



# BASIL READ

Annual financial statements 2013

Basil Read annual financial statements 2013





# Financial information

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# Directors' responsibility statement

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Basil Read Holdings Limited and its subsidiaries. The financial statements presented on pages 12 to 100 have been prepared in accordance with International Financial Reporting Standards (IFRS), and include amounts based upon judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group at year-end. The directors also prepared the other information included in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements.

The directors are responsible for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the group companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

Basil Read Holdings Limited and its subsidiaries operate in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

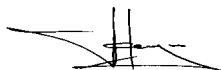
The financial statements have been prepared on the going-concern basis, since the directors have no reason to believe that the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

The group's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 11. The preparation of the financial statements was supervised by the interim chief financial officer, Amanda Wightman.

The financial statements were approved by the board of directors on 26 May 2014 and are signed on their behalf by:



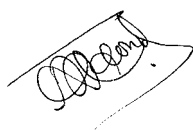
**SLL Peteni**  
Chairman  
26 May 2014



**ML Heyns**  
Chief executive officer  
26 May 2014

## Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, Basil Read Holdings Limited has, in respect of the financial year reported upon, lodged with the Registrar of Companies all returns required of a public company in terms of the above mentioned Act and that all such returns are true and up to date.



**A Ndoni**  
Company secretary  
26 May 2014

# Directors' report

for the year ended 31 December 2013

The directors present the annual financial statements for the 2013 financial year, which supplement the 29th integrated annual report which is available on the group's website, [www.basilread.co.za](http://www.basilread.co.za).

## NATURE OF BUSINESS

Basil Read is one of the top construction companies in South Africa. The company is listed on the JSE Limited and its subsidiary companies are active in the areas of civil engineering, road construction, building, mixed integrated housing developments, property development, bitumen distribution, opencast mining, blasting and engineering and project management solutions. These subsidiaries operate throughout Africa and internationally.

## DIVIDENDS

A special dividend of 175 cents per share was declared on 14 March 2013 following the completion of the disposal of TWP Holdings (Pty) Ltd. The dividend was paid to shareholders on 24 June 2013.

No dividend was declared in respect of the year ended 31 December 2012.

## SHARE CAPITAL

There was no change to the issued share capital of the company in the 2013 financial year.

During the 2012 financial year the group issued 7 883 243 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 B-BBEE transaction concluded with SIOC CDT Investment Holdings (Pty) Ltd, thereby giving them an effective 25,1% holding.

## OPERATING RESULTS

The financial position, results of operations and cash flows of the company and that of the group for the year ended 31 December 2013 are set out on pages 12 to 100.

The group made a profit after taxation from continuing operations of R101 million (2012: loss of R196 million) during the year under review.

The group made a profit after taxation from discontinued operations of R181 million (2012: R27 million) during the year under review.

## PROPERTY, PLANT AND EQUIPMENT

The group acquired property, plant and equipment to the amount of R255 million (2012: R502 million) during the year.

## INVESTMENTS

### Subsidiaries

On 31 March 2013, the group disposed of 100% of its stake in TWP Holdings (Pty) Ltd to WorleyParsons Ltd for a cash consideration of R877 million, resulting in the recognition of a profit on disposal of discontinued operations of R181 million.

The information relating to the company's financial interest in its subsidiaries is set out in notes 11, 43, 46 and 56 to the financial statements.

### Joint operations

For more information on the group's investments in joint operations refer to note 11 to the financial statements.

### Joint ventures

During the year, the group entered into a joint venture arrangement with Isolux Corsan, a company incorporated in Spain. The primary business of the joint venture, Siascan (Pty) Ltd, is the development of renewable energy projects.

For more information on the group's investments in joint ventures refer to note 11 to the financial statements.

### Associates

During the year, the group acquired a 25% interest in 3Energy Renewables (Pty) Ltd for a purchase consideration of R100.

For more information on the group's investments in associates refer to note 11 to the financial statements.

# Directors' report continued

for the year ended 31 December 2013

## BORROWINGS

Interest-bearing borrowings comprise instalment sale agreements and a domestic medium-term note programme. Other borrowings comprise the amount due to former shareholders of the companies that the group has acquired over the last few years. During the year borrowings decreased due to the repayment of instalment sale agreements and the domestic medium-term note programme. The decrease in borrowings was partly offset by increases in new instalment sale agreements entered into to fund capital expenditure.

For more information on the group's borrowings, refer to notes 30 and 31 to the financial statements.

## EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No material events have occurred between the statement of financial position date and the date of these results that would have a material effect on the financial statements of the group.

## SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 101 of this report.

## DIRECTORATE

The following were directors of the company during the year under review:

Sindile Lester Leslie Peteni	Independent non-executive director, chairman
Marius Lodewucus Heyns	Chief executive officer, managing director
Manuel Donnell Grota Gouveia*	Chief financial officer, financial director, deputy chief executive officer
Pieter Jacob Marais#	Chief financial officer, financial director
Nigel John Townshend†	Executive director
Andrew Conway Gaorekwe Molusi^	Non-executive director
Sango Siviwe Ntsaluba	Non-executive director
Thabiso Alexander Tlelai	Non-executive director
Paul Cambo Baloyi	Independent non-executive director
Charles Peter Davies	Independent non-executive director
Nopasika Vuyelwa Lila	Independent non-executive director
Claudia Estelle Manning	Independent non-executive director

\* Resigned 30 May 2013

# Appointed 30 May 2013; resigned 22 November 2013

† Resigned 12 March 2013

^ Appointed 14 March 2013



## DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive directors	Cash portion of package R	Benefits* R	Incentive bonus R	Gain on share options exercised R	Total R
<b>2013</b>					
<i>Paid by Basil Read (Pty) Ltd</i>					
Marius Lodewucus Heyns <sup>#</sup>	3 099 397	470 925	10 921 036	–	14 491 358
Manuel Donnell Grota Gouveia <sup>§</sup>	1 206 521	216 450	2 000 000	–	3 422 971
Pieter Jacob Marais <sup>†</sup>	1 196 214	189 926	–	–	1 386 140
	<b>5 502 132</b>	<b>877 301</b>	<b>12 921 036</b>	<b>–</b>	<b>19 300 469</b>
<i>Paid by TWP Projects (Pty) Ltd</i>					
Nigel John Townshend <sup>^</sup>	548 716	86 106	–	–	634 822
	<b>6 050 848</b>	<b>963 407</b>	<b>12 921 036</b>	<b>–</b>	<b>19 935 291</b>
<b>2012</b>					
<i>Paid by Basil Read (Pty) Ltd</i>					
Marius Lodewucus Heyns	3 096 604	467 824	–	–	3 564 428
Manuel Donnell Grota Gouveia	2 078 040	343 595	–	–	2 421 635
	<b>5 174 644</b>	<b>811 419</b>	<b>–</b>	<b>–</b>	<b>5 986 063</b>
<i>Paid by TWP Projects (Pty) Ltd</i>					
Nigel John Townshend	2 800 954	451 783	1 500 000	–	4 752 737
	<b>7 975 598</b>	<b>1 263 202</b>	<b>1 500 000</b>	<b>–</b>	<b>10 738 800</b>

\* Benefits include the group's contribution towards medical aid and provident fund

<sup>#</sup> The short-term incentive bonus for Marius Lodewucus Heyns has been calculated in terms of the remuneration policy as disclosed in the 2012 and 2013 integrated annual reports

<sup>§</sup> Resigned 30 May 2013

<sup>†</sup> Appointed 30 May 2013, resigned 22 November 2013

<sup>^</sup> Resigned 12 March 2013

In addition to the above remuneration, Marius Lodewucus Heyns has an agreement with the group that, should he meet certain annual criteria, an additional deferred bonus will accrue to him.

In accordance with the terms of the deferred bonus, an amount of R10 million plus interest of R2,3 million will be paid to Marius Lodewucus Heyns in May 2014, being the full and final payment relating to this incentive. This bonus was calculated in accordance with the criteria below.

The aggregate base amount of the deferred bonus which accrued and will be paid on 31 May 2014 will be R50 million plus accrued interest and shall be calculated by the group's remuneration committee in five equal annual tranches in accordance with the following criteria, applied annually:

- ▶ Headline earnings per share increasing by at least a percentage equal to the spot rate as at 30 September of each year of the RSA Five-Year Retail Bond rate plus 50%. The spot rate applicable to the 2013 results was 7%.
- ▶ Cash flow from operating activities to be cash generative in each year.
- ▶ The criteria will carry equal weight in the determination of the amount of the deferred bonus.
- ▶ Should the criteria not be met in any one financial year, the deferred bonus will be reduced by an amount equal to that year's tranche.
- ▶ The remuneration committee may recommend to the board and the board may, in their discretion, relax the criteria in any given year should they deem it necessary and appropriate.
- ▶ Mr Heyns must remain in the employ of the group for the five-year period covered by the deferred bonus. If he leaves, unless for reasons of ill health, at any time during this period, none of the deferred bonus becomes due and payable.



# Directors' report continued

for the year ended 31 December 2013

Mr Heyns did not meet the criteria for the 2013 financial year and accordingly no provision was created in the 2013 financial year for payment of this deferred bonus.

Mr Heyns did not meet the criteria for the 2012 financial year and accordingly no provision was created in the 2012 financial year for payment of this deferred bonus.

Mr Heyns did not meet the criteria for the 2011 financial year and accordingly no provision was created in the 2011 financial year for payment of this deferred bonus.

Mr Heyns did not meet the criteria for the 2010 financial year and accordingly no provision was created in the 2010 financial year for payment of this deferred bonus.

Mr Heyns met the criteria for the 2009 financial year and accordingly a R10 million provision was raised in the 2009 financial year for payment of this deferred bonus.

<b>Non-executive directors</b>	<b>Services as director R</b>	<b>Total R</b>
<b>2013</b>		
Sindile Lester Leslie Peteni	956 000	956 000
Andrew Conway Gaorekwe Molusi <sup>†</sup>	424 667	424 667
Sango Siviwe Ntsaluba <sup>#</sup>	381 500	381 500
Thabiso Alexander Tlelai <sup>#</sup>	599 000	599 000
Paul Cambo Baloyi	540 833	540 833
Charles Peter Davies	768 500	768 500
Nopasika Vuyelwa Lila	570 500	570 500
Claudia Estelle Manning	493 500	493 500
	<b>4 734 500</b>	<b>4 734 500</b>
<b>2012</b>		
Sindile Lester Leslie Peteni	1 012 000	1 012 000
Sango Siviwe Ntsaluba <sup>#</sup>	434 000	434 000
Thabiso Alexander Tlelai <sup>#</sup>	365 000	365 000
Paul Cambo Baloyi <sup>§</sup>	40 833	40 833
Charles Peter Davies	679 500	679 500
Nopasika Vuyelwa Lila <sup>^</sup>	161 000	161 000
Claudia Estelle Manning <sup>^</sup>	122 500	122 500
Given Refilwe Sibiyi <sup>*</sup>	432 833	432 833
	<b>3 247 666</b>	<b>3 247 666</b>

<sup>†</sup> Appointed 14 March 2013

<sup>#</sup> Paid to the companies that these directors represent

<sup>§</sup> Appointed 2 November 2012

<sup>^</sup> Appointed 23 August 2012

<sup>\*</sup> Resigned 31 August 2012

Directors' fees for the 2013 financial year were paid according to the following table:

<b>With effect from 1 January 2013</b>	<b>Member</b>	<b>Chairman</b>
Board – retainer	140 000	500 000
Board – per meeting	17 500	33 000
Audit committee – retainer	70 000	140 000
Audit committee – per meeting	7 000	14 000
Risk committee – retainer	70 000	130 000
Risk committee – per meeting	7 000	14 000
Remuneration committee – retainer	70 000	130 000
Remuneration committee – per meeting	7 000	14 000
Social, ethics and transformation committee – retainer	70 000	130 000
Social, ethics and transformation committee – per meeting	7 000	14 000
Chairman's committee – per meeting	7 000	14 000
Ad hoc meetings – per meeting	7 000	14 000

Directors' fees are reviewed annually. It is proposed that directors' fees remain unchanged as follows:

<b>With effect from 1 January 2014</b>	<b>Member</b>	<b>Chairman</b>
Board – retainer	140 000	500 000
Board – per meeting	17 500	33 000
Audit committee – retainer	70 000	140 000
Audit committee – per meeting	7 000	14 000
Risk committee – retainer	70 000	130 000
Risk committee – per meeting	7 000	14 000
Remuneration committee – retainer	70 000	130 000
Remuneration committee – per meeting	7 000	14 000
Social, ethics and transformation committee – retainer	70 000	130 000
Social, ethics and transformation committee – per meeting	7 000	14 000
Chairman's committee – per meeting	7 000	14 000
Ad hoc meetings – per meeting	7 000	14 000

These fees have been waived by the executive directors. Fees are paid quarterly in arrears.

