AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Revenue from continuing operations	Operating loss from continuing operations	Order book of continuing operations
R5,5 billion	R171 million	R10,2 billion
2011: R5,3 billion	*2011: profit of R205 million*	*2011: R10,6 billion*

COMMENTARY

The summarised consolidated annual financial statements have been prepared in terms of International Financial Reporting Standards, IAS 34 on Interim Financial Reporting, the South African Companies Act and the JSE Listings Requirements. The accounting policies used in the preparation of these annual financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2011.

Audit report

These financial results have been audited by the group's auditors, PricewaterhouseCoopers Inc, whose unqualified audit report is available for inspection at Basil Read's registered office.

Overall review

The downturn in the construction industry that began post 2010 continued during the year. While part of this was due to the lagged effect of the global financial crisis, the situation has been exacerbated by the very slow roll out of announced infrastructural investment projects in South Africa. Despite a steady improvement in margins, competition remains fierce and many large construction groups are securing the bulk of their order books beyond South Africa's borders.

Solid operating performances from the mining and engineering divisions were undermined by the poor results in the construction division. Despite this the group has maintained its order book at a robust level of R10,2 billion and the cash received in March 2013 from the disposal of TWP Holdings (Pty) Ltd will enable the group to repay debt and recapitalise in anticipation of future organic growth.

Revenue is reported at R5,5 billion (2011: R5,3 billion), an increase of 3%. The group recorded an operating loss from continuing operations of R170,9 million (2011: profit of R205,2 million), a decrease of 183%, which translated into an operating margin of (3,1%) (2011: 3,9%). Headline loss was R163,3 million (2011: headline earnings of R172,9 million), a decrease of 194%. Adjustments to headline earnings include the impairment of property, plant and equipment in the engineering division, loss on sale of jointly controlled entities and profit on sale of available-for-sale financial assets. Earnings for the year decreased by 221% to a loss of R170,4 million (2011: profit of 141,0 million).

Substantial losses have been incurred on the following contracts:

- Nata to Pandamatenga road – undertaken by Sladden International in Botswana, this contract is expected to be completed by June 2013. A further loss of R125 million was incurred in the 2012 financial year due to disagreements with the client's representative relating to measurement and other claim entitlements. Basil Read is actively trying to resolve these disagreements which could lead to recoveries in the 2013 financial year.
- N12 Tom Jones – contract is behind schedule and a loss of R85 million has been recorded in the year to December 2012 due to various problems including shortages of steel and bitumen supply and the strike action in the transport sector. The cumulative effect of these problems has resulted in a nine month delay on the contract, which is now scheduled for completion in April 2013.
- Generally, the roads and civils sectors have been affected by difficult working conditions, including labour unrest, planned production targets not being achieved and unseasonal rain.

The following non-recurring items adversely impacted the group's performance:

- A non-cash IFRS2 charge relating to the recently concluded BBBEE transaction with SIOC CDT Investment Holdings (Pty) Ltd ("SIOC") for an amount of R60,5 million.
- A non-cash write down of development land relating to the group's investment in Rolling Hills Estate in Mpumalanga for an amount of R26,6 million.
- A provision raised during the period for an amount of R65 million in relation to the Competition Commission's investigation into the construction industry, which investigation is expected to be finalised before June 2013. The total provided now stands at R75 million.
- A loss of R27 million incurred on a buildings contract relating to an arbitration process that the group lost.
- A loss of R25 million in respect of a settlement reached with the Free State Provincial Government relating to two roads contracts.

Cash on hand as at 31 December 2012 increased to R1,0 billion (2011: R653,8 million), largely as a result of an inflow of working capital, particularly relating to the receipt of advance payments. Cash balances were further improved due to the receipt of R99,4 million in terms of the BBBEE transaction with SIOC.

Debt levels reduced moderately to R877,2 million from R1,0 billion in the prior year, resulting in the group returning to a net cash position. The decrease in debt is due to the repayment of instalment sale agreements and the settlement of the banking loan during the year. The maturing notes under the domestic medium term note programme were all successfully refinanced. The outstanding notes, BSR05, BSR08 and BSR10 will be settled as they fall due, following the inflow of cash as a result of the disposal of TWP Holdings (Pty) Ltd, further reducing the debt burden of the group. The debt equity ratio at the reporting date was 18,0%.

