.

Current assets at 30 June 2011 were US\$612.6m, up 30.3% from H1 2010 and up 13.6% from 31 December 2010. This growth is attributable to increased inventory and receivable levels particularly in our Africa region due to substantial project activity in the period.

Current liabilities at 30 June 2011 were US\$455.0m, up 25.9% from H1 2010 and up 13.7% from 31 December 2010. The increase since year end is mainly attributable to additional trade and other payables in line with the growth in business activity levels.

### **Equity**

Shareholders' equity at 30 June 2011 was US\$209.1m, up 15.1% on 31 December 2010 (US\$181.6m). The reported growth is after accounting for an actuarial gain of US\$1.8m on the Group Defined Benefit Pension Plan.

### **Total Assets**

Total Assets at the end of the period were US\$699.9m, up 12.9% or US\$80.1m on 2010 year-end level. The increase is primarily due to an increase in debtor levels in line with the growth in the business and in South Africa in particular.

## **Summary of Group Cash Flow Highlights**

### **Cash used in operations**

Cash used in operations for the six months was US\$2.6m, down 106.2% or US\$44.8m on 30 June 2010 levels. This decrease is attributable to the growth in receivables and work in progress in the period due to a combination of growth in the business coupled with progress and payment delays being experienced on the Medupi project in South Africa, which is receiving continuous management attention.

Cash used in operating activities for the six months, inclusive of interest and taxes paid was US\$20.5m, down 155.7% or US\$57.4m on 30 June 2010 levels.

#### **Cash flow used in investing activities**

Net cash used in investing activities was US\$3.2m, down 75.7% on the same period in 2010. Purchases of property, plant and equipment throughout the Group amounted to US\$9.1m and a further US\$4.4m was used to acquire an engineering facility in South Africa. This is partly offset by a return from the Australian joint venture of US\$10.3m.

#### **Cash flow from financing activities**

Net cash used in financing activities for the period was US\$12.7m, up US\$7.7m on the six month period to 30 June 2010 which showed a net outflow of US\$5.0m. This additional outflow is attributable to an increased final dividend of US\$3.3m and lease/loan payments of US\$3.6m.

#### **Net cash and equivalents**

Net cash and cash equivalents amounted to US\$193.5m at 30 June 2011, down US\$2.5m or 1.3% on the June 2010 figure of US\$196.0m and down \$32.6m on the December 2010 figure of \$226.1m. In line with earlier comments, this is primarily attributable to growth in debtors and work in progress, particularly in the African region.

### **Independent Review Report to Kentz Corporation Limited**

#### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 30 June 2011 which comprises the Condensed consolidated income statement, the Condensed consolidated statement of financial position, the Condensed consolidated cash flow statement, the Condensed consolidated statement of other comprehensive income and the related notes. We have read the other information contained in the interim report and consider whether it contains any apparent misstatements or material inconsistencies with other financial information.

#### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Directors are responsible for preparing the half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The condensed financial statements included in this half year financial report has been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting', as issued by the International Accounting Standards Board.

#### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed financial statements in the half year financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this

report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements in the half year financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the International Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**BDO**

Registered Auditors  
Dublin, Ireland  
26 August 2011

## Kentz Corporation Limited

### Condensed consolidated income statement

<i>In thousands of USD</i>		<b>Six months ended 30 June</b>	<b>Six months ended 30 June</b>	<b>Year ended 31 Dec</b>
	<b>Notes</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
<u>Continuing Operations</u>				
<b>Revenue</b>	2	643,508	434,339	1,057,355
Cost of sales		<u>(564,806)</u>	<u>(380,506)</u>	<u>(923,864)</u>
<b>Gross profit</b>		<u><b>78,702</b></u>	<u><b>53,833</b></u>	<u><b>133,491</b></u>
Administration expenses		(44,618)	(33,358)	(75,119)
Distribution & selling costs		(3,935)	(1,020)	(2,886)
Other operating income		930	618	869
<b>Operating profit before finance costs</b>	2	<u><b>31,079</b></u>	<u><b>20,073</b></u>	<u><b>56,355</b></u>
Net finance income		233	175	180
Share of joint ventures' profit		6,384	4,921	10,943
<b>Profit before tax</b>		<u><b>37,696</b></u>	<u><b>25,169</b></u>	<u><b>67,478</b></u>
Income tax expense		(9,125)	(6,670)	(18,473)
<b>Profit for the period</b>		<u><u><b>28,571</b></u></u>	<u><u><b>18,499</b></u></u>	<u><u><b>49,005</b></u></u>
Attributable to:				
Equity holders of the parent		31,250	17,401	47,313
Non-controlling interests		<u>(2,679)</u>	<u>1,098</u>	<u>1,692</u>
<b>Profit for the period</b>		<u><u><b>28,571</b></u></u>	<u><u><b>18,499</b></u></u>	<u><u><b>49,005</b></u></u>
<b>Basic earnings per share (US\$ cents)</b>	3			
From continuing operations		26.86	14.95	40.66
<b>Diluted earnings per share (US\$ cents)</b>				
From continuing operations		26.05	14.72	39.91