<b>Highest earners including prescribed officers</b>	<b>Cash portion of package R</b>	<b>Benefits* R</b>	<b>Incentive bonus R</b>	<b>Gain on share options exercised R</b>	<b>Total R</b>
<b>2013</b>					
Christopher John Erasmus <sup>#</sup>	2 077 619	352 593	–	–	2 430 212
Antonie Fourie <sup>#</sup>	1 938 497	235 959	2 000 000	–	4 174 456
Digby John Glover <sup>§</sup>	466 630	67 972	–	–	534 602
Guenther Hellhoff	1 631 851	223 446	500 000	–	2 355 297
Avinash Naidoo	1 059 034	138 482	–	–	1 197 516
Amanda Claire Wightman <sup>^</sup>	353 769	43 866	83 333	–	480 968
Two next highest earners	4 146 031	374 611	1 500 000	–	6 020 642
	<b>11 673 431</b>	<b>1 436 929</b>	<b>4 083 333</b>	<b>–</b>	<b>17 193 693</b>
<b>2012</b>					
Christopher John Erasmus <sup>#</sup>	2 069 613	330 453	–	–	2 400 066
Antonie Fourie <sup>#</sup>	1 741 180	209 931	1 000 000	–	2 951 111
Digby John Glover <sup>#</sup>	2 127 669	324 941	2 000 000	–	4 452 610
Two next highest earners	5 454 837	88 289	2 250 000	–	7 793 126
	<b>11 393 299</b>	<b>953 614</b>	<b>5 250 000</b>	<b>–</b>	<b>17 596 913</b>

\* Benefits include the group's contribution towards medical aid, provident fund and expatriate costs

<sup>#</sup> Paid by group subsidiary companies

<sup>§</sup> Until 12 March 2013

<sup>^</sup> From 22 November 2013

# Directors' report continued

for the year ended 31 December 2013

## DIRECTORS' AND PRESCRIBED OFFICERS' EQUITY-SETTLED INSTRUMENTS

### Executive directors

The directors held the following equity-settled instruments at 31 December 2013:

	Number	Average strike price R	Average exercise price R
<b>Marius Lodewucus Heyns</b>			
Equity-settled instruments at 1 January 2013	380 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2013	380 000	13,95	

All of these options had vested by 31 December 2013.

### Manuel Donnell Grotta Gouveia

Equity-settled instruments at 1 January 2013	105 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments lapsed during the year due to resignation	(105 000)	–	–
Equity-settled instruments at 31 December 2013	–	13,95	

The directors held the following equity-settled instruments at 31 December 2012:

	Number	Average strike price R	Average exercise price R
<b>Marius Lodewucus Heyns</b>			
Equity-settled instruments at 1 January 2012	380 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2012	380 000	13,95	

All of these options had vested by 31 December 2012.

### Manuel Donnell Grotta Gouveia

Equity-settled instruments at 1 January 2012	105 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2012	105 000	13,95	

All of these options had vested by 31 December 2012.

### Prescribed officers

The following prescribed officers held the following equity-settled instruments at 31 December 2013:

	Number	Average strike price R	Average exercise price R
<b>Christopher John Erasmus</b>			
Equity-settled instruments at 1 January 2013	145 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2013	145 000	13,95	

All of these options had vested by 31 December 2013.

### Antonie Fourie

Equity-settled instruments at 1 January 2013	90 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2013	90 000	13,95	

All of these options had vested by 31 December 2013.

### Amanda Claire Wightman

Equity-settled instruments at 1 January 2013	32 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2013	32 000	13,95	

All of these options had vested by 31 December 2013.

The following prescribed officers held the following equity-settled instruments at 31 December 2012:

	Number	Average strike price R	Average exercise price R
<b>Christopher John Erasmus</b>			
Equity-settled instruments at 1 January 2012	145 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2012	145 000	13,95	

All of these options had vested by 31 December 2012.

### Antonie Fourie

Equity-settled instruments at 1 January 2012	90 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2012	90 000	13,95	

All of these options had vested by 31 December 2012.

The terms of the equity-settled instruments are detailed in note 40.

# Directors' report continued

for the year ended 31 December 2013

## INTERESTS OF DIRECTORS AND OFFICERS IN SHARE CAPITAL

The interests, direct and indirect, of the directors and officers at the date of this report are as follows:

	Direct		Indirect	
	2013 Number	2012 Number	2013 Number	2012 Number
<b>Beneficial</b>				
Manuel Donnell Grota Gouveia	–	32 070	–	–
Nigel John Townshend	–	–	–	9 337 047
Sango Siviwe Ntsaluba	<b>6 986</b>	6 986	<b>2 776 939</b>	2 776 939
Thabiso Alexander Tlelai	–	–	<b>2 774 953</b>	2 774 953
Christopher John Erasmus	<b>147 628</b>	147 628	–	–
Digby John Glover	–	–	–	1 282 275
	<b>154 614</b>	186 684	<b>5 551 892</b>	16 171 214
<b>Shares held by associates</b>	–	–	–	–
	<b>154 614</b>	186 684	<b>5 551 892</b>	16 171 214

The company's directors did not trade in shares between year-end and the date the financial statements were authorised for issue.

## INTERESTS OF DIRECTORS AND OFFICERS IN SHARE INCENTIVE SCHEME

The direct interests of the directors and officers at the date of this report are as follows:

	Number of unissued shares	% of unissued shares	% held once shares issued
<b>2013</b>			
<i>Direct</i>			
Marius Lodewucus Heyns	<b>380 000</b>	<b>20,52</b>	<b>0,29</b>
Christopher John Erasmus	<b>145 000</b>	<b>7,83</b>	<b>0,11</b>
Antonie Fourie	<b>90 000</b>	<b>4,86</b>	<b>0,07</b>
Amanda Claire Wightman	<b>32 000</b>	<b>1,73</b>	<b>0,02</b>
<b>2012</b>			
<i>Direct</i>			
Marius Lodewucus Heyns	380 000	20,52	0,23
Manuel Donnell Grota Gouveia	105 000	5,67	0,06
Christopher John Erasmus	145 000	7,83	0,09
Antonie Fourie	90 000	4,86	0,05

The right to the unissued shares are in terms of the Basil Read Share Incentive Scheme. For further details, refer to note 40(e).

## AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting, shareholders will be requested to appoint PricewaterhouseCoopers Inc as the group's auditors for the 2014 financial year.

## COMPANY SECRETARY

Merchantec Capital (Pty) Ltd resigned as company secretary on 14 March 2013. Andiswa Ndoni was appointed as company secretary on 14 March 2013.

## REGISTERED OFFICE

The Basil Read Campus  
7 Romeo Street  
Hughes extension  
Boksburg  
1459

## POSTAL ADDRESS

Private Bag X170  
Bedfordview  
2008

# Report of the independent auditors

## TO THE MEMBERS OF BASIL READ HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Basil Read Holdings Limited set out on pages 12 to 100, which comprise the statements of financial position as at 31 December 2013, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

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

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Basil Read Holdings Limited as at 31 December 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



**PricewaterhouseCoopers Inc**

Director: FJ Lombard

Registered auditor

Johannesburg

26 May 2014

# Consolidated income statement

for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>		<b>6 304 580</b>	5 493 465
Contracting revenue		<b>6 086 729</b>	5 267 577
Other revenue – development fees		<b>40 086</b>	26 736
Other revenue – construction materials and services		<b>177 765</b>	199 152
Contracting and other costs		<b>(5 398 511)</b>	(4 905 931)
Other administrative and operating overheads		<b>(520 570)</b>	(496 298)
Depreciation, impairment and amortisation of fixed assets		<b>(325 152)</b>	(287 329)
Other income	7	<b>506</b>	546
Other gains/(losses) – net	8	<b>6 701</b>	24 684
<b>Operating profit/(loss)</b>	9	<b>67 554</b>	(170 863)
Interest received	10	<b>45 701</b>	20 162
Foreign exchange	10	<b>33 374</b>	(5 823)
Interest paid	10	<b>(65 405)</b>	(99 022)
<b>Profit/(loss) before share of profit from investments accounted for using the equity method</b>		<b>81 224</b>	(255 546)
Share of profit of investments accounted for using the equity method	11	<b>45 166</b>	44 812
<b>Profit/(loss) before taxation</b>		<b>126 390</b>	(210 734)
Taxation	12	<b>(25 899)</b>	14 593
<b>Net profit/(loss) for the year from continuing operations</b>		<b>100 491</b>	(196 141)
<b>DISCONTINUED OPERATIONS</b>			
Net (loss)/profit for the year from discontinued operations	27	<b>(12 197)</b>	27 040
Profit on disposal of discontinued operations	43	<b>257 332</b>	–
Tax on disposal		<b>(64 156)</b>	–
<b>Net profit/(loss) for the year</b>		<b>281 470</b>	(169 101)
<b>Attributable to:</b>			
Equity shareholders of the company		<b>310 742</b>	(170 384)
Non-controlling interests		<b>(29 272)</b>	1 283
<b>Net profit/(loss) for the year</b>		<b>281 470</b>	(169 101)
Earnings/(loss) per share (cents)	13	<b>235,97</b>	(136,54)
Diluted earnings/(loss) per share (cents)	13	<b>235,97</b>	(136,54)
Earnings/(loss) per share from continuing operations (cents)		<b>98,54</b>	(158,21)
Diluted earnings/(loss) per share from continuing operations (cents)		<b>98,54</b>	(158,21)
Earnings per share from discontinued operations (cents)		<b>137,43</b>	21,67
Diluted earnings per share from discontinued operations (cents)		<b>137,43</b>	21,67



# Consolidated statement of comprehensive income

for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>Net profit/(loss) for the year</b>		<b>281 470</b>	(169 101)
<b>Other comprehensive income/(expense) for the year</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>		<b>7 900</b>	(4 194)
Movement in foreign currency translation reserve		12 003	3 502
Movement in fair value adjustment reserve	19	(5 043)	(8 788)
Deferred tax effect on other comprehensive income	18	940	1 092
<b>Total comprehensive income/(expense) for the year</b>		<b>289 370</b>	(173 295)
<b>Total comprehensive income/(expense) for the year attributable to the following:</b>			
Equity shareholders of the company		314 158	(175 162)
Non-controlling interests		(24 788)	1 867
<b>Total comprehensive income/(expense) for the year</b>		<b>289 370</b>	(173 295)

# Consolidated statement of financial position

as at 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>1 914 321</b>	<b>2 016 019</b>
Property, plant and equipment	15	1 138 147	1 272 127
Investment property	16	5 730	–
Intangible assets	17	411 829	412 689
Investments accounted for using the equity method	11	125 566	71 602
Loans to investments accounted for using the equity method	11	61 029	77 967
Deferred income tax assets	18	120 636	125 201
Available-for-sale financial assets	19	572	5 621
Financial assets at fair value through profit or loss	20	50 812	50 812
<b>Current assets</b>		<b>2 804 193</b>	<b>2 598 877</b>
Inventories	21	41 958	81 236
Development land	22	363 120	402 375
Contract and trade debtors	23	974 237	883 617
Receivables and prepayments	24	97 408	99 198
Derivative financial instruments	25	2 577	–
Current income tax assets		66 768	53 764
Cash and cash equivalents	26	1 258 125	1 078 687
Non-current assets held for sale	27	–	773 540
<b>Total assets</b>		<b>4 718 514</b>	<b>5 388 436</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>1 909 465</b>	<b>1 799 554</b>
Stated capital	28	1 048 025	1 048 025
Retained earnings		851 451	750 654
Other reserves		9 989	875
Non-controlling interests	29	(38 207)	24 768
<b>Total capital and reserves</b>		<b>1 871 258</b>	<b>1 824 322</b>
<b>Non-current liabilities</b>		<b>309 768</b>	<b>376 266</b>
Interest-bearing borrowings	30	263 086	314 187
Other borrowings	31	–	13 250
Deferred income tax liabilities	18	46 682	48 829
<b>Current liabilities</b>		<b>2 537 488</b>	<b>2 992 185</b>
Trade and other payables	33	2 138 276	2 199 266
Current income tax liabilities		38 273	11 970
Current portion of interest-bearing borrowings	30	163 314	562 980
Loans from investments accounted for using the equity method	11	5 938	20 695
Derivative financial instruments	25	1 395	2 506
Provisions for other liabilities and charges	32	134 651	162 915
Bank overdraft	26	55 641	31 853
Liabilities directly associated with non-current assets classified as held for sale	27	–	195 663
<b>Total equity and liabilities</b>		<b>4 718 514</b>	<b>5 388 436</b>

# Consolidated statement of changes in equity

for the year ended 31 December 2013

	Share capital R'000	Treasury shares R'000	Foreign currency translation reserve* R'000	Fair value adjustment reserve R'000	Equity-settled share-based payment reserve R'000	Retained earnings R'000	Total attributable to owners of the parent R'000	Non-controlling interests R'000	Total equity R'000
<b>Balance at 1 January 2012</b>	948 687	(19)	(1 666)	7 319	–	860 499	1 814 820	22 901	1 837 721
Movement in shares held by the trust	–	7	–	–	–	–	7	–	7
Issue of shares in terms of B-BBEE transaction	99 350	–	–	–	–	–	99 350	–	99 350
Total comprehensive income for the year	–	–	2 918	(7 696)	–	(170 384)	(175 162)	1 867	(173 295)
Share-based payment (refer note 34)	–	–	–	–	60 539	–	60 539	–	60 539
Reallocate equity-settled share-based payment	–	–	–	–	(60 539)	60 539	–	–	–
<b>Balance at 31 December 2012</b>	<b>1 048 037</b>	<b>(12)</b>	<b>1 252</b>	<b>(377)</b>	<b>–</b>	<b>750 654</b>	<b>1 799 554</b>	<b>24 768</b>	<b>1 824 322</b>
Disposal of subsidiary (refer note 43)	–	–	4 989	709	–	–	5 698	(15 272)	(9 574)
Transactions with minorities	–	–	–	–	–	20 518	20 518	(20 518)	–
Total comprehensive income for the year	–	–	7 519	(4 103)	–	310 742	314 158	(24 788)	289 370
Dividends paid	–	–	–	–	–	(230 463)	(230 463)	(2 397)	(232 860)
<b>Balance at 31 December 2013</b>	<b>1 048 037</b>	<b>(12)</b>	<b>13 760</b>	<b>(3 771)</b>	<b>–</b>	<b>851 451</b>	<b>1 909 465</b>	<b>(38 207)</b>	<b>1 871 258</b>

\* The foreign currency translation reserve is the result of exchange differences arising from the translation of the group's foreign operations to the group's presentation currency, the Rand.