The group once again made a sizeable capital investment in plant and equipment of R501,7 million (2011: R647,9 million), particularly in the construction and mining divisions. Contract mining is capital intensive by nature, with the fleets of plant being replaced every three to four years, depending on the nature of the plant item and the work undertaken. The increase in capex for the construction division is as a direct result of the award of the contract to construct an airport on St Helena island and to a lesser degree, the award of the Olifants River Water Resources Development project.

The group experienced moderate balance sheet growth, with total assets at a level of R5,4 billion (2011: R4,9 billion). The balance sheet at the date of this report has been strengthened by the disposal of TWP Holdings (Pty) Ltd.

At the reporting date, the group had issued guarantees in the amount of R2,7 billion (2011: R2,0 billion). These guarantees have arisen in the ordinary course of business and it is not expected that any loss will arise out of the issue of these guarantees.

Corporate activity

During the year the group issued 7 883 238 ordinary shares for a cash consideration of R12,56 per share and 33 607 507 "A" ordinary shares for a cash consideration of R0,01 cents per share in terms of a BBBEE transaction concluded with SIOC, thereby giving them an effective 25,1% holding.

Following the successful completion of the BBBEE transaction with SIOC, Basil Read (Pty) Ltd, the group's main South African operating company, attained a level 2 BBBEE contributor rating, meaning that companies are entitled to recognise 125% of the amounts spent with this company in calculating their procurement spend. The company was further rated as a value added supplier, which affords a further 25% benefit.

On 1 January 2012, the group disposed of its 50% stake in Siyaya Energy (Pty) Ltd for a sale consideration of R4 million, resulting in the recognition of a loss on disposal of R4,6 million.

During February 2012, the group disposed of 100% of Basil Read Properties No. 3 (Pty) Ltd, a property owning subsidiary for a total consideration of R66,3 million. The agreement was concluded with Thunderstruck Investments (Pty) Ltd, a related party in relation to the group. In terms of the agreement, Basil Read further agreed to acquire 50% of Thunderstruck Investments (Pty) Ltd for a total consideration of R33,5 million. Thunderstruck Investments (Pty) Ltd is the owner of the Basil Read head office campus.

On 23 October 2012, the group announced that it had entered into a sale of shares agreement with WorleyParsons whereby WorleyParsons RSA Group (Pty) Ltd, a subsidiary of WorleyParsons, would acquire the entire issued share capital held by Basil Read in TWP Holdings, for a cash consideration of R900 million. The proposed transaction included the sale of TWP Holdings and the following subsidiaries and joint venture that were legally bound together through a reorganisation that happened prior to the effective date of the transaction: TWP Limpopo Engineers (Pty) Ltd, TWP Projects (Pty) Ltd, Effluent Technologies (Pty) Ltd, TWP Environmental Services (Pty) Limited, TWP Projects DRC SPRL and TWP Súd America and Lisinfo 203 Trading (Pty) Ltd (a joint venture of TWP Holdings). The remaining subsidiaries and joint ventures of TWP Holdings not forming part of the disposal will remain with the group and will continue to operate on a standalone basis. The transaction was effective on 12 March 2013.

Operational review

Safety, health, environmental, risk management and quality

In keeping with international best practice, Basil Read's risk, safety, health, environmental and quality practices are incorporated into a group SHERQ division. This ensures a risk-driven approach to safety, health and environmental practices on project sites and incorporating all these activities into the quality management system to consistently maintain quality standards.

The SHERQ approach supports the governance requirements of guidelines such as King III and the Companies Act 71 of 2008 and forms the basis of the integrated certification of the Basil Read group under the international ISO 9001, ISO 14001 and OSHAS 18000 standards. Both project and operational risks are managed according to the ISO 31000 guideline on risk, ensuring Basil Read remains at the forefront of managing risk – both on an enterprise level and within projects for our clients.

We are on track to achieving our objective of reducing the DIFR (disabling injury frequency rate) to 0,0. We measure progress towards this objective by monitoring data for our own employees and our subcontractors. At year end, the rate for the construction division was 0,21 (2011: 0,40), with the group ending at 0,31. Commendably, the civils division and plant department ended the year without any lost-time injuries, resulting in a rate of zero.