## Condensed consolidated statement of comprehensive income

<i>In thousands of USD</i>	<b>Six months ended 30 June</b>	<b>Six months ended 30 June</b>	<b>Year ended 31 Dec</b>
	<b>2011</b>	<b>2010</b>	<b>2010</b>
<b>Profit for the financial period</b>	28,571	18,499	49,005
<b>Other comprehensive income</b>			
Exchange translation differences			
- on employee benefits	(656)	2,345	908
- on foreign currency net investments	2,579	(2,509)	(1,887)
Actuarial gain/(loss) on defined benefit plan	1,826	(6,840)	1,877
<b>Total other comprehensive income</b>	<u><b>3,749</b></u>	<u><b>(7,004)</b></u>	<u><b>898</b></u>
<b>Total comprehensive income</b>	<u><u><b>32,320</b></u></u>	<u><u><b>11,495</b></u></u>	<u><u><b>49,903</b></u></u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	34,999	10,397	48,211
Non-controlling interests	(2,679)	1,098	1,692
<b>Total recognised income and expenses for the period</b>	<u><u><b>32,320</b></u></u>	<u><u><b>11,495</b></u></u>	<u><u><b>49,903</b></u></u>

## Condensed consolidated statement of financial position

<i>In thousands of USD</i>	Notes	As at 30 June 2011	As at 30 June 2010	As at 31 Dec 2010
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment		69,721	62,086	68,962
Goodwill		7,137	-	-
Intangible assets		1,093	-	-
Other investments		3,761	5,853	7,501
Trade and other receivables		1,018	7,004	615
Deferred tax assets		4,561	3,195	3,355
<b>Total non-current assets</b>		<b>87,291</b>	<b>78,138</b>	<b>80,433</b>
<b>Current assets</b>				
Inventories		90,746	57,622	80,699
Trade and other receivables		308,475	212,321	222,462
Amounts owed by related parties		2,265	2,244	4,902
Cash and bank balances		211,110	197,830	231,334
<b>Total current assets</b>		<b>612,596</b>	<b>470,017</b>	<b>539,397</b>
<b>Total assets</b>		<b>699,887</b>	<b>548,155</b>	<b>619,830</b>
<b>EQUITY</b>				
Share capital		2,284	2,284	2,284
Share premium		39,568	39,568	39,568
Treasury shares		(706)	-	-
Reserves		5,996	3,955	4,772
Retained earnings		161,968	100,708	134,999
<b>Total equity attributable to equity holders of the parent</b>		<b>209,110</b>	<b>146,515</b>	<b>181,623</b>
<b>Non-controlling interests</b>		<b>6,714</b>	<b>7,259</b>	<b>9,277</b>
<b>Total equity</b>		<b>215,824</b>	<b>153,774</b>	<b>190,900</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		21	39	31
Obligations under finance leases – due after 1 year		10,986	7,636	13,916
Employee benefit obligations		7,586	17,292	8,638
Amounts owed to related parties		92	92	92
Trade and other payables		6,110	3,678	2,894
Deferred tax liabilities		4,254	4,121	3,099
<b>Total non-current liabilities</b>		<b>29,049</b>	<b>32,858</b>	<b>28,670</b>
<b>Current liabilities</b>				
Trade and other payables		423,116	350,430	369,857
Corporation tax payable		6,490	3,287	14,294
Interest bearing loans and borrowings		17,725	3,105	6,608
Obligations under finance leases – due within 1 year		5,291	2,063	5,259
Amounts owed to related parties		2,392	2,638	4,242
<b>Total current liabilities</b>		<b>455,014</b>	<b>361,523</b>	<b>400,260</b>
<b>Total liabilities</b>		<b>484,063</b>	<b>394,381</b>	<b>428,930</b>
<b>Total equity and liabilities</b>		<b>699,887</b>	<b>548,155</b>	<b>619,830</b>