# Consolidated statement of cash flows

for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>Cash flow from operating activities</b>		<b>(2 715)</b>	843 106
Cash generated by operating activities	35	284 427	1 033 498
Net finance income/(costs)	10	13 670	(77 133)
Dividends paid	36	(232 640)	(38)
Taxation paid	37	(68 172)	(113 221)
<b>Cash flow from investing activities</b>		<b>689 926</b>	(403 415)
Acquisitions of property, plant and equipment	15	(212 283)	(501 693)
Proceeds on disposal of property, plant and equipment		93 101	54 249
Disposal of subsidiaries	43	839 214	66 324
Acquisition of jointly controlled entity	11	(1)	(1)
Disposal of jointly controlled entity	11	-	4 000
Advances made to jointly controlled entities	11	(15 354)	(31 206)
Advances recovered from jointly controlled entities	11	-	9 695
Acquisition of associate	11	-	(3 169)
Disposal of associate	11	-	3 870
Advances made to associates	11	(20 468)	(17 466)
Advances recovered from associates	11	5 711	285
Acquisition of available-for-sale financial asset	19	-	(3 769)
Disposal of available-for-sale financial asset	19	6	34 619
Acquisition of financial asset at fair value through profit or loss	20	-	(19 153)
<b>Cash flow from financing activities</b>		<b>(506 682)</b>	(50 781)
Proceeds from interest-bearing borrowings	30	125 000	329 912
Repayments of interest-bearing borrowings	30	(618 432)	(480 050)
Repayments of other borrowings	31	(13 250)	-
Proceeds from issue of shares – net of costs		-	99 357
Effects of exchange rates on cash and cash equivalents		(23 767)	3 059
<b>Movement in cash and cash equivalents</b>		<b>156 762</b>	391 969
<b>Cash and cash equivalents – at the beginning of the year</b>		<b>1 045 722</b>	653 753
<b>Cash and cash equivalents – at the end of the year</b>	26	<b>1 202 484</b>	1 045 722
<b>Included in cash and cash equivalents as per the balance sheet</b>		<b>1 202 484</b>	1 046 834
<b>Included in the assets of disposal group</b>		<b>-</b>	(1 112)
		<b>1 202 484</b>	1 045 722

# Notes to the consolidated financial statements

for the year ended 31 December 2013

## I. ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of available-for-sale investments and financial instruments fair valued through profit and loss. The following principal accounting policies are in accordance with International Financial Reporting Standards and are used by the group. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

The accounting policies detailed below have been consistently applied to the company financial statements detailed on pages 93 to 100.

### Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards, amendments and interpretations to existing standards have been published but are not effective and the group has not early adopted them:

*IFRS 9 Financial Instruments (2009)* (effective for financial periods beginning on/after 1 January 2015) – IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

*IFRS 9 Financial Instruments (2010)* (effective for financial periods beginning on/after 1 January 2015) – IFRS 9 has been updated to include guidance on financial liabilities and derecognition of financial instruments. The accounting for and presentation of financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss.

*Amendments to IFRS 9 Financial Instruments (2011)* (effective for financial periods beginning on/after 1 January 2015) – The amendment to IFRS 9 delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the International Accounting Standards Board (IASB) extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

*Amendments to IAS 32 Financial Instruments: Presentation* (effective for financial periods beginning on/after 1 January 2014) – The IASB has issued amendments to the application guidance in IAS 32 that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

*Amendment to IAS 39 on novation of derivatives* (effective for financial periods beginning on/after 1 January 2014) – The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. Similar relief will be included in *IFRS 9 Financial Instruments*.

*Amendments to IAS 36 Impairment of Assets* (effective for financial periods beginning on/after 1 January 2014). These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

*Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 and IAS 27 for investment entities* (effective for financial periods beginning on/after 1 January 2014) – The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

*IFRIC 12 Levies* (effective for financial periods beginning on/after 1 January 2014) – The interpretation addresses the accounting for a liability to pay a levy imposed by government recognised in accordance with IAS 37 *Provisions*, and the liability to pay a levy imposed by government whose timing and amount is certain. It excludes income taxes within the scope of IAS 12 *Income Taxes*. Its application to liabilities arising from emissions trading schemes is optional.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## I. ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (effective for financial periods beginning on/after 1 July 2014) – The IASB has issued an amendment to clarify the application of IAS 19 *Employee Benefits* (2011) – referred to as IAS 19R – to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

IFRS 2 *Share-Based Payment* (effective for financial periods beginning on/after 1 July 2014) – The amendment clarifies the definition of a “vesting condition” and separately defines “performance condition” and “service condition”. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 *Business Combinations* (effective for financial periods beginning on/after 1 July 2014) – The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 *Financial Instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. The amendment is effective for business combinations where the acquisition date is on or after 1 July 2014.

IFRS 8 *Operating Segments* (effective for financial periods beginning on/after 1 July 2014) – The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity’s assets when segment assets are reported.

IFRS 13 *Fair Value Measurement* (effective for financial periods beginning on/after 1 July 2014) – When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (effective for financial periods beginning on/after 1 July 2014) – Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- ▶ either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- ▶ the accumulated depreciation is eliminated against the gross carrying amount of the asset.

IAS 24 *Related-Party Disclosures* (effective for financial periods beginning on/after 1 July 2014) – The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the management entity). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity’s employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* (effective for financial periods beginning on/after 1 July 2014) – The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.

IFRS 3 *Business Combinations* (effective for financial periods beginning on/after 1 July 2014) – The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

IFRS 13 *Fair Value Measurement* (effective for financial periods beginning on/after 1 July 2014) – The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

IAS 40 *Investment Property* (effective for financial periods beginning on/after 1 July 2014) – The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

Management is currently reviewing the impact of these standards on the group.

#### **Holding company investments**

Basil Read Holdings Limited's investment in subsidiaries is recognised at cost, net of any accumulated impairment loss.

#### **Group accounting**

##### **Subsidiaries**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is not amortised but tested for impairment annually.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

##### **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### **Disposal of subsidiaries**

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.



# Notes to the consolidated financial statements *continued*

for the year ended 31 December 2013

## **I. ACCOUNTING POLICIES (continued)**

### **Group accounting (continued)**

#### **Associates**

Associates are entities over which the group has significant influence but does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition equity movements is adjusted against the cost of the investment. Unrealised gains or losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless the group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

#### **Joint arrangements**

The group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

#### **Joint ventures**

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

#### **Joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

The group recognises in relation to its interest in a joint operation:

- ▶ its assets, including its share of any assets held jointly;
- ▶ its liabilities, including its share of any liabilities incurred jointly;
- ▶ its revenue from its share of the output arising from the joint operation;
- ▶ its share of the revenue from the output by the joint operation; and
- ▶ its expenses, including its share of any expenses incurred jointly.

#### **Foreign currencies**

##### **Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The group's financial statements are presented in South African Rand, which is the company's functional and presentation currency.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

### Group companies

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

- ▶ assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- ▶ income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction);
- ▶ equity items are translated at the closing rate; and
- ▶ all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Other investments

The group classifies its investments in equity securities as available-for-sale or fair value through profit or loss. Management re-evaluates such designation on a regular basis. Investments are held for an indefinite period of time, which may be sold in response to needs for liquidity, and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date, in which case they are included in current assets.

Purchases of investments are recognised at cost on the trade date, which is the date that the group commits to purchase the asset. Cost of purchase includes transaction costs. Investments are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these investments are included in equity. The fair value of listed investments are based on quoted market prices. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

### Property, plant and equipment

Property, plant and equipment (except for investment properties) are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Immovable properties are classified as either owner-occupied property or investment property and are accounted for accordingly.

Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment. The cost of an item of property, plant and equipment further includes the initial estimate of the costs of its dismantlement, removal or restoration of the site on which it was located.

Depreciation is calculated to write off the assets to their residual values over their expected useful lives on the following basis:

- ▶ Owner-occupied buildings – Straight-line basis over 20 years
- ▶ Major plant and equipment – Straight-line basis over periods ranging from two to 15 years
- ▶ Other plant and equipment – Straight-line basis over periods ranging from three to five years
- ▶ Furniture and fittings – Straight-line basis over periods ranging from three to five years
- ▶ Freehold property is not depreciated.

Residual values and useful lives are assessed annually and any effect of changes in residual values and useful lives are accounted for as a change in estimate, prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset.

# Notes to the consolidated financial statements *continued*

for the year ended 31 December 2013

## **I. ACCOUNTING POLICIES (continued)**

### **Borrowings**

Borrowings are recognised initially as the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings as interest. Borrowing costs are recognised in the income statement as incurred.

### **Capitalisation of borrowing costs**

Borrowing costs, incurred in respect of property developments or capital work in progress, that require a substantial period to prepare assets for their intended use, are capitalised up to the date that the development of the asset is ready for its intended use. Other borrowing costs are recognised in the income statement as incurred.

### **Investment properties**

Investment properties are held to appreciate in capital value. Investment properties are treated as long-term investments and carried at market value determined annually by the directors based on current real estate prices for similar properties. Every three years an external independent valuer carries out an independent valuation. Investment properties are not subject to depreciation. Increases and decreases in their carrying amount are included in net profit or loss for the period.

### **Intangible assets**

#### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary/associate/joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investments accounted for using the equity method and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

#### **Contract based intangibles**

Contract-based intangibles represent construction contracts existing at date of acquisition and are recognised at fair value. Amortisation is calculated using the straight-line method to allocate the cost of the contract-based intangible over the period of the related contracts, which range between one and 10 years.

#### **Marketing-related intangibles**

Marketing-related intangibles represent the value of the trademarks and trade names existing at date of acquisition and are recognised at fair value. Amortisation is calculated using the straight-line method to allocate the cost of the marketing related intangibles over 20 years.

### **Leased assets**

#### **Finance leases**

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased plant and equipment or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the useful life of the asset unless ownership is not assured, in which case the item of plant and equipment is depreciated over the lease term.

### **Operating leases**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessee by way of penalty is recognised as an expense in the period in which termination takes place.

### **Impairment**

#### **Non-financial assets**

Assets that have an indefinite useful life which are not subject to depreciation are tested for impairment, at least annually, on the same date and at the end of each reporting period when an indicator of impairment exists. Assets that are subject to depreciation are reviewed for impairment at the end of each reporting period whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When it is not possible to estimate the recoverable amount of an individual asset (the asset's value-in-use cannot be estimated to be close to its fair value less cost to sell and the asset does not generate cash inflows that are largely independent of those from other assets), the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets are considered to be impaired when the higher of the asset's fair value less cost to sell and its value-in-use is less than the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount.

Where the recoverable amount is less than the carrying amount, the impairment is charged against profit or loss to reduce the carrying amount to the recoverable amount of the asset. The revised carrying amounts are depreciated over the remaining lives of such affected assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment previously recognised will be reversed when changes in circumstances, that have an impact on estimates, occur after the impairment was recognised. The reversal of an impairment will be limited to the lower of the newly calculated recoverable amount or the book value that would have existed if the impairment was not recognised. The reversal of an impairment is recognised in profit or loss.

#### **Goodwill**

Goodwill is tested for impairment annually, at least, and at the end of each reporting period when an indicator of impairment exists. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash-generating unit to which goodwill has been allocated is based on fair value less costs to sell or value-in-use. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss and may not be reversed.

#### **Financial assets**

##### *(a) Assets carried at amortised cost*

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an investment's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## **I. ACCOUNTING POLICIES (continued)**

### **Impairment (continued)**

#### **Financial assets (continued)**

##### *(b) Assets classified as available for sale*

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis. Net realisable value is determined on the latest replacement cost for consumable goods.

#### **Development land**

Development land is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed, borrowing costs and other charges are expensed as incurred.

#### **Long-term construction contracts and contract revenue recognition**

##### **Revenue and costs**

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the percentage of completion method to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the statement of financial position date as a percentage of total estimated costs for each contract and physical completion. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The group presents as an asset (work in progress) the gross amount due from customers for contract work for all contracts in progress for which costs plus recognised profits (less recognised losses) exceed progress billings. Work in progress, progress billings not yet paid by customers and retentions are included within contract debtors and retentions.

The group presents as a liability (advance payments received for contract work) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

##### **Contract debtors**

Contract debtors comprise progress billings certified to date less payments received. Retention debtors are also raised as part of debtors at the time. Contract debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of contract debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

##### **Other revenue recognition**

Other revenue represents amounts receivable for project management services, development fees and subsidies receivable for the development of low-cost housing. It also includes amounts receivable for the supply of construction-related goods and services.

Other revenue is measured at the fair value of the consideration received or receivable net of discounts, VAT and other sales-related taxes.