For the year, Basil Read (Pty) Ltd worked 4 856 378 hours without a lost-time injury, which includes subcontractors. Basil Read Mining/Blasting & Excavating achieved 1 604 731 hours without a lost-time injury. Regrettably, we had one fatality in 2012 when a subcontractor's employee died while working on one of our roads projects. After any incident, we conduct an in-depth investigation to determine the root cause and ensure the conclusions/lessons learned are distributed across the group to prevent similar events from recurring.

Construction

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Revenue (R'000)	3 981 860	4 149 208
Operating (loss)/profits (R'000)	(277 225)	81 294
Operating margin (%)	(6,96%)	1,96%
Share of profits/(losses) from jointly controlled entities (R'000)	1 312	(1 378)
Share of profits from associates (R'000)	72	89
Order book (R'000)	7 645 000	7 700 000

The review period was particularly challenging for the group's largest division, given subdued market conditions and fierce competition. The construction market remains flooded with resources, both plant and people, following the completion of infrastructure associated with the 2010 FIFA World Cup. While the year was again notable for fewer tenders being submitted at lower values, Basil Read secured several key projects, collectively valued at R4,0 billion. With fewer tenders on offer, and significant pressure on margins, we continue to focus on securing new work at acceptable margins and keeping resources occupied.

Despite solid growth in the division, margins have been affected by a number of loss-making contracts, particularly in the roads sector, which has historically been one of the group's key performers. While these losses have been fully accounted for in the 2012 results, we are pursuing opportunities for recovery through negotiation and dispute resolution.

The contract to construct an airport on the island of St Helena is performing to expectations and the project team continues to deliver on major milestones. The logistical and procurement risks have been successfully mitigated to date.

Mining

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Revenue (R'000)	1 020 448	930 713
Operating profits (R'000)	82 390	107 680
Operating margin (%)	8,07%	11,57%
Share of profits from jointly controlled entities (R'000)	—	—
Share of profits from associates (R'000)	49 025	6 619
Order book (R'000)	1 500 000	2 000 000

Basil Read Mining remains a stable performer in the group, with ongoing contracts despite a visible decline in both the number and value of mining contracts being awarded in South Africa. As evidenced by widespread illegal strikes in 2012, the domestic mining industry is currently a major concern. Basil Read Mining is already active in Botswana and Namibia, but is well placed to capitalise on business opportunities further afield in Africa.

The mining sector was extremely difficult to anticipate and interpret in the review period given the uncertainty in global markets and commodities. This resulted in a very challenging year for Basil Read Mining, exacerbated by some unforeseen difficulties in its contracts. Despite these challenges, the division produced a robust set of results.

The contract for phase 2 at Jwaneng, as part of the Majwe Mining joint venture, is progressing well after some initial challenges, with production reaching the targets set at tender stage. A related contract was signed with Discovery Metals to assist with waste removal in its pits. This project started in December and is running well. B&E signed another three-year drilling contract with Venetia mine to supply additional drilling capacity. Reflecting a solid relationship with client De Beers, B&E also placed a drilling team at Voorspoed to assist with ongoing waste stripping at this mine, where the difficult geological structure of the pit affects drilling quantities.

Developments

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Revenue (R'000)	25 028	38 276
Operating (loss)/profits (R'000)	(30 036)	9 065
Operating margin (%)	(120,01%)	23,68%
Share of profits from jointly controlled entities (R'000)	—	—
Share of profits from associates (R'000)	—	—
Order book (R'000)	50 000	200 000

Although core operations in the developments division remain profitable, results were negatively impacted by the write down of development land and running costs, both related to the Rolling Hills Estate.

The division continued to focus on several large-scale integrated and affordable housing developments. This forms part of our contribution to eradicating the housing backlog in South Africa by creating sustainable cities and communities.

At Malibongwe Ridge, an extension to Cosmo City, ground was broken in July 2012. This R850 million development will rehouse the Itsoseng informal settlement and provide housing for over 5 500 families, various social facilities and commercial sites in a sustainable environment. Funding has been provided for internal services to the first phase as well as 100 RDP units and 200 rental units which are due to be completed in the first half of 2013.