## Condensed consolidated statement of cash flows

<i>In thousands of USD</i>	<b>Six months ended 30 June 2011</b>	<b>Six months ended 30 June 2010</b>	<b>Year ended 31 Dec 2010</b>
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>	37,696	25,169	67,478
Adjustments for:			
Depreciation	7,952	7,376	14,447
Net finance income	(233)	(175)	(180)
Profit on sale of property, plant & equipment	(42)	-	(237)
Share of profit from joint ventures	(6,384)	(4,921)	(10,943)
Current service cost	-	222	446
Share Based payment	1,224	750	1,567
Increase in trade and other receivables	(80,904)	(31,507)	(36,568)
Increase in inventories	(9,667)	(32,472)	(55,549)
Increase in trade and other payables	47,748	77,787	98,913
<b>Cash (used in)/ generated from operations</b>	<b>(2,610)</b>	<b>42,229</b>	<b>79,374</b>
Interest paid	(2,000)	(305)	(951)
Income taxes paid	(15,918)	(5,088)	(10,334)
<b>Net cash (used in)/from operating activities</b>	<b>(20,528)</b>	<b>36,836</b>	<b>68,089</b>
<b>Cash flows from investing activities</b>			
Return from joint venture	10,345	1,419	10,288
Change in control of subsidiary	-	6,363	6,363
Acquisition of subsidiary, net of cash acquired	(4,370)	-	-
Purchase of property, plant and equipment	(9,128)	(21,004)	(35,020)
Proceeds from sale of equipment	682	-	306
Interest received	1,574	667	1,509
Pension contribution	(2,339)	(740)	(6,282)
<b>Net cash used in investing activities</b>	<b>(3,236)</b>	<b>(13,295)</b>	<b>(22,836)</b>
<b>Cash flows from financing activities</b>			
Proceeds from finance lease liabilities	-	-	9,124
Payments of finance lease liabilities	(2,898)	(353)	-
Proceeds from long-term borrowings	-	39	31
Payments of long-term borrowings	(22)	-	-
Proceeds from short-term borrowings	-	23	130
Payments of short-term borrowings	(1,044)	-	-
Treasury shares purchased	(706)	-	-
Dividends paid to equity holders of the Company	(8,030)	(4,729)	(8,252)
<b>Net cash(used in)/from financing activities</b>	<b>(12,700)</b>	<b>(5,020)</b>	<b>1,033</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36,465)</b>	<b>18,522</b>	<b>46,286</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>226,096</b>	<b>179,798</b>	<b>179,798</b>
<b>Exchange difference</b>	<b>3,854</b>	<b>(2,330)</b>	<b>12</b>
<b>Cash and cash equivalents at end of period</b>	<b>193,485</b>	<b>195,990</b>	<b>226,096</b>

## Kentz Corporation Limited

### Notes to the condensed interim financial statements for the period ended 30 June 2011

#### 1. Basis of Preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) and Jersey Company law.

The accounting policies adopted are consistent with those described in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

The interim condensed consolidated financial statements are presented in US Dollars, rounded to the nearest thousand which represents the functional currency of the Group as it is the primary economic environment in which the Group operates. They have been prepared on a historical cost basis except that financial instruments held for trading are recorded at their fair value.

#### 2. Segment reporting

Segment information is presented in respect of the Group's geographical and business segments.

##### (i) Geographical segments

The geographical areas are:

- Middle East
- Africa
- Australasia, Europe and Caribbean
- Arctic and New Areas

Australasia, Europe and Caribbean includes all costs associated with the Group's administrative function.

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of assets.