Other revenue is recognised when the risks and rewards of ownership are transferred and the amount can be reliably measured.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividends are recognised when the right to receive payment is established.

#### **Current and deferred taxation**

The tax expense for the period comprises current and deferred taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is provided on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of a deferred taxation asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset and when the deferred taxation relates to the same fiscal authority.

#### **Financial assets**

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading or those designated as fair value through profit or loss on initial recognition. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. Derivatives are classified as held for trading unless they are designated as hedges.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through the profit or loss category are presented in the income statement in the period in which they arise.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include contract and trade debtors, receivables and cash and cash equivalents in the statement of financial position.

Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest rate method.

##### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs, and subsequently carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## I. ACCOUNTING POLICIES (continued)

### Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, investments, contract debtors, receivables, trade payables, leases and borrowings. The particular recognition methods are disclosed in the individual policy statements or notes to the financial statements.

### Hedge accounting

For financial reporting purposes forward exchange contracts are designated as fair value hedges or cash flow hedges as appropriate and are designated at group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions.

When forward exchange contracts are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on such contracts are recognised in the income statement.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or expected future transaction, the effective part of any gain or loss arising on the derivative instrument is classified as a hedging reserve in the statement of changes in equity until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in the income statement.

When the expected future transaction results in the recognition of an asset or liability, the associated gain or loss is transferred from the hedging reserve to the underlying asset or liability. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

Other derivative financial instruments are initially recorded at fair value on the date that the contract is entered into and are subsequently measured at their fair value with resulting gains or losses being accounted for in the income statement.

### Cash and cash equivalents

Cash and cash equivalents are initially recorded at fair value and subsequently measured at amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdrafts.

### Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the statement of financial position date, and are discounted to present value where the effect is material.

### Employee benefits

#### Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.



For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### **Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

#### **Leave pay**

Accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees.

#### **Share-based payments**

Share options are granted to employees in terms of the scheme detailed in note 40. The net cost of share options, calculated as the difference between the fair value of such options at grant date and the price at which the options were granted, are expensed over their vesting periods. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

The fair value of options granted is determined by using the European binomial simulation model, taking into account the terms and conditions upon which the options were granted and any market vesting conditions.

At each statement of financial position date, the group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Options exercised are equity settled through a fresh issue of shares.

#### **Dividends**

Dividends are recorded in the group's financial statements in the period in which they are approved by the group's shareholders.

#### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

#### **Intersegment transfers**

Segment revenue, segment expenses and segment results include transfers between business segments. Such transfers are accounted for based on commercial terms and conditions at market-related prices. These transfers are eliminated on consolidation.

#### **Segment revenue and expenses**

All segment revenue and expenses are directly attributable to the segments and are disclosed at the operating profit level.

#### **Segment assets and liabilities**

Segment assets include all operating assets and consist principally of property, plant and equipment, inventory, contract debtors and retentions and receivables and prepayments.

Segment liabilities include all operating liabilities and consist principally of interest-bearing borrowings, trade and other payables and taxation.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 2. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. From time to time, the group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by financial management under policies approved by the board of directors. This function identifies, evaluates and, in certain circumstances, hedges financial risks in close cooperation with the group's various operating divisions. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

#### a. Market risk

##### i. Foreign exchange risk

The group operates mainly in sub-Saharan Africa and on St Helena island, and is exposed to foreign exchange risk arising from various currency exposures, through foreign entities which conduct business in various currencies. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The group is subject to transaction and translation exposure due to fluctuations in foreign currency exchange rates.

Management requires that group companies and divisions manage their foreign exchange risk against their functional currency. Group companies and divisions are required to report potential foreign currency risk exposures to the centralised group treasury. The group treasury will assess the risk and the possible financial impact using various scenario planning techniques. To manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, group treasury may use forward contracts, transacted with various financial institutions. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The group treasury's risk management policy is to assess the anticipated cash flows of each contract individually and to hedge an appropriate percentage of these cash flows so as to match costs and revenues in each foreign currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Foreign currency denominated construction contracts entered into may give rise to foreign exchange risk as the revenue base may be in a currency that is different to the cost base. The group's cost base is denominated primarily in South African Rand. In instances where the revenue of foreign currency denominated construction contracts is in a currency other than the Rand, an analysis of the costs associated with the contract is undertaken to assess whether the contract gives rise to foreign exchange risk. Forward exchange contracts may be entered into to manage any resulting risk, in particular to ensure that, as a minimum, any foreign exchange exposure relating to costs is adequately covered.

During the 2013 financial year, the group's exposure to foreign exchange risk arose primarily as a result of the following:

- ▶ The group's construction contract to construct the airport on St Helena island. In terms of the contract, the group receives revenue in four currencies: the South African Rand, US Dollar, British Pound and Euro. The revenue in foreign currency is received to cover forecasted expenses in those currencies. To the extent that these expenses do not materialise or are higher than forecasted, the group will be exposed to foreign exchange risk. The receipt of foreign currency also gives rise to cash and cash equivalents in those currencies.
- ▶ The group's construction contract to construct the MetroWind van Stadens wind farm. The turbines used in the construction of the wind farm were procured from a Chinese supplier at a cost of USD26 million. On completion of the supply agreement, this cost was hedged in full through the use of forward exchange contracts. At year-end, forward exchange contracts to the value of USD7,2 million were outstanding, resulting in a revaluation profit of R2,6 million.

#### *Sensitivity analysis*

At 31 December 2013, if the currency has weakened/strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been R0,1 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated cash and cash equivalents, contract debtors and trade and other payables.

At 31 December 2013, if the currency has weakened/strengthened by 10% against the British Pound with all other variables held constant, post-tax profit for the year would have been R5,0 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of British Pound-denominated cash and cash equivalents, contract debtors, receivables and prepayments and trade and other payables.

At 31 December 2013, if the currency has weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been R2,4 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents, contract and trade debtors and trade and other payables.

In the prior year the group had the following foreign exchange exposures:

- ▶ At 31 December 2012, if the currency has weakened/strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been R4,6 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated cash and cash equivalents, contract debtors, loans from associates and trade and other payables.
- ▶ At 31 December 2012, if the currency has weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been R8,6 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents and trade and other payables.
- ▶ At 31 December 2012, if the currency has weakened/strengthened by 10% against the British Pound with all other variables held constant, post-tax profit for the year would have been R0,6 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of British Pound-denominated cash and cash equivalents.
- ▶ At 31 December 2012, if the currency has weakened/strengthened by 10% against the Peruvian Nuevo Sol with all other variables held constant, post-tax profit for the year would have been R2,2 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of Peruvian Nuevo Sol-denominated contract and trade debtors.

#### *ii. Cash flow and fair value interest rate risk*

As the group has no significant interest-bearing assets other than cash and cash equivalents, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash held at variable interest rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group maintains its borrowings at variable interest rates. During 2013 and 2012, the group's borrowings at variable rate were denominated in the functional currency.

At 31 December 2013, if interest rates on interest-bearing borrowings had been 100 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been R4,3 million lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2012, if interest rates on interest-bearing borrowings had been 100 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been R8,8 million lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### *iii. Price risk*

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale and fair value through profit or loss financial assets. These investments were acquired as strategic investments and were not actively managed with reference only to equity securities price risk.

The group holds direct investments in the equity of other entities. These equities are publicly traded on the following stock exchanges:

- ▶ All Share Index as quoted by the Johannesburg Stock Exchange (JSE)
- ▶ AltX Index as quoted by the Johannesburg Stock Exchange
- ▶ Alternative Investment Market (AIM) as quoted by the London Stock Exchange (LSE).

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 2. FINANCIAL RISK MANAGEMENT (continued)

### Financial risk factors (continued)

#### a. Market risk (continued)

##### iii. Price risk (continued)

The group is exposed to materials price risk because of the fluctuation in the price of various raw materials, including diesel, steel, cement and rubber. More than 80% of the contracts that the group enters into provide for escalation in the prices of raw materials. In these cases, the price risk is borne by the client. In the case of fixed price contracts, the group is exposed to price risk. To minimise this risk, price curves are determined for each type of raw material and the expected movement in the cost of raw materials is built into the cost of the contract.

To minimise the exposure to price risk for the group as well as all clients, the group may enter into supplier agreements for the supply of raw materials at favourable rates.

The group may, from time to time, use derivative financial instruments to hedge certain of its materials price risk exposures. These instruments would be evaluated in accordance with limits set by management.

#### b. Credit risk

Credit risk is managed on a group basis, except for credit risk relating to contract and trade debtors balances. Each local entity is responsible for managing and analysing the credit risk for each of their potential new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and credit exposures to customers, including contract debtors and outstanding receivables.

For banks and financial institutions, only those that have a minimum short-term credit rating of FI as rated by Fitch ratings, are accepted. In certain instances, country regulations may require locally registered entities to operate banking accounts with local banking institutions, which may not meet the minimum rating requirement.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the risk committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. In cases where the risk committee deems the risk level to be unacceptable, payment guarantees issued by the customer are insisted upon.

The group establishes a provision for impairment based on factors surrounding the credit risk of specific customers, historical trends and other information. In determining the recoverability of a contract and trade debtor, the group considers any change in the credit quality of the trade receivable from the date the credit was granted up to the reporting date. Management does not expect a loss from fully performing financial assets.

Financial instruments which potentially subject the group to concentrations of credit risk are primarily cash and cash equivalents as well as trade receivables. As regards cash and cash equivalents, the group deals primarily with major financial institutions in South Africa and over-border.

The group's customers are concentrated primarily in South Africa, but also exist in the rest of Africa. The majority of the group's customers are concentrated in the public and mining sectors.

Refer to note 23 for further information on the group's credit risk profile.

#### c. Liquidity risk

Cash flow forecasting is performed by financial management. The group treasury monitors rolling forecasts of the group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements. A 12-month liquidity analysis is presented to the board of directors on a bi-annual basis.

Surplus cash held over and above balances required for working capital management is invested in interest-bearing current accounts, money market deposits and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

The major sources of funds for the group are as follows:

- ▶ Undrawn facilities
- ▶ Available cash.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest repayments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### At 31 December 2013

	0 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	>5 years R'000	Total R'000
Interest-bearing borrowings	58 112	129 787	270 903	–	458 802
Other borrowings	–	–	–	–	–
Trade and other payables	1 930 520	207 756	–	–	2 138 276
	1 988 632	337 543	270 903	–	2 597 078

#### At 31 December 2012

	0 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	>5 years R'000	Total R'000
Interest-bearing borrowings	62 474	534 104	329 761	–	926 339
Other borrowings	–	–	13 250	–	13 250
Trade and other payables	1 950 618	248 648	–	–	2 199 266
	2 013 092	782 752	343 011	–	3 138 855

The table below analyses the group's derivative financial instruments which will be settled on a gross basis into the relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### At 31 December 2013

	0 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	>5 years R'000	Total R'000
Forward foreign exchange contracts	–	73 815	–	–	73 815

#### At 31 December 2012

	0 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	>5 years R'000	Total R'000
Forward foreign exchange contracts	–	–	–	–	–

### 3. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group considers total equity and interest-bearing borrowings to comprise capital.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net cash/debt divided by total capital. Net cash/debt is calculated as total borrowings (including current and non-current interest-bearing borrowings and other borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total equity is calculated as "capital and reserves" as shown in the consolidated balance sheet plus net cash/debt.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 3. CAPITAL RISK MANAGEMENT (continued)

During 2013, the group's strategy, which was unchanged from 2012, was to maintain the gearing ratio below 50%, the long-term credit rating at BBB+ and the short-term credit rating at A2. Both the long-term and short-term credit ratings are reviewed annually in May and were maintained throughout the period. The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013 R'000	2012 R'000
Total borrowings (notes 30 and 31)	426 400	890 417
Less: cash and cash equivalents (note 26)	(1 202 484)	(1 046 834)
Net cash	(776 084)	(156 417)
Total equity	1 909 465	1 799 554
Total capital	1 133 381	1 643 137
Gearing ratio (%)	(68,5)	(9,5)

The improvement in the gearing ratio during the 2013 financial year resulted primarily from the repayment of debt out of proceeds received relating to the disposal of a discontinued operation (refer note 43).

The group further monitors the capital ratio on the basis of the debt equity ratio, and manages interest-bearing liabilities with reference to the assets they are used to finance. The debt equity ratio is calculated as total long-term debt divided by total equity. Total equity is calculated as "capital and reserves" as shown in the consolidated balance sheet.

	2013 R'000	2012 R'000
Total long-term debt	263 086	327 437
Total equity	1 909 465	1 799 554
Debt:equity ratio (%)	13,8	18,2

The group considers a debt equity ratio of less than 100% to be acceptable, which is unchanged from 2012. This is reviewed annually after considering market conditions and the growth goals of the group.

The ratio of interest-bearing debt to the net book value of property, plant and equipment and development land is calculated as follows:

	2013 R'000	2012 R'000
Total interest-bearing borrowings (note 30)	426 400	877 167
Total assets financed	1 501 267	1 674 502
Property, plant and equipment (note 15)	1 138 147	1 272 127
Development land (note 22)	363 120	402 375
Ratio of interest-bearing debt to assets financed (%)	28,4	52,4

The group considers a ratio of 80% or less to be acceptable, which is unchanged from 2012. This is reviewed annually after considering market conditions and the growth goals of the group.