Savanna City, south of Johannesburg, is a 1 462-hectare project valued at R3 billion in partnership with Old Mutual. Savanna City is potentially the largest private affordable urban lifestyle development of its kind in South Africa, surpassing Cosmo City. In December 2012, the Midvaal Municipality finally approved the urban management plan and lifted conditions on the township establishment approval. National treasury committed to gazette additional grant funding to the municipality to install the bulk infrastructure needed for the development. All that remains is for the services agreement to be finalised before breaking ground.

The division has positioned itself in the social and gap housing sector where government expenditure over the next few years is expected to increase significantly. Basil Read Developments has also extended its urban management experience to provide expert services and capacity building functions in this area.

Engineering

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Revenue (R'000)	1 806 810	1 112 259
Continuing operations (R'000)	466 129	202 748
Discontinued operations (R'000)	1 340 681	909 511
Operating profits (R'000)	104 326	82 907
Continuing operations (R'000)	54 008	7 142
Discontinued operations (R'000)	50 318	75 765
Operating margin (%)	5,77%	7,45%
Operating margin from continuing operations (%)	11,59%	3,52%
Operating margin from discontinued operations (%)	3,75%	8,33%
Share of losses from jointly controlled entities (R'000)	(5 597)	(1 579)
Continuing operations (R'000)	(5 597)	(1 579)
Discontinued operations (R'000)	—	—
Share of profits from associates (R'000)	—	—
Continuing operations (R'000)	—	—
Discontinued operations (R'000)	—	—
Order book (R'000)	1 390 000	2 600 000
Continuing operations (R'000)	1 050 000	670 000
Discontinued operations (R'000)	340 000	1 930 000

The TWP group performed well in 2012. TWP Projects has a number of long-term projects on its books. A number of projects were also successfully commissioned in the year, including the South Deep gold plant upgrade and the SX plant for Chambesi Metals. New regional offices in Kathu, Centurion and Krugersdorp have developed a good workload and are complementing the broad spectrum of services TWP has to offer.

A number of new projects were started over the year for clients such as the Anglo American group, AngloGold Ashanti, Rand Gold and Norilsk Nickel.

Basil Read Matomo houses a solid base of skills in a unique process design and project execution company. In its first full year the company performed to plan, growing steadily on the back of new work and its ability to offer a turnkey (EPC) service.

After the successful delivery of Pan African Resources' first tailings recovery plant – Phoenix – towards the end of 2011, Basil Read Matomo was awarded its second EPC project with this client, the Barberton tailings retreatment plant. This is scheduled for completion in 2013.

The company was also recently awarded the EPC contract to construct a new tertiary milling plant at the Two Rivers Platinum mine – a joint venture between African Rainbow Minerals and Impala Platinum – situated in the southern part of the eastern limb of the Bushveld Igneous Complex. Completion is expected in mid-2013.

TPS.P Architects was rebranded to LYT Architecture in September 2012, and remains profitable, despite operating in a very tough building market. While maintaining its position as a leading commercial practice, LYT remains the most diversified design and architectural practice in South Africa with significant skill and experience in the design and delivery of mining, infrastructure, industrial, educational, residential, commercial, hospitality, retail and transportation projects, both in South Africa and abroad.

Basil Read Energy, a wholly-owned subsidiary of Basil Read, develops, funds, owns and operates utility-scale power generation and energy storage assets in Africa. The company has been developing various renewable energy projects over the past three years.

The review period was significant for Basil Read Energy when the Metrowind Van Stadens wind farm project moved from development phase into construction phase in November 2012. Construction of this 27MW, R550 million project will take 14 months, while the plant is scheduled to begin commercial operation in 2014. Basil Read Energy holds 23% of the equity in the project along with co-shareholders.

Prospects

The uncertainty that has characterised our industry for several years now is still in place, although some positive indicators are emerging. A healthy order book is combined with large projects on the radar, satisfactory tender activity and improved margins. In addition, cross-border market activity is improving and we are focusing on specific countries, after careful consideration.

This prolonged downturn has resulted in management concentrating on day-to-day elements that will secure the ongoing success of the group – project execution, cash reserves, working capital management – as well as the long-term strategy. We have refined our strategy to focus on our core business, understanding that this is the foundation of our group and key to our success.