##### (ii) Business segments

The Group's activity comprises of the following main business segments:

- Engineering, procurement, and construction (EPC)
- Construction, and
- Technical support services

#### 2. Segment reporting (continued)

##### Geographical segments

<i>In thousands of USD</i>	<b>Six months ended 30 June 2011</b>	<b>Six months ended 30 June 2010</b>	<b>Year ended 31 Dec 2010</b>
<b>Revenue by location of assets</b>			
Middle East	223,514	198,673	441,774
Africa	259,446	82,628	264,680
Australasia, Europe and Caribbean	123,614	98,634	215,035
Arctic and New Areas	36,934	54,404	135,866
<b>Total revenue</b>	<b>643,508</b>	<b>434,339</b>	<b>1,057,355</b>

**Operating profit before net finance cost by location  
of assets**

Middle East	17,673	16,425	35,431
Africa	16,812	983	9,111
Australasia, Europe and Caribbean	(5,826)	(2,124)	(2,389)
Arctic and New Areas	2,420	4,271	8,365
	<b>31,079</b>	<b>19,555</b>	<b>50,518</b>
Unallocated Group income	-	518	5,837
<b>Operating profit before finance costs</b>	<b>31,079</b>	<b>20,073</b>	<b>56,355</b>

### Business segments

<i>In thousands of USD</i>	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 Dec 2010
<b>Revenue by business</b>			
EPC	181,049	107,048	336,420
Construction	330,085	210,664	474,986
Technical Support Services	132,374	116,627	245,949
<b>Total revenue</b>	<b>643,508</b>	<b>434,339</b>	<b>1,057,355</b>

### 3. Earnings per ordinary share

*In thousands of USD*

	Six months ended 30 June 2011	Six months ended 30 June 2010	Six months ended 31 Dec 2010
<b>Continuing operations</b>			
Profit attributable to ordinary shareholders	<u>31,250</u>	<u>17,401</u>	<u>47,313</u>
	No. '000	No. '000	No. '000
<b>Weighted average number of shares of the company used in basic EPS</b>	<u>116,355</u>	<u>116,371</u>	<u>116,371</u>
<b>Effects of:</b>			
- Employee share options	3,616	1,872	2,175
<b>Weighted average number of shares of the company used in diluted EPS</b>	<u>119,971</u>	<u>118,243</u>	<u>118,546</u>
<b>Earnings per Share (US\$ cents)</b>			
<b>Basic</b>	26.86	14.95	40.66
<b>Diluted</b>	26.05	14.72	39.91

#### 4. Listing Costs

The ordinary shares of the Company were admitted to the Official List of the UK Listing Authority with a premium listing and admission to trading on the London Stock Exchange plc's main market for listed securities on 22 July 2011. Total expenses associated with the admission of the Company to the main market are US\$2.9m. These expenses are charged to the Consolidated Income Statement for the six month period to 30 June 2011.

#### 5. Employee Share Option Scheme

On 1 July 2009, 5,658,000 share options were granted under the Employee Share Option Scheme. These options are exercisable from 1 July 2012, subject to certain financial performance conditions being met. These options will expire on 30 June 2019.

On 25 March 2011, 2,359,000 share options were granted under the Employee Share Option Scheme. These options are exercisable from 25 March 2014, subject to certain financial performance conditions being met. These options will expire on 24 March 2021.

#### 6. Dividends

<i>In thousands of USD</i>	Six months ended 30 June		Year ended
	2011	2010	31 Dec 2010
Dividends approved and paid	8,030	4,729	8,252
	<u>8,030</u>	<u>4,729</u>	<u>8,252</u>

The Group reports its financial results in US dollars and accordingly declares its dividends in US dollars. Dividends are paid to shareholders in Sterling using an exchange rate calculated at the record date.

The Board has approved an interim dividend based on the interim results of 5.0 US\$ cents per share to be paid on 21st October 2011, to all eligible shareholders on the register on 23rd September 2011. The interim dividend approved represents a 67% increase on the corresponding period last year (H1 2010: 3.0 US\$ cents). This is in line with the Company's progressive dividend policy, paying out between 20% and 25% of profits on an interim and final basis. A final dividend payment based on the final results to December 2011 is expected to be made around mid 2012.

On request shareholders have the option of receiving their dividend in their local currency, using a competitive rate based on the market rate on the date of conversion, and sent to them by currency draft or paid directly into their bank account. Please note that the record date and the date of conversion are not the same and those requesting for the dividend to be paid in a currency other than Sterling may be exposed to foreign exchange movements during the intervening period.

An application pack containing further information about the International Payments Service, including full terms and conditions and an international mandate form, can be obtained from Capita Registrars, [www.international.capitaregistrars.com](http://www.international.capitaregistrars.com).