The only loan covenant in place is in the group's subsidiaries in Namibia. This covenant requires the subsidiaries to ensure that its interest-bearing debt to shareholders' funds on a consolidated basis, expressed as a percentage of shareholders funds, is not more than 100%. For the purposes of the covenant, interest-bearing debt is defined as all debts of an interest-bearing nature, including contingent liabilities, less cash and cash equivalents, excluding amounts received as cash advance payments on contracts. Shareholders' funds means the sum of issued share capital, share premium, reserves, excluding asset revaluation reserves, retained income less accumulated losses plus any ceded or subordinated shareholders loans less any amounts attributable to goodwill or any other intangible assets. The loan covenant was met at 31 December 2013.

#### 4. FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets</b>				
Available-for-sale financial assets				
– equity instruments	572	–	–	572
Financial assets at fair value through profit or loss	–	–	50 812	50 812
Derivative financial instruments	–	2 577	–	2 577
<b>Total financial assets</b>	<b>572</b>	<b>2 577</b>	<b>50 812</b>	<b>53 961</b>
<b>Financial liabilities</b>				
Derivative financial instruments	–	(1 395)	–	(1 395)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets</b>				
Available-for-sale financial assets				
– equity instruments	5 615	–	6	5 621
Financial assets at fair value through profit or loss	–	–	50 812	50 812
<b>Total financial assets</b>	<b>5 615</b>	<b>–</b>	<b>50 818</b>	<b>56 433</b>
<b>Financial liabilities</b>				
Derivative financial instruments	–	(2 506)	–	–

There were no transfers between levels 1 and 2 during the year.

##### a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily LSE and JSE-listed equity investments classified as available-for-sale.

##### b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- ▶ Quoted market prices or dealer quotes for similar instruments
- ▶ The fair value of forward exchange contracts is determined using forward exchange rates at the statement of financial position date
- ▶ Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 4. FAIR VALUE ESTIMATION (continued)

### b) Financial instruments in level 2 (continued)

- ▶ The carrying value less impairment provision of contract debtors, other receivables and trade payables are assumed to approximate their fair values due to the short-term nature of these balances. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar instruments.

### c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2013.

	Unlisted investments classified as available- for-sale	Unlisted investments classified as at fair value through profit or loss	Total
Opening balance	6	50 812	50 818
Acquisition of unlisted investment	–	–	–
Disposal of unlisted investment	(6)	–	(6)
Gains or losses recognised in profit/loss	–	–	–
Closing balance	–	50 812	50 812
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Other gains/losses'	–	–	–
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–	–	–

The following table presents the changes in level 3 instruments for the year ended 31 December 2012.

	Unlisted investments classified as available- for-sale	Unlisted investments classified as at fair value through profit or loss	Total
Opening balance	6	–	6
Acquisition of unlisted investment	–	19 153	19 153
Disposal of unlisted investment	–	–	–
Gains or losses recognised in profit/loss	–	31 659	31 659
Closing balance	6	50 812	50 818
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Other gains/losses'	–	31 659	31 659
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–	31 659	31 659

### Offsetting financial assets and financial liabilities

At the reporting date, the group did not have any financial assets or liabilities that are subject to offsetting, enforceable master netting arrangements or similar agreements.

The group has, however, entered into master netting agreements in terms of the International Swap and Derivatives Association, Inc (ISDA) with various financial institutions.

For financial assets and liabilities subject to enforceable master netting arrangements or similar agreements, each agreement between the group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Provision for impairment of contract debtors

A provision for impairment of contract debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contract debtor is impaired. The amount of the provision is the difference between the contract debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Refer to note 23 for the carrying value.

### Accounting for construction contracts

The group makes estimates and assumptions concerning the future, particularly as regards construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to note 32 for details of the group's contract provisions.

The group uses the percentage of completion method to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract and physical completion. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

### Property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over its useful life to residual value. Residual values and useful lives are based on management's best estimate and actual future outcomes may differ from these estimates. Refer to note 15 for details of the group's property, plant and equipment.

The group annually tests whether property, plant and equipment have suffered any impairment. When performing impairment testing, the recoverable amount is determined for the individual asset. If the asset does not generate cash flows that are largely independent from other assets or groups of assets then the recoverable amounts of cash-generating units that those assets belong to are determined based on discounted future cash flows.

### Consolidation of entities

The group controls and consolidates an entity where the group has power over the entity's related activities; is exposed to variable returns from its involvement with the entity; and has the ability to affect the returns through its power over the entity. Determining whether the group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the entity's returns, and whether the group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights including whether such rights are substantive. Refer to note 11 for a list of the group's subsidiaries that are controlled by the group.

### Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### Deferred taxation

A deferred tax asset is recognised with the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

- ▶ whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses can be utilised;
- ▶ whether it is probable that the entity will have taxable profits before the unused tax losses expire; and
- ▶ whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the group has reviewed its forecasts of secured work for the foreseeable future and compared that to its total tax losses.

Refer to note 18 for details of the group's deferred tax assets.

### Defined benefit plan

The defined benefit obligation calculation is subject to estimates of future contributions, mortality tables and discount rates. These estimates could change materially over time. The principal actuarial assumptions used for valuation purposes of the group's defined benefit plan can be found in note 40(b) of this report.

### Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgement and estimates of the outcome of future events. Refer to note 38 for details of the group's contingent liabilities.

### Goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on discounted future cash flows. These calculations require the use of estimates.

The following elements are used in the calculation of a cash-generating unit's value-in-use:

- ▶ an estimate of the future cash flows that the entity expects to derive from the cash-generating unit
- ▶ expectations about possible variations in the amount or timing of those future cash flows
- ▶ the time value of money, represented by the current market risk-free rate of interest
- ▶ the price for bearing the uncertainty inherent in the cash-generating unit
- ▶ other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the group expects to derive from the cash-generating unit.

### Share-based payment

The fair value of employee share options is determined using the European binomial simulation model. The significant inputs into this model are discussed in note 40(e).

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## 6. FINANCIAL INSTRUMENTS

### a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2013	Loans and receivables R'000	Available- for-sale R'000	Held at fair value through profit or loss R'000	Total R'000
<b>Assets as per statement of financial position</b>				
Loans to joint ventures	61 029	–	–	61 029
Available-for-sale financial assets	–	572	–	572
Financial assets at fair value through profit or loss	–	–	50 812	50 812
Contract and trade debtors	974 237	–	–	974 237
Receivables	67 201	–	–	67 201
Derivative financial instruments	–	–	2 577	2 577
Cash and cash equivalents	1 258 125	–	–	1 258 125
<b>Total</b>	<b>2 360 592</b>	<b>572</b>	<b>53 389</b>	<b>2 414 553</b>
		At amortised cost R'000	At fair value R'000	Total R'000
<b>Liabilities as per statement of financial position</b>				
Interest-bearing borrowings		426 400	–	426 400
Other borrowings		–	–	–
Trade and other payables		2 138 276	–	2 138 276
Loans from associates		5 938	–	5 938
Derivative financial instruments		–	1 395	1 395
Bank overdraft		55 641	–	55 641
<b>Total</b>		<b>2 626 255</b>	<b>1 395</b>	<b>2 627 650</b>
31 December 2012	Loans and receivables R'000	Available- for-sale R'000	Held at fair value through profit or loss R'000	Total R'000
<b>Assets as per statement of financial position</b>				
Loans to joint ventures	77 967	–	–	77 967
Available-for-sale financial assets	–	5 621	–	5 621
Financial assets at fair value through profit or loss	–	–	50 812	50 812
Contract and trade debtors	883 617	–	–	883 617
Receivables	81 836	–	–	81 836
Derivative financial instruments	–	–	–	–
Cash and cash equivalents	1 078 687	–	–	1 078 687
<b>Total</b>	<b>2 122 107</b>	<b>5 621</b>	<b>50 812</b>	<b>2 178 540</b>
		At amortised cost R'000	At fair value R'000	Total R'000
<b>Liabilities as per statement of financial position</b>				
Interest-bearing borrowings		877 167	–	877 167
Other borrowings		13 250	–	13 250
Trade and other payables		2 199 266	–	2 199 266
Loans from associates		20 695	–	20 695
Derivative financial instruments		–	2 506	2 506
Bank overdraft		31 853	–	31 853
<b>Total</b>		<b>3 142 231</b>	<b>2 506</b>	<b>3 144 737</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 6. FINANCIAL INSTRUMENTS (continued)

### b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired have been grouped into the following categories: government, multinational mining companies, listed companies, unlisted companies and individuals.

	Loans to jointly controlled entities	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Contract and trade debtors	Receivables	Cash and cash equivalents	Total
31 December 2013	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Government	–	–	–	554 489	15 308	–	569 797
Multinational mining companies	–	–	–	85 977	–	–	85 977
Listed companies	–	572	–	135 508	–	1 257 572	1 393 652
Unlisted companies	61 029	–	50 812	146 561	51 477	553	310 432
Individuals	–	–	–	6 285	416	–	6 701
	61 029	572	50 812	928 820	67 201	1 258 125	2 366 559

	Loans to jointly controlled entities	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Contract and trade debtors	Receivables	Cash and cash equivalents	Total
31 December 2012	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Government	–	–	–	394 008	28 730	–	422 738
Multinational mining companies	–	–	–	30 466	–	–	30 466
Listed companies	–	5 615	–	108 221	–	1 078 240	1 192 076
Unlisted companies	77 967	6	50 812	307 748	52 598	447	489 578
Individuals	–	–	–	–	508	–	508
	77 967	5 621	50 812	840 443	81 836	1 078 687	2 135 366

	2013 R'000	2012 R'000
<b>7. OTHER INCOME</b>		
Dividend income	506	546

	2013 R'000	2012 R'000
<b>8. OTHER GAINS/(LOSSES) – NET</b>		
Financial assets at fair value through profit or loss		
– Fair value losses	–	–
– Fair value gains	–	31 659
Fair value gains/(losses) on financial instruments		
– Interest rate swaps	<b>1 307</b>	(2 482)
– Forward exchange contracts	<b>2 577</b>	–
Fair value gains on revaluation of investment property	<b>2 817</b>	–
Loss on sale of subsidiaries	–	(312)
Loss on sale of joint venture	–	(4 622)
Profit on sale of associates	–	441
	<b>6 701</b>	24 684

The fair value gain/(loss) on interest rate swaps relates to an interest rate swap entered into by one of the group's subsidiaries in Botswana. Refer to note 25 for further details.

The fair value gain on forward exchange contracts relates to forward exchange contracts entered into for the purchase of US Dollars to fund the purchase of equipment required for a renewable energy project. Refer to note 25 for further details.

The fair value gain on revaluation of investment property relates to the group's investment in an investment property owned by one of the group's subsidiaries in Botswana. Refer to note 16 for further details.

The fair value gain on financial assets at fair value through profit or loss in the prior year relates to the group's investment in Lehating Mining (Pty) Ltd. Refer to note 20 for further details.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>9. OPERATING PROFIT</b>		
The following items have been (charged)/credited in arriving at operating profit:		
Raw materials	(2 199 000)	(1 649 588)
Subcontractors	(1 462 337)	(1 186 455)
Staff costs (Refer note 40)	(1 251 821)	(1 032 043)
Depreciation of property, plant and equipment		
<b>Owned assets</b>	<b>(212 916)</b>	<b>(206 995)</b>
Plant and equipment	(204 250)	(200 123)
Furniture and fittings	(8 661)	(6 824)
Land and buildings	(5)	(48)
<b>Leased assets</b>		
Plant and equipment	(111 376)	(79 174)
Impairment of property, plant and equipment	-	(300)
Profit/(loss) on sale of property, plant and equipment	1 807	(113)
Profit on sale of available-for-sale financial assets	-	4 979
Amortisation of intangible assets	(860)	(860)
Auditors' remuneration	(10 776)	(8 674)
For services as auditors	(8 941)	(7 732)
For other services	(1 835)	(942)
Operating leases	(40 104)	(23 285)
Office equipment	(226)	-
Office space – contractual	(39 720)	(23 285)
Other services	(158)	-
Share-based payment	-	(60 539)
B-BBEE transaction	-	(60 539)
Share incentive scheme	-	-
Competition Commission penalty	(19 936)	(65 000)
Cost recognised	(94 936)	-
Accrual	75 000	(65 000)
Write down of development land	(22 572)	(26 607)
<b>10. NET FINANCE INCOME/(COSTS)</b>		
Bank	36 727	19 845
Customers and other	8 974	317
<b>Interest received</b>	<b>45 701</b>	<b>20 162</b>
Foreign exchange gains	54 997	8 534
Foreign exchange losses	(21 623)	(14 357)
<b>Foreign exchange</b>	<b>33 374</b>	<b>(5 823)</b>
Bank loans and other borrowings	(14 497)	(25 199)
Finance leases	(33 843)	(46 498)
Domestic medium-term note programme	(17 065)	(27 325)
	<b>(65 405)</b>	<b>(99 022)</b>
Less: amounts capitalised on qualifying assets	-	-
<b>Interest paid</b>	<b>(65 405)</b>	<b>(99 022)</b>
<b>Net finance income/(costs)</b>	<b>13 670</b>	<b>(84 683)</b>

	2013 R'000	2012 R'000
<b>II. INVESTMENTS</b>		
The amounts recognised in the balance sheet are as follows:		
Associates		
– Investments in associates	119 642	66 333
– Loans from associates	(5 938)	(20 695)
Joint ventures		
– Investments in joint ventures	5 924	5 269
– Loans to joint ventures	61 029	77 967
<b>At 31 December 2013</b>	<b>180 657</b>	<b>128 874</b>
The amounts recognised in the income statement are as follows:		
Associates	45 622	49 097
Joint ventures	(456)	(4 285)
<b>At 31 December 2013</b>	<b>45 166</b>	<b>44 812</b>

**a) Investment in associates**

Set out below are the associates of the group as at 31 December 2013, which, in the opinion of the directors, are material to the group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also the principal place of business.