The South African government recently reaffirmed its commitment to a large-scale infrastructure investment programme which bodes well for the construction division. With the majority of the work expected to materialise in various provinces and municipalities, the challenge will be for these government structures to roll out the planned work. Eskom, Transnet and other parastatals are expected to fund a further R400 billion of projects specifically relating to power generation plants and new transmission lines, investment in rail, ports and pipelines, large new water transfer schemes and various airport upgrades.

South Africa's sovereign credit rating has been downgraded by all of the major rating agencies in recent months as protests over poor service delivery increased to record levels in 2012 and social unrest characterised by violent strike activity resulted in billions in lost production. The industrial action highlighted ever increasing frustrations regarding the unacceptably high levels of unemployment and poverty. Investment in infrastructure has been identified by the South African government as key to the support of the country's medium- and long-term economic and social objectives, and we look forward to partnering with government in achieving these goals.

The group's mining division, a specialist open pit contract mining service provider, has received a letter of intent from Weatherly International plc to perform contract mining services for the Tschudi Copper Project in Namibia, subject to Weatherly securing the requisite funding for the project. Weatherly has signed a term sheet with a finance provider and the confirmed funding is expected to be in place during the first half of 2013, with mining activities set to commence in early 2014.

The inflow of funds following the disposal of TWP Holdings will allow the group to significantly reduce debt and improve working capital levels in support of organic growth. The group retains its investment in TWP Investments, LYT Architecture and Basil Read Matomo, an identified growth area for the group. Basil Read Matomo, which spearheads the group's engineering, procurement and construction (EPC) division, continues to grow its order book and is steadily building a reputation for delivering on time and on budget. The EPC model is increasingly becoming the preferred model for clients, particularly in the alternative and renewable energy space which offers significant growth opportunities.

The bitumen supply shortage faced by the construction sector contributed to the losses incurred by the roads division and highlighted the need to secure consistent supply. Through the group's wholly owned subsidiary, SprayPave, we are in the process of establishing a bitumen reactor plant in the Western Cape which will enable the group to produce various grades of bitumen, to not only supply our sites, but to support the sector as a whole. The plant, which we expect to be operational in the second half of 2013, will enable the group to enter the production process at an earlier stage and we are in negotiations with leading refineries to secure the supply of crude oil short residue. Since acquiring SprayPave in 2005, the company has grown exponentially, backed by the financial strength and stability of the Basil Read group, and has been earmarked for expansion in the industry.

Human settlements remain a key focus area for the South African government and the developments division is well positioned in this regard, with two new projects breaking ground. Malibongwe Ridge broke ground in

Summarised consolidated income statement

	Note	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Continuing operations			
Revenue	1	5 493 465	5 320 945
Operating (loss)/profit for the year		(170 863)	205 181
Impairment of goodwill		—	(32 403)
Net finance costs		(84 683)	(33 040)
Share of losses from jointly controlled entities		(4 285)	(2 957)
Share of profits from associates		49 097	6 708
(Loss)/profit for the year before taxation		(210 734)	143 489
Taxation		14 593	(57 537)
(Loss)/profit for the year after taxation		(196 141)	85 952
Discontinued operations			
Net profit for the year from discontinued operations	2	27 040	48 755
Net (loss)/profit for the year		(169 101)	134 707
(Loss)/profit for the year attributable to the following:			
Equity shareholders of the company		(170 384)	140 979
Non-controlling interests		1 283	(6 272)
Net (loss)/profit for the year		(169 101)	134 707
(Loss)/earnings per share (cents)		(136,54)	113,88
Diluted (loss)/earnings per share (cents)		(136,54)	113,88
(Loss)/earnings per share from continuing operations (cents)		(158,21)	74,50
Diluted (loss)/earnings per share from continuing operations (cents)		(158,21)	74,50
Earnings per share from discontinued operations (cents)		21,67	39,38
Diluted earnings per share from discontinued operations (cents)		21,67	39,38