#### 7. Share capital

<i>In thousands</i>	30 June 2011	31 Dec 2010
<b>Called up share capital</b>		
116,371,470 ordinary shares of Stg£0.01 each	<u>1,164</u>	<u>1,164</u>
US Dollar equivalent	<u>2,284</u>	<u>2,284</u>

## 8. Treasury shares

During the period, the Company acquired 101,113 (27 May 2011: 75,000; 20 June 2011: 26,113) of its own shares at a cost of US\$705,960 (27 May 2011: US\$517,217; 20 June 2011: US\$188,743) for the purpose of making awards under the group's employee share schemes and these shares have been classified in the balance sheet as treasury shares within equity.

## 9. Equity

<i>In thousands of USD</i>	Share capital account	Share premium account	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Cumulative translation reserves	Total
At 1 January 2010	2,284	39,568	-	2,388	817	92,040	3,000	140,097
Expenses associated with share based payments	-	-	-	-	1,567	-	-	1,567
Total recognised income & expense	-	-	-	-	-	50,098	(1,887)	48,211
Dividends	-	-	-	-	-	(8,252)	-	(8,252)
<b>At 31 December 2010</b>	<b>2,284</b>	<b>39,568</b>	<b>-</b>	<b>2,388</b>	<b>2,384</b>	<b>133,886</b>	<b>1,113</b>	<b>181,623</b>
At 1 January 2011	2,284	39,568	-	2,388	2,384	133,886	1,113	181,623
Expenses associated with share based payments	-	-	-	-	1,224	-	-	1,224
Treasury shares purchased	-	-	(706)	-	-	-	-	(706)
Total recognised income & expense	-	-	-	-	-	32,420	2,579	34,999
Dividends	-	-	-	-	-	(8,030)	-	(8,030)
<b>At 30 June 2011</b>	<b>2,284</b>	<b>39,568</b>	<b>(706)</b>	<b>2,388</b>	<b>3,608</b>	<b>158,276</b>	<b>3,692</b>	<b>209,110</b>
At 1 January 2010	2,284	39,568	-	2,388	817	92,040	3,000	140,097
Expenses associated with share based payments	-	-	-	-	750	-	-	750
Total recognised income & expense	-	-	-	-	-	10,868	(471)	10,397
Dividends	-	-	-	-	-	(4,729)	-	(4,729)
<b>At 30 June 2010</b>	<b>2,284</b>	<b>39,568</b>	<b>-</b>	<b>2,388</b>	<b>1,567</b>	<b>98,179</b>	<b>2,529</b>	<b>146,515</b>

## 10. Acquisitions during the period

On 1 February 2011 the Group acquired 100% of the ordinary shares of RNE Engineering and Projects (Pty) Limited, a leading supplier of engineering services. The acquisition is aligned with the Group's strategy of growth through smaller, value-enhancing opportunities to supplement its existing capabilities across the global footprint of the Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	<b>Book value US\$'000</b>	<b>Adjustment US\$'000</b>	<b>Fair value US\$'000</b>
Property, plant and equipment	262	(41)	221
Intangible assets	382	(257)	125
Inventories	380	-	380
Receivables	1,230	(323)	907
Financial asset	1	-	1
Cash and cash equivalents	723	3	726
Payables	(265)	(27)	(292)
Bank loan	(24)	(1)	(25)
Deferred tax liability	(126)	45	(81)
<b>Total net assets</b>	<b>2,563</b>	<b>(601)</b>	<b>1,962</b>
<b>Fair value of consideration paid</b>			<b>US\$'000</b>
Cash			5,096
Contingent cash consideration			5,096
<b>Total consideration</b>			<b>10,192</b>
<b>Goodwill</b>			<b>7,137</b>
<b>Intangible assets</b>			<b>1,093</b>

The contingent cash consideration is payable should the acquired company meet performance targets for the financial years ending 31 December 2011 to 31 December 2013. The liability recognised at the acquisition date is measured at the fair value of the obligation at that date. Differences on the re-measurement of this liability are recognised in profit or loss.

The main factors leading to the recognition of goodwill are:

- the customer-related intangible assets including customer contracts, customer orders and contractual relationships
- the technology-related intangible assets including computer software.

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date, RNE Engineering and Projects (Pty) Limited has contributed US\$4.9m to group revenues and US\$2.2m to group PBT.