Nature of investment in associates 2013 and 2012:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
BR-Tsima Construction (Pty) Ltd	South Africa	20	Note 1	Equity
Majwe Mining Joint Venture (Pty) Ltd	Botswana	28	Note 2	Equity
MetroWind (Pty) Ltd	South Africa	23	Note 3	Equity

Note 1: BR-Tsima Construction (Pty) Ltd's primary business is the construction of roads, buildings and civil engineering structures. BR-Tsima Construction is a strategic black empowerment partnership for the group.

Note 2: Majwe Mining Joint Venture (Pty) Ltd's primary business is opencast contract mining. Majwe Mining Joint Venture is a strategic partnership with Leighton Holdings Ltd, a company incorporated in Australia, and Bothakga Burrow Botswana (Pty) Ltd. This partnership provides the group with the ability to execute large opencast contract mining projects in Botswana.

Note 3: MetroWind (Pty) Ltd's primary business is renewable energy projects. MetroWind is a strategic partnership that provides the group with access to expertise in the renewable energy market in South Africa.

BR-Tsima Construction (Pty) Ltd, Majwe Mining Joint Venture (Pty) Ltd and MetroWind (Pty) Ltd are private companies and there are no quoted market prices available for their shares.



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 11. INVESTMENTS (continued)

Set out below are the associates of the group as at 31 December 2013, which, in the opinion of the directors, are immaterial to the group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also the principal place of business.

Nature of investment in associates 2013 and 2012:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Primary business	Measurement method
3Energy Renewables (Pty) Ltd	South Africa	25	Renewable energy	Equity
Beaufort West Energy Holding (Pty) Ltd	South Africa	23	Renewable energy	Equity
Binga Construções Mozambique Limitada	Mozambique	49	Construction	Equity
Mmila Projects (Pty) Ltd	South Africa	49	Bitumen supply	Equity
N17 Toll Operators (Pty) Ltd	South Africa	25	Toll concessions	Equity
Protea Parkway Concession (Pty) Ltd	South Africa	25	Toll concessions	Equity
SBB Mozambique Limitada	Mozambique	30	Construction	Equity

There are no contingent liabilities relating to the group's interest in the associates.

Set out below is the summarised financial information for BR-Tsima Construction (Pty) Ltd, Majwe Mining Joint Venture (Pty) Ltd and MetroWind (Pty) Ltd, which are accounted for using the equity method.

As at 31 December 2013

Summarised balance sheet

	BR-Tsima Construction (Pty) Ltd R'000	Majwe Mining Joint Venture (Pty) Ltd R'000	MetroWind (Pty) Ltd R'000	Other associates R'000	Total R'000
<b>Current</b>					
Cash and cash equivalents	1 456	441 987	9	549	444 001
Other current assets (excluding cash)	11 416	383 430	1 886	1 156	397 888
<b>Total current assets</b>	<b>12 872</b>	<b>825 417</b>	<b>1 895</b>	<b>1 705</b>	<b>841 889</b>
Financial liabilities (excluding trade payables)	(6 823)	-	-	(2 105)	(8 928)
Other current liabilities (including trade payables)	(10 005)	(718 324)	(4)	(6 228)	(734 561)
<b>Total current liabilities</b>	<b>(16 828)</b>	<b>(718 324)</b>	<b>(4)</b>	<b>(8 333)</b>	<b>(743 489)</b>
<b>Non-current</b>					
Assets	1 349	286 178	1 200	1 981	290 708
Financial liabilities	(1 125)	-	-	-	(1 125)
Other liabilities	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>(1 125)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 125)</b>
<b>Net assets</b>	<b>(3 732)</b>	<b>393 271</b>	<b>3 091</b>	<b>(4 647)</b>	<b>387 983</b>

## II. INVESTMENTS (continued)

### Summarised statement of comprehensive income

	<b>BR-Tsima Construction (Pty) Ltd R'000</b>	<b>Majwe Mining Joint Venture (Pty) Ltd R'000</b>	<b>MetroWind (Pty) Ltd R'000</b>	<b>Other associates R'000</b>	<b>Total R'000</b>
Revenue	65 325	1 184 388	20 200	2 402	1 272 315
Costs	(68 104)	(982 068)	(2 809)	(19 534)	(1 072 515)
Interest income/(expense)	42	8 413	-	19	8 474
Profit/(loss) from continuing operations	(2 737)	210 733	17 391	(17 113)	208 274
Income tax expense	750	(45 933)	-	80	(45 103)
Post-tax profit from continuing operations	(1 987)	164 800	17 391	(17 033)	163 171
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(1 987)	164 800	17 391	(17 033)	163 171
Dividends received from associate	-	-	-	-	-

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of its interest in associates:

	<b>BR-Tsima Construction (Pty) Ltd R'000</b>	<b>Majwe Mining Joint Venture (Pty) Ltd R'000</b>	<b>MetroWind (Pty) Ltd R'000</b>	<b>Other associates R'000</b>	<b>Total R'000</b>
Opening net assets at 1 January 2013	(1 745)	201 018	(14 300)	12 386	197 359
Profit/(loss) for the period	(1 987)	164 800	17 391	(17 033)	163 171
Other comprehensive income	-	-	-	-	-
Foreign exchange differences	-	27 453	-	-	27 453
Closing net assets at 31 December 2013	(3 732)	393 271	3 091	(4 647)	387 983
Interest in associates (%)	20	28	23	various	
Carrying value	(746)	110 116	711	(1 189)	108 892
Goodwill	-	-	8 270	2 480	10 750
Total carrying value	(746)	110 116	8 981	1 291	119 642

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 11. INVESTMENTS (continued)

As at 31 December 2012

Summarised balance sheet

	BR-Tsima Construction (Pty) Ltd R'000	Majwe Mining Joint Venture (Pty) Ltd R'000	MetroWind (Pty) Ltd R'000	Other associates R'000	Total R'000
<b>Current</b>					
Cash and cash equivalents	1 032	291 630	4 238	186	297 086
Other current assets (excluding cash)	9 116	252 200	469	14 250	276 035
<b>Total current assets</b>	<b>10 148</b>	<b>543 830</b>	<b>4 707</b>	<b>14 436</b>	<b>573 121</b>
Financial liabilities (excluding trade payables)	(7 698)	–	–	–	(7 698)
Other current liabilities (including trade payables)	(4 794)	(602 198)	(20 291)	(2 165)	(629 448)
<b>Total current liabilities</b>	<b>(12 492)</b>	<b>(602 198)</b>	<b>(20 291)</b>	<b>(2 165)</b>	<b>(637 146)</b>
<b>Non-current</b>					
Assets	599	259 386	1 284	115	261 384
Financial liabilities	–	–	–	–	–
Other liabilities	–	–	–	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net assets</b>	<b>(1 745)</b>	<b>201 018</b>	<b>(14 300)</b>	<b>12 386</b>	<b>197 359</b>

### Summarised statement of comprehensive income

	BR-Tsima Construction (Pty) Ltd R'000	Majwe Mining Joint Venture (Pty) Ltd R'000	MetroWind (Pty) Ltd R'000	Other associates R'000	Total R'000
Revenue	64 752	709 428	1 672	16 515	792 367
Costs	(66 565)	(495 220)	(8 585)	(8 041)	(578 411)
Interest income/(expense)	51	3 110	–	(2)	3 159
Profit/(loss) from continuing operations	(1 762)	217 318	(6 913)	8 472	217 115
Income tax expense	492	(42 897)	–	68	(42 337)
Post-tax profit from continuing operations	(1 270)	174 421	(6 913)	8 540	174 778
Other comprehensive income	–	–	–	–	–
<b>Total comprehensive income</b>	<b>(1 270)</b>	<b>174 421</b>	<b>(6 913)</b>	<b>8 540</b>	<b>174 778</b>
Dividends received from associate	–	–	–	–	–

## II. INVESTMENTS (continued)

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of its interest in associates:

	BR-Tsima Construction (Pty) Ltd R'000	Majwe Mining Joint Venture (Pty) Ltd R'000	MetroWind (Pty) Ltd R'000	Other associates R'000	Total R'000
Opening net assets at 1 January 2012	(475)	24 307	(7 387)	3 846	20 291
Profit/(loss) for the period	(1 270)	174 421	(6 913)	8 540	174 778
Other comprehensive income	–	–	–	–	–
Foreign exchange differences	–	2 290	–	–	2 290
Closing net assets at 31 December 2012	(1 745)	201 018	(14 300)	12 386	197 359
Interest in associates (%)	20	28	23	various	
Carrying value	(349)	56 285	(3 289)	2 976	55 623
Goodwill	–	–	8 270	2 440	10 710
Total carrying value	(349)	56 285	4 981	5 416	66 333

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the group and the associates.

### Loans from associates

	2013 R'000	2012 R'000
3Energy Renewables (Pty) Ltd	610	–
Beaufort West Energy Holding (Pty) Ltd	51	1 039
BR-Tsima Construction (Pty) Ltd	8 360	8 232
Majwe Mining Joint Venture (Pty) Ltd	(49 631)	(44 908)
MetroWind (Pty) Ltd	34 477	14 773
Mmila Projects (Pty) Ltd	195	169
	(5 938)	(20 695)

### b) Investments in incorporated joint ventures

Set out below are the incorporated joint ventures of the group as at 31 December 2013, which, in the opinion of the directors, are material to the group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also the principal place of business.

Nature of investment in joint ventures 2013 and 2012:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Savanna City Developments (Pty) Ltd	South Africa	50	Note 1	Equity
Thunderstruck Investments 136 (Pty) Ltd	South Africa	50	Note 2	Equity

Note 1: Savanna City Developments (Pty) Ltd's primary business is the development of mixed-use integrated property developments. Savanna City Developments is a strategic partnership with Old Mutual, providing access to funding for the development of large-scale property developments.

Note 2: Thunderstruck Investments 136 (Pty) Ltd's primary business is property investment. Thunderstruck Investments 136 is the owner of the Basil Read head office campus in Boksburg.

Savanna City Developments (Pty) Ltd and Thunderstruck Investments 136 (Pty) Ltd are private companies and there are no quoted market prices available for their shares.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## II. INVESTMENTS (continued)

### b) Investments in incorporated joint ventures (continued)

Set out below are the incorporated joint ventures of the group as at 31 December 2013, which, in the opinion of the directors, are immaterial to the group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also the principal place of business.

Nature of investment in joint ventures 2013 and 2012:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Primary business	Measurement method
Siascan (Pty) Ltd	South Africa	50	Renewable energy	Equity
TWSP (Pty) Ltd (disposed in 2013)	Australia	50	EPCM	Equity
Vhumbanani Projects (Pty) Ltd	South Africa	50	Plant design and control engineering	Equity

There are no contingent liabilities relating to the group's interest in the joint ventures.

Set out below is the summarised financial information for Savanna City Developments (Pty) Ltd and Thunderstruck Investments 136 (Pty) Ltd, which are accounted for using the equity method.