Summarised consolidated statement of comprehensive income

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Net (loss)/profit for the year	(169 101)	134 707
Other comprehensive income for the year	(4 194)	6 129
Movement in foreign currency translation reserve	3 502	5 014
Movement in fair value adjustment reserve	(8 788)	1 297
Deferred tax effect on other comprehensive income	1 092	(182)
Total comprehensive income for the year	(173 295)	140 836
Total comprehensive income for the year attributable to the following:		
Equity shareholders of the company	(175 162)	144 886
Retained income	(170 384)	140 979
Other reserves	(4 778)	3 907
Non-controlling interests	1 867	(4 050)
Total comprehensive income for the year	(173 295)	140 836

Summarised consolidated statement of changes in equity

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Issued capital		
Ordinary share capital		
Balance at the beginning of the year	948 668	948 667
Issued to share incentive scheme (net of treasury shares)	7	1
Issued in terms of BBBEE transaction	99 350	—
Balance at the end of the year	1 048 025	948 668
Retained income		
Balance at the beginning of the year	860 499	758 472
Total comprehensive income for the year	(170 384)	140 979
Share-based payment – equity settled	60 539	545
Transactions with minorities	—	(2 353)
Dividend declared	—	(37 144)
Balance at the end of the year	750 654	860 499
Other reserves		
Balance at the beginning of the year	5 653	1 746
Total comprehensive income for the year	(4 778)	3 907
Balance at the end of the year	875	5 653
Non-controlling interests	24 768	22 901

Summarised consolidated statement of cash flows

	Note	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Operating cash flow		240 130	513 081
Movements in working capital		793 368	(346 657)
Net cash generated by operations		1 033 498	166 424
Net finance costs		(77 133)	(36 007)
Dividends paid		(38)	(37 019)
Taxation paid		(113 221)	(129 263)
Cash flow from operating activities		843 106	(35 865)
Cash flow from investing activities		(403 415)	(99 291)
Cash flow from financing activities		(50 781)	(174 909)
Effects of exchange rates on cash and cash equivalents		3 059	(14 838)
Movement in cash and cash equivalents		391 969	(324 903)
Cash and cash equivalents at the beginning of the year		653 753	978 656
Cash and cash equivalents at the end of the year		1 045 722	653 753
Included in cash and cash equivalents as per the statement of financial position		1 046 834	653 729
Included in the assets of the disposal group	2	(1 112)	24
		1 045 722	653 753

Summarised consolidated statement of financial position

	Note	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
ASSETS			
Non-current assets		2 016 019	2 152 469
Property, plant and equipment		1 272 127	1 166 213
Intangible assets		412 689	799 995
Investments in jointly controlled entities		83 236	58 051
Investments in associates		66 333	17 042
Financial assets		56 433	42 183
Deferred income tax asset		125 201	68 985
Current assets		2 598 877	2 680 501
Inventories		81 236	42 857
Development land		402 375	398 686
Trade and other receivables		780 354	1 125 785
Work in progress		202 461	322 128
Investments in jointly controlled entities		—	16 580
Current income tax asset		53 764	58 428
Cash and cash equivalents		1 078 687	716 037
Non-current assets held-for-sale	2	773 540	66 767
		5 388 436	4 899 737
EQUITY AND LIABILITIES			
Capital and reserves		1 824 322	1 837 721
Stated capital		1 048 025	948 668
Retained income		750 654	860 499
Other reserves		875	5 653
Non-controlling interests		24 768	22 901
Non-current liabilities		376 266	592 847
Interest-bearing borrowings		314 187	519 234
Other borrowings		13 250	19 649
Deferred income tax liability		48 829	53 964
Current liabilities		2 992 185	2 469 062
Trade and other payables		1 122 659	1 079 938
Amounts due to customers		1 079 113	513 315
Current portion of borrowings		562 980	508 071
Loans from associates		20 695	37 876
Provisions for other liabilities and charges		162 915	220 903
Current income tax liability		11 970	46 651
Bank overdraft		31 853	62 308
Liabilities directly associated with non-current assets classified as held-for-sale	2	195 663	107
		5 388 436	4 899 737

Additional information to the annual financial statements

	Audited 31 December 2012	Audited 31 December 2011
Dividend paid per share (cents)	—	30,00
Dividend declared per share (cents)*	—	—
**Based on the year to which the dividend relates*		
Number of shares in issue ('000)	131 686	123 798
Headline (loss)/earnings per share (cents)	(130,84)	139,65
Diluted headline (loss)/earnings per share (cents)	(130,84)	139,65
Reconciliation of basic earnings to headline earnings	R '000	R '000
Basic (loss)/earnings	(170 384)	140 979
Adjusted by – Loss/(profit) on sale of subsidiary	253	(21 049)
– Loss on sale of jointly controlled entity	3 760	—
– Profit on sale of associate	(359)	—
– Profit on sale of available-for-sale financial asset	(4 050)	—
– (Loss)/profit on sale of property, plant and equipment	451	(4 249)
– Impairment of fixed assets	7 052	24 802
– Impairment of goodwill	—	32 403
Headline (loss)/earnings	(163 277)	172 886
Reconciliation between weighted average number of shares and diluted average number of shares	'000	'000
Weighted average number of shares	124 787	123 798
Adjusted by – Share Incentive Scheme	—	—
Adjusted by – "A" ordinary shares	—	—
Diluted average number of shares	124 787	123 798
Net asset value per share (cents)	1 365,72	1 465,95
Tangible net asset value per share (cents)	1 052,33	819,74
Capital expenditure for the period (R'000)	501 693	647 910
Depreciation (R'000)	300 436	242 237
Impairment of fixed assets (R'000)	7 052	24 802
Amortisation of intangible asset (R'000)	1 990	10 785
Impairment of goodwill (R'000)	—	32 403

NEWPORT
Valente Bros (Pty) Ltd Civil Engineering Contractors
BASIL READ MATOMO
B&E BLASTING & EXCAVATING
ROADCRETE AFRICA
LYT
SLADDEN INTERNATIONAL CIVIL ENGINEERING CONTRACTORS
COSMO CITY
SPRAYPAVE

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July 2012 and will re-house the Itsoseng informal settlement while providing homes for over 5 000 families. Savanna City is set to break ground in 2013 following the approval of the urban management plan and the receipt of the township establishment approval, with only the finalisation of the services agreement outstanding.

The developments division has embarked on a growth strategy to look at opportunities across the African continent. A range of strategic partnerships have been established with financiers, housing development agencies and other developers with the aim of establishing and growing our footprint in a measured way. A range of housing development opportunities continue to be explored in Zambia, Rwanda and Kenya with further possibilities being investigated in Ghana and Tanzania. A cautious approach is being taken to understand the different markets and to identifty suitable opportunities.

With significant prospects, a strong order book and a recently bolstered balance sheet, we are optimistic that the building blocks are in place for a successful year ahead and the ongoing sustainability and growth of the group.

Corporate Governance

The directors and senior management of the group endorse the Code of Governance Principles and Report on Governance, together referred to as King III. Having regard for the size of the group, the board is of the opinion that the group substantially complies with the Code as well as with the Listings Requirements of the JSE Limited. The group performs regular reviews of its corporate governance policies and practices and strives for continuous improvement in this regard.

The group has engaged with its advisors and is actively addressing the principles and practices of King III and ensuring compliance with the new Companies Act.

The following changes to the board took effect in the year under review:

- Ms Given Sibiya resigned as an independent non-executive director, effective 31 August 2012.
- Dr Claudia Manning was appointed as an independent non-executive director, effective 23 August 2012.
- Ms Nopasika Lila was appointed as an independent non-executive director, effective 23 August 2012.
- Mr Paul Baloyi was appointed as an independent non-executive director, effective 2 November 2012.
- Mr Connie Molusi was appointed as a non-executive director, effective 14 March 2013.
- Mr Nigel Townshend resigned as an executive director, effective 12 March 2013.

Mrs Enna Kruger resigned as company secretary with effect from 5 April 2012 and the board thanks her for her dedicated service to the board and the group over the last 20 years. Merchantec Capital (Pty) Ltd was appointed on 17 April 2012 as the group's company secretary. Following Merchantec's resignation on 14 March 2013, Ms Andiswa Ndoni was appointed as company secretary to the group.

Competition Commission

The group continues to engage with the Competition Commission and the outcome is unknown. The group has, however, raised a provision of R75 million in this regard.

Post-balance sheet review

On 12 March 2013, the group concluded the disposal of TWP Holdings (Pty) Ltd to WorleyParsons for a revised cash consideration of R877,7 million. The profit on disposal will be accounted for in the 2013 financial year.