#### As at 31 December 2013

#### Summarised balance sheet

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Other joint ventures R'000	Total R'000
<b>Current</b>				
Cash and cash equivalents	129	2 509	45 297	47 935
Other current assets (excluding cash)	190 877	97 112	49 119	337 108
<b>Total current assets</b>	<b>191 006</b>	<b>99 621</b>	<b>94 416</b>	<b>385 043</b>
Financial liabilities (excluding trade payables)	(169 093)	(50 569)	–	(219 662)
Other current liabilities (including trade payables)	(22 043)	(60 844)	(79 888)	(162 775)
<b>Total current liabilities</b>	<b>(191 136)</b>	<b>(111 413)</b>	<b>(79 888)</b>	<b>(382 437)</b>
<b>Non-current</b>				
Assets	131	191 192	–	191 323
Financial liabilities	–	(173 649)	–	(173 649)
Other liabilities	–	(8 433)	–	(8 433)
<b>Total non-current liabilities</b>	<b>–</b>	<b>(182 082)</b>	<b>–</b>	<b>(182 082)</b>
<b>Net assets</b>	<b>1</b>	<b>(2 682)</b>	<b>14 528</b>	<b>11 847</b>

## II. INVESTMENTS (continued)

### b) Investments in incorporated joint ventures (continued)

#### Summarised statement of comprehensive income

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Other joint ventures R'000	Total R'000
Revenue	-	7 788	89 180	96 968
Costs	-	(5 214)	(83 691)	(88 905)
Interest income/(expense)	-	(9 946)	618	(9 328)
Profit/(loss) from continuing operations	-	(7 372)	6 107	(1 265)
Income tax expense	-	2 064	(1 710)	354
Post-tax profit from continuing operations	-	(5 308)	4 397	(911)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(5 308)	4 397	(911)
Dividends received from joint ventures	-	-	-	-

#### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of its interest in joint ventures:

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Other joint ventures R'000	Total R'000
Opening net assets at 1 January 2013	1	2 626	(3 539)	(912)
Acquisition of joint ventures	-	-	1	1
Disposal of joint ventures	-	-	13 669	13 669
Profit/(loss) for the period	-	(5 308)	4 397	(911)
Other comprehensive income	-	-	-	-
Foreign exchange differences	-	-	-	-
Closing net assets at 31 December 2013	1	(2 682)	14 528	11 847
Interest in joint ventures (%)	50	50	50	
Carrying value	1	(1 341)	7 264	5 924
Goodwill	-	-	-	-
Total carrying value	1	(1 341)	7 264	5 924

#### As at 31 December 2012

#### Summarised balance sheet

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Other joint ventures R'000	Total R'000
<b>Current</b>				
Cash and cash equivalents	169	1 313	(534)	948
Other current assets (excluding cash)	166 123	77 748	13 268	257 139
Total current assets	166 292	79 061	12 734	258 087
Financial liabilities (excluding trade payables)	(71 323)	(13 096)	-	(84 419)
Other current liabilities (including trade payables)	(321)	(1 575)	(33 267)	(35 163)
Total current liabilities	(71 644)	(14 671)	(33 267)	(119 582)
<b>Non-current</b>				
Assets	-	194 632	16 994	211 626
Financial liabilities	(94 647)	(256 295)	-	(350 942)
Other liabilities	-	(101)	-	(101)
Total non-current liabilities	(94 647)	(256 396)	-	(351 043)
<b>Net assets</b>	<b>1</b>	<b>2 626</b>	<b>(3 539)</b>	<b>(912)</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## II. INVESTMENTS (continued)

### b) Investments in incorporated joint ventures (continued)

#### Summarised statement of comprehensive income

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Other joint ventures R'000	Total R'000
Revenue	–	24 871	105 187	130 058
Costs	–	(5 195)	(112 952)	(118 147)
Interest income/(expense)	–	(14 399)	(2 415)	(16 814)
Profit/(loss) from continuing operations	–	5 277	(10 180)	(4 903)
Income tax expense	–	(2 652)	(1 013)	(3 665)
Post-tax profit from continuing operations	–	2 625	(11 193)	(8 568)
Other comprehensive income	–	–	–	–
Total comprehensive income	–	2 625	(11 193)	(8 568)
Dividends received from joint ventures	–	–	–	–

#### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of its interest in joint ventures:

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Other joint ventures R'000	Total R'000
Opening net assets at 1 January 2012	1	–	7 654	7 655
Acquisition of joint venture	–	1	–	1
Profit/(loss) for the period	–	2 625	(11 193)	(8 568)
Other comprehensive income	–	–	–	–
Foreign exchange differences	–	–	–	–
Closing net assets at 31 December 2012	1	2 626	(3 539)	(912)
Interest in joint ventures (%)	50	50	50	
Carrying value	1	1 313	(1 770)	(456)
Goodwill	–	–	5 725	5 725
Total carrying value	1	1 313	3 955	5 269

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the group and the joint ventures.

#### Loans to joint ventures

	2013 R'000	2012 R'000
Savanna City Developments (Pty) Ltd	26 436	16 316
Siascan (Pty) Ltd	5 234	–
Thunderstruck Investments 136 (Pty) Ltd	30 500	30 500
TWSP (Pty) Ltd (previously TWP Australia (Pty) Ltd)	–	32 292
Vhumbani Projects (Pty) Ltd	(1 141)	(1 141)
	61 029	77 967

## II. INVESTMENTS (continued)

### c) Principal joint operations

The group had the following joint operations at 31 December 2013:

Name	Country of incorporation and place of business	Nature of business	Proportion held by the group	Proportion held by external partners
Basil Read Bothakga Burrow joint venture	Botswana	Opencast mining	70	30
Basil Read Genesis joint venture	Namibia	Construction	80	20
Basil Read Lutamo joint venture	South Africa	Construction	70	30
Basil Read Newport joint venture*	South Africa	Construction	100	–
Basil Read Phambili Pipelines joint venture*	South Africa	Construction	100	–
Basil Read Qinisa joint venture	South Africa	Construction	50	50
Basil Read Sivukile joint venture	South Africa	Construction	70	30
BRCD joint venture	South Africa	Construction	80	20
BRDC N17 joint venture	South Africa	Construction	80	20
BRGDT joint venture	South Africa	Construction	55	45
CBR joint venture	South Africa	Opencast mining	50	50
DCT joint venture	South Africa	Construction	70	30
Germiston Hospital Contractors joint ventures	South Africa	Construction	70	30
GSC joint venture	South Africa	Construction	60	40
Kopano joint venture	South Africa	Construction	50	50
Kusile Civil Works joint venture	South Africa	Construction	25	75
Kusile Silos joint venture	South Africa	Construction	28	72
Mbombela Stadium joint venture	South Africa	Construction	40	60
MPC/NHC joint venture	South Africa	Construction	70	30
MPC/SSB joint venture	South Africa	Construction	66	34
PGTN joint venture	South Africa	Construction	60	40
Realeka/MPC joint venture	South Africa	Construction	50	50
Roadcrete Africa joint venture*	South Africa	Construction	100	–
Runway Contractors joint venture	South Africa	Construction	70	30
SSBR Kusile joint venture	South Africa	Construction	50	50
Trekkopje joint venture	Namibia	Opencast mining	33,3	66,7

The group recognises its share of assets held jointly, liabilities incurred jointly, revenue from the sale of its share of the output arising from the joint operation, revenue from the sale of the output by the joint venture and expenses, including its share of any expenses incurred jointly for all joint operations.

\* Although the group holds an effective 100% of these joint operations, they are classified as joint operations because they are jointly held by different legal entities within the group.



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## II. INVESTMENTS (continued)

### c) Principal joint operations (continued)

The group's aggregate share of joint operations:

#### Summarised balance sheet

	2013 R'000	2012 R'000
<b>Current</b>		
Cash and cash equivalents	76 741	108 973
Other current assets (excluding cash)	28 867	183 936
<b>Total current assets</b>	<b>105 608</b>	292 909
Financial liabilities (excluding trade payables)	-	-
Other current liabilities (including trade payables)	(233 655)	(373 698)
<b>Total current liabilities</b>	<b>(233 655)</b>	(373 698)
<b>Non-current</b>		
<b>Assets</b>	<b>438 748</b>	422 532
Financial liabilities	-	-
Other liabilities	-	-
<b>Total non-current liabilities</b>	<b>-</b>	-
<b>Net assets</b>	<b>310 701</b>	341 743

#### Summarised statement of comprehensive income

	2013 R'000	2012 R'000
Revenue	781 573	1 516 593
Costs	(799 833)	(1 544 094)
Interest income/(expense)	3 173	5 979
<b>Profit/(loss) from continuing operations</b>	<b>(15 087)</b>	(21 522)
Income tax expense	-	-
<b>Post-tax profit/(loss) from continuing operations</b>	<b>(15 087)</b>	(21 522)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(15 087)</b>	(21 522)

## 11. INVESTMENTS (continued)

### d) Principal subsidiaries

The group had the following subsidiaries at 31 December 2013:

Name	Country of incorporation and place of business	Nature of business	Proportion held by the group (%)	Proportion held by external partners (%)
Abrina 6830 (Section 21)	South Africa	Construction	100	–
AngloAfrican Underwriting Managers (Pty) Ltd	South Africa	Insurance underwriting	51	49
African Road Maintenance and Construction (Pty) Ltd	South Africa	Property investment	100	–
Basil Read (Pty) Ltd	South Africa	Construction	100	–
Basil Read Mining Botswana (Pty) Ltd	Botswana	Opencast mining	100	–
Basil Read Construction Ltd	United Kingdom	Construction	100	–
Basil Read Construction Middle East LLC*	Abu Dhabi	Construction	49	51
Basil Read Construction Namibia (Pty) Ltd	Namibia	Construction	100	–
Basil Read Construction Sierre Leone Ltd	Sierre Leone	Construction	100	–
Basil Read Energy (Pty) Ltd	South Africa	Renewable energy	100	–
Basil Read Homes (Pty) Ltd	South Africa	Construction	100	–
Basil Read International (Pty) Ltd	South Africa	Construction	100	–
Basil Read Mauritius (Pty) Ltd	Mauritius	Investment holding company	100	–
Basil Read Mining (Pty) Ltd	South Africa	Investment holding company	100	–
Basil Read Mining Namibia (Pty) Ltd	Namibia	Opencast mining	100	–
Basil Read Mining SA (Pty) Ltd	South Africa	Opencast mining	100	–
Basil Read Mozambique Limitada	Mozambique	Construction	51	49
Basil Read Nigeria Limited	Nigeria	Construction	100	–
Basil Read Properties No. 2 (Pty) Ltd	South Africa	Property investment	100	–
Basil Read Tanzania (Pty) Ltd	Tanzania	Construction	100	–
Basil Read Uganda (Pty) Ltd	Uganda	Construction	100	–
Basil Read Zambia Ltd	Zambia	Construction	100	–
B&E Africa (Pty) Ltd	Swaziland	Blasting and excavating	100	–
B&E Botswana (Pty) Ltd	Botswana	Blasting and excavating	100	–
B&E Lesotho (Pty) Ltd	Lesotho	Blasting and excavating	100	–
Blasting & Excavating Namibia (Pty) Ltd	Namibia	Blasting and excavating	100	–
Blasting & Excavating (Pty) Ltd	South Africa	Blasting and excavating	100	–
Blue Wave Properties 183 (Pty) Ltd	South Africa	Property investment	100	–
City Square Trading 949 (Pty) Ltd	South Africa	Property development	100	–

\* Classified as subsidiary as the group has effective control, due to its ability to cast the majority of votes at a meeting of the board of directors.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## II. INVESTMENTS (continued)

### d) Principal subsidiaries (continued)

Name	Country of incorporation and place of business	Nature of business	Proportion held by the group (%)	Proportion held by external partners (%)
Codevco (Pty) Ltd	South Africa	Property development	100	–
Contract Plumbing and Sanitation (Pty) Ltd	South Africa	Construction	100	–
Facets Interiors (Pty) Ltd	South Africa	Interior design	100	–
LYT Architecture (Pty) Ltd	South Africa	Architecture	100	–
Matomo Engineering Namibia (Pty) Ltd	Namibia	EPC	100	–
Matomo Projects (Pty) Ltd	South Africa	EPC	100	–
Mvela Phanda Construction (Pty) Ltd	South Africa	Construction	100	–
Newport Construction (Pty) Ltd	South Africa	Construction	70	30
P. Gerolemou Construction (Pty) Ltd	South Africa	Construction	100	–
Phambili Pipelines (Pty) Ltd	South Africa	Construction	100	–
Richtrau No. 111 (Pty) Ltd	South Africa	Construction	100	–
Roadcrete Africa (Pty) Ltd	South Africa	Construction	100	–
Roadcrete Mkhathjwa (Pty) Ltd	South Africa	Construction	100	–
Siyavuya Mining (Pty) Ltd*	South Africa	Opencast mining	49	51
Sladden International (Botswana) (Pty) Ltd	Botswana	Construction	70	30
SprayPave (Pty) Ltd	South Africa	Construction	100	–
Sunset Bay Trading 282 (Pty) Ltd	South Africa	Property development	100	–
Swaziland Construction Company (Pty) Ltd	Swaziland	Construction	100	–
TPS.P Arquitectos Limitada	Mozambique	Architecture	97.5	2.5
Tubo Jacked Pipelines (Pty) Ltd	South Africa	Construction	100	–
TWP Investments (Pty) Ltd	South Africa	Investment holding company	100	–
TWP Matomo Process Plants (Pty) Ltd	South Africa	Investment holding company	100	–
Valente Brothers (Pty) Ltd	South Africa	Construction	100	–

\* Classified as subsidiaries as the group has effective control.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest for the period is (R38,2 million) of which (R53,0 million) is for Sladden International (Botswana) (Pty) Ltd, R29,5 million is for Basil Read Construction Middle East LLC and (R8,9 million) is for Newport Construction (Pty) Ltd. The non-controlling interests in respect of AngloAfrican Underwriting Managers (Pty) Ltd, Basil Read Mozambique Limitada, Siyavuya Mining (Pty) Ltd and TPS.P Arquitectos Limitada are not material.

## II. INVESTMENTS (continued)

### Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

Refer to note 29 for further details regarding transactions with non-controlling interests.