Cash dividend declaration

Shareholders are referred to the SENS announcement released on 15 March 2013 which advised that the board of directors of Basil Read had approved a special dividend to shareholders equating to R230 million (inclusive of dividend withholding tax). Notice was given that a gross dividend of 175 cents per share (148,75 cents per share net of 15% dividend withholding tax) had been declared. The issued share capital of Basil Read at the declaration date is 131 694 281 ordinary shares. The tax reference number of Basil Read is 9950051715.

In order to comply with the requirements of Strate the relevant details are as follows:

Event	Date
Declaration date of special dividend	Friday, 15 March 2013
Finalisation date of special dividend	Thursday, 6 June 2013
Last day to trade cum-special dividend	Thursday, 13 June 2013
Ordinary shares commence trading ex-special dividend	Friday, 14 June 2013
Record date (date shareholders recorded in books)	Friday, 21 June 2013
Payment date	Monday, 24 June 2013

On behalf of the board

S L L Peteni *(Chairman)* **M L Heyns** *(Chief Executive Officer)* 27 March 2013

1. Note on revenue

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
Total revenue	6 834 146	6 230 456
Continuing operations	5 493 465	5 320 945
Discontinued operations	1 340 681	909 511

2. Note on non-current assets held-for-sale

During the 2012 financial year a decision was made by the group's management to dispose of TWP Holdings (Pty) Ltd in line with the strategy to focus on organic growth and reduce debt. TWP Holdings and its subsidiaries formed part of the engineering segment. The sale was concluded during the 2013 financial year.

In terms of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" the discontinued operation must be tested for impairment. The fair value of the discontinued operation exceeds the carrying amount of the discontinued operation and no impairment is required.

The assets and liabilities relating to Basil Read Properties No. 3 (Pty) Ltd (part of the construction segment) were presented as held-for-sale in the 2011 financial year following the approval of the group's management to sell the company.

	Audited 31 December 2012 R'000	Audited 31 December 2011 R'000
ASSETS AND LIABILITIES		
Assets of company classified as held-for-sale		
Property, plant and equipment	33 941	62 296
Intangible assets	385 316	—
Deferred income tax assets	1 221	610
Available-for-sale financial assets	1 903	—
Contract and trade debtors	310 492	—
Receivables and prepayments	21 111	3 837
Current income tax asset	8 729	—
Cash and cash equivalents	10 827	24
	773 540	66 767
Liabilities of company classified as held-for-sale		
Deferred income tax liability	2 466	—
Trade and other payables	144 558	107
Current income tax liability	773	—
Provisions for other liabilities and charges	35 927	—
Bank overdraft	11 939	—
	195 663	107
INCOME STATEMENT OF DISCONTINUED OPERATIONS		
Revenue	1 340 681	909 511
Expenses	(1 290 363)	(833 746)
Net finance income/(costs)	7 550	(2 967)
Profit before tax of discontinued operations	57 868	72 798
Tax	(30 828)	(24 043)
Profit for the year of discontinued operations	27 040	48 755
Movement in fair value adjustment reserve	339	(1 593)
Total comprehensive income for the year from discontinued operations	27 379	47 162
CASH FLOWS OF DISCONTINUED OPERATIONS		
Operating cash flows	63 666	54 363
Investing cash flows	(17 876)	(27 201)
Financing cash flows	—	—
Effects of exchange rates on cash and cash equivalents	—	(1 653)
Total cash flows	45 790	25 509

Group Secretary: A Ndoni
Registered office: The Basil Read Campus, 7 Romeo Street, Hughes Extension, Boksburg, 1459
Auditors: PricewaterhouseCoopers Inc
Transfer secretaries: Link Market Services South Africa (Pty) Ltd
Sponsor: Macquarie First South Capital (Pty) Ltd
Directors: S L L Peteni*† *(Chairman)*, M L Heyns *(Chief Executive Officer)*,
M D G Gouveia *(Deputy Chief Executive Officer and Financial Director)*, P C Baloyi*†, C P Davies*†,
N V Lila*†, C E Manning*†, A C G Molusi*, S S Ntsaluba*, T A Tlelai*
(* Non-executive, † Independent)

BASIL READ HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1984/007758/06)
("Basil Read" or "the group")
ISIN: ZAE000029781 Share code: BSR