31 December 2013

#### Summarised balance sheet

	<b>Basil Read Construction Middle East LLC R'000</b>	<b>Newport Construction (Pty) Ltd R'000</b>	<b>Sladden International (Botswana) (Pty) Ltd R'000</b>
<b>Current</b>			
Assets	39 139	11 612	121 936
Liabilities	(473)	(59 243)	(350 614)
<b>Total current net assets</b>	<b>38 666</b>	<b>(47 631)</b>	<b>(228 678)</b>
<b>Non-current</b>			
Assets	–	5 696	51 904
Liabilities	–	–	–
<b>Total non-current net assets</b>	<b>–</b>	<b>5 696</b>	<b>51 904</b>
<b>Net assets</b>	<b>38 666</b>	<b>(41 935)</b>	<b>(176 774)</b>

#### Summarised income statement

	<b>Basil Read Construction Middle East LLC R'000</b>	<b>Newport Construction (Pty) Ltd R'000</b>	<b>Sladden International (Botswana) (Pty) Ltd R'000</b>
Revenue	–	164 105	202 336
Profit before income tax	2 355	1 106	(95 496)
Income tax (expense)/income	–	–	114
Post-tax profit from continuing operations	2 355	1 106	(95 382)
Post-tax profit from discontinued operations	–	–	–
Other comprehensive income	6 364	–	(1 706)
<b>Total comprehensive income</b>	<b>8 719</b>	<b>1 106</b>	<b>(97 088)</b>
Total comprehensive income allocated to non-controlling interests	6 364	332	(33 238)
Dividends paid to non-controlling interests	–	–	–

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 11. INVESTMENTS (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

31 December 2012

	<b>Basil Read Construction Middle East LLC</b> R'000	<b>Newport Construction (Pty) Ltd</b> R'000	<b>Sladden International (Botswana) (Pty) Ltd</b> R'000
<b>Current</b>			
Assets	46 647	14 185	70 720
Liabilities	(17 485)	(62 712)	(214 665)
<b>Total current net assets</b>	<b>29 162</b>	<b>(48 527)</b>	<b>(143 945)</b>
<b>Non-current</b>			
Assets	–	5 486	63 278
Liabilities	–	–	(4 052)
<b>Total non-current net assets</b>	<b>–</b>	<b>5 486</b>	<b>59 226</b>
<b>Net assets</b>	<b>29 162</b>	<b>(43 041)</b>	<b>(84 719)</b>

### Summarised income statement

	<b>Basil Read Construction Middle East LLC</b> R'000	<b>Newport Construction (Pty) Ltd</b> R'000	<b>Sladden International (Botswana) (Pty) Ltd</b> R'000
Revenue	–	137 632	215 985
Profit/(loss) before income tax	(906)	(22 245)	(124 798)
Income tax (expense)/income	–	–	6 351
Post-tax profit from continuing operations	(906)	(22 245)	(118 447)
Post-tax profit from discontinued operations	–	–	–
Other comprehensive income	584	–	–
<b>Total comprehensive income</b>	<b>(322)</b>	<b>(22 245)</b>	<b>(118 447)</b>
Total comprehensive income allocated to non-controlling interests	8 349	(6 673)	–
Dividends paid to non-controlling interests	–	–	–

The information above is the amount before intercompany eliminations.

#### e) Consolidated structured entities

The group had the following consolidated structured entity at 31 December 2013:

<b>Name</b>	<b>Country of incorporation and place of business</b>	<b>Nature of business</b>	<b>Proportion held by the group (%)</b>
Basil Read Share Incentive Trust	South Africa	Employee share scheme	100

## II. INVESTMENTS (continued)

### Summarised financial information of consolidated structured entities

Set out below is the summarised financial information for each consolidated structured entity.

31 December 2013

#### Summarised balance sheet

	<b>Basil Read Share Incentive Trust R'000</b>
<b>Current</b>	
Assets	811
Liabilities	(584)
<b>Total current net assets</b>	<b>227</b>
<b>Non-current</b>	
Assets	13
Liabilities	-
<b>Total non-current net assets</b>	<b>13</b>
<b>Net assets</b>	<b>240</b>

#### Summarised income statement

	<b>Basil Read Share Incentive Trust R'000</b>
Revenue	-
Profit before income tax	20
Income tax (expense)/income	(8)
Post-tax profit from continuing operations	12
Post-tax profit from discontinued operations	-
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>12</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 11. INVESTMENTS (continued)

Summarised financial information of consolidated structured entities (continued)

31 December 2012

	<b>Basil Read Share Incentive Trust R'000</b>
<b>Current</b>	
Assets	791
Liabilities	(576)
<b>Total current net assets</b>	<b>215</b>
<b>Non-current</b>	
Assets	13
Liabilities	–
<b>Total non-current net assets</b>	<b>13</b>
<b>Net assets</b>	<b>228</b>

### Summarised income statement

	<b>Basil Read Share Incentive Trust R'000</b>
Revenue	–
Profit/(loss) before income tax	28
Income tax (expense)/income	(8)
Post-tax profit from continuing operations	20
Post-tax profit from discontinued operations	–
Other comprehensive income	–
<b>Total comprehensive income</b>	<b>20</b>

The information above is the amount before intercompany eliminations.

	2013 R'000	2012 R'000
<b>12. TAXATION</b>		
<b>South African normal taxation</b>		
Current taxation	(11 428)	(38 383)
Current year	(9 232)	(33 452)
Prior year	(2 196)	(4 931)
Deferred taxation	(10 245)	52 387
Current year	12 491	50 330
Prior year	(22 736)	2 057
<b>Foreign taxation</b>		
Current taxation	(5 887)	(6 835)
Current year	(5 634)	(8 443)
Prior year	(253)	1 608
Deferred taxation	1 661	7 424
Current year	2 769	11 394
Prior year	(1 108)	(3 970)
<b>Total taxation (charged)/credited</b>	<b>(25 899)</b>	<b>14 593</b>
Capital gains of Rnil (2012: R0,7 million) have been utilised against assessed losses in the current year.		
<b>Reconciliation of the standard rate of taxation to effective rate</b>		
	%	%
South African normal rate of taxation	28,0	28,0
Foreign taxation	(22,8)	(2,9)
Losses utilised	(2,0)	(4,4)
Capital gains tax (CGT)	-	(0,1)
Prior year underprovision	20,8	(2,9)
Timing differences not accounted for under deferred tax	(2,9)	(19,5)
Non-taxable items	(0,6)	8,7
<b>Effective tax rate</b>	<b>20,5</b>	<b>6,9</b>
The tax rate reconciliation is prepared using the tax rate applicable to the Basil Read group in South Africa. The impact of tax rate differences in other countries is disclosed as a reconciling item.		
Timing differences not accounted for under deferred taxation include the result of certain subsidiaries where deferred taxation on assessed losses have not been provided.		
<b>Estimated tax losses</b>		
Total estimated tax losses of subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies.	<b>548 013</b>	<b>326 129</b>



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013	2012
<b>13. EARNINGS PER SHARE</b>		
<b>Earnings/(loss) per share (cents)</b>	<b>235,97</b>	<b>(136,54)</b>
The calculation of earnings/(loss) per share is based on the consolidated profit after taxation of R310 741 569 (2012: loss of R170 383 890) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>Headline earnings/(loss) per share (cents)</b>	<b>88,16</b>	<b>(130,84)</b>
The calculation of headline earnings/(loss) per share is based on the consolidated headline profit after taxation of R116 096 483 (2012: loss of R163 276 861) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>Diluted earnings/(loss) per share (cents)</b>	<b>235,97</b>	<b>(136,54)</b>
The calculation of diluted earnings/(loss) per share is based on the consolidated profit after taxation of R310 741 569 (2012: loss of R170 383 890) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>Diluted headline earnings/(loss) per share (cents)</b>	<b>88,16</b>	<b>(130,84)</b>
The calculation of diluted headline earnings/(loss) per share is based on the consolidated headline profit after taxation of R116 096 483 (2012: loss of R163 276 861) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>CONTINUING OPERATIONS</b>		
<b>Earnings/(loss) per share (cents)</b>	<b>98,54</b>	<b>(158,21)</b>
The calculation of earnings/(loss) per share is based on the consolidated profit after taxation of R129 762 586 (2012: loss of R197 423 690) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>Diluted earnings/(loss) per share (cents)</b>	<b>98,54</b>	<b>(158,21)</b>
The calculation of diluted earnings/(loss) per share is based on the consolidated profit after taxation of R129 762 586 (2012: loss of R197 423 690) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>DISCONTINUED OPERATIONS</b>		
<b>Earnings per share (cents)</b>	<b>137,43</b>	<b>21,67</b>
The calculation of earnings per share is based on the consolidated profit after taxation of R180 979 183 (2012: R27 039 800) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		
<b>Diluted earnings per share (cents)</b>	<b>137,43</b>	<b>21,67</b>
The calculation of diluted earnings per share is based on the consolidated profit after taxation of R180 979 183 (2012: R27 039 800) and the weighted average number of shares in issue during the year of 131 685 904 (2012: 124 786 816) shares.		

	2013 R'000	2012 R'000
<b>13. EARNINGS PER SHARE (continued)</b>		
<b>Reconciliation between basic earnings/(loss), diluted earnings/(loss) and headline earnings/(loss) is as follows:</b>		
Basic and diluted earnings/(loss)	310 742	(170 384)
Adjusted by the after tax effect of the following:		
(Profit)/loss on sale of subsidiary	(193 176)	253
Loss on sale of joint venture	-	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 (refer note 9)	(1 470)	451
Impairment of property, plant and equipment (refer note 9)	-	7 052
Headline earnings/(loss)	116 096	(163 277)
	<b>Number '000</b>	<b>Number '000</b>
<b>Reconciliation between weighted average number of shares and diluted weighted average number of shares:</b>		
Weighted average number of shares	131 686	124 787
Adjusted by: "A" ordinary shares (refer note 28)	-	-
Adjusted by: Basil Read Share Incentive Scheme (refer note 40(e))	-	-
Diluted weighted average number of shares	131 686	124 787
	<b>R'000</b>	<b>R'000</b>
<b>14. DIVIDENDS</b>		
Dividends paid	230 463	-
Ordinary dividend paid per share (cents)	-	-
Ordinary dividend declared per share (cents)*	-	-
Special dividend paid per share (cents)	175,00	-
Special dividend declared per share (cents)*	-	-

\* Based on the year to which the dividend relates

A special dividend of 175 cents per share was declared on 14 March 2013 and paid to shareholders on 24 June 2013 following the completion of the disposal of TWP Holdings (Pty) Ltd.

No dividend was declared in respect of the 2012 financial year.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant and equipment R'000	Furniture and fittings R'000	Total R'000
<b>At 1 January 2012</b>				
Cost	35 923	1 957 063	122 523	2 115 509
Accumulated depreciation	(5 347)	(861 605)	(82 344)	(949 296)
Net book amount	30 576	1 095 458	40 179	1 166 213
<b>Year ended 31 December 2012</b>				
Opening net book amount	30 576	1 095 458	40 179	1 166 213
Additions	3 523	477 746	20 424	501 693
Disposals	(3 816)	(48 670)	(1 876)	(54 362)
Depreciation	(1 667)	(281 426)	(17 343)	(300 436)
Impairment	(300)	(6 752)	–	(7 052)
Exchange differences	27	(170)	155	12
Transferred to assets held for sale	(4 064)	(5 912)	(23 965)	(33 941)
Closing net book amount	24 279	1 230 274	17 574	1 272 127
<b>At 31 December 2012</b>				
Cost	26 599	2 276 385	39 912	2 342 896
Accumulated depreciation	(2 320)	(1 046 111)	(22 338)	(1 070 769)
Net book amount	24 279	1 230 274	17 574	1 272 127
<b>Year ended 31 December 2013</b>				
Opening net book amount	24 279	1 230 274	17 574	1 272 127
Additions	11 841	230 355	12 752	254 948
Disposals	(571)	(91 543)	820	(91 294)
Depreciation	(5)	(315 626)	(8 661)	(324 292)
Impairment	–	–	–	–
Exchange differences	14	29 178	–	29 192
Transferred to investment property	(2 534)	–	–	(2 534)
Closing net book amount	33 024	1 082 638	22 485	1 138 147
<b>At 31 December 2013</b>				
Cost	33 499	2 392 322	51 015	2 476 836
Accumulated depreciation	(475)	(1 309 684)	(28 530)	(1 338 689)
Net book amount	33 024	1 082 638	22 485	1 138 147

The impairment in the prior year relates to specific items of plant in the engineering division. The recoverable amount of this plant was externally valued based on fair value less cost to sell which was determined to be higher than value-in-use. Due to the specialised nature and age of the plant concerned, a forced sale value was used as the recoverable amount.

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

Book value of plant and equipment subject to instalment sale agreements (refer note 30) are as follows:

	Land and buildings R'000	Plant and equipment R'000	Furniture and fittings R'000	Total R'000
<b>At 31 December 2013</b>				
Instalment sale agreements				
Cost	–	670 073	–	670 073
Accumulated depreciation	–	(283 371)	–	(283 371)
	–	386 702	–	386 702
<b>At 31 December 2012</b>				
Instalment sale agreements				
Cost	–	797 568	–	797 568
Accumulated depreciation	–	(247 475)	–	(247 475)
	–	550 093	–	550 093

A full register of the group's land and buildings is available for inspection at the registered office.

Assets under construction, included in plant and equipment, amount to R13,3 million (2012: R4,3 million).

	2013 R'000	2012 R'000
<b>16. INVESTMENT PROPERTY</b>		
Fair value at the beginning of the year	–	–
Additions	–	–
Transferred from property, plant and equipment	2 534	–
Fair value adjustment	2 817	–
Disposals	–	–
Foreign exchange differences	379	–
Fair value at the end of the year	5 730	–

The investment property held on the statement of financial position consists of a residential property currently used as offices in Francistown, Botswana.

In assessing the fair value of the investment property, valuations consider title deed information, town planning conditions, locality, use and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to residential properties are considered.

The last external valuation of the income-producing investment property was performed by independent valuator Kwena Property Services (Pty) Ltd at 31 December 2013.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 17. INTANGIBLE ASSETS

	Goodwill R'000	Contract- based intangibles R'000	Marketing related intangibles R'000	Total R'000
<b>At 1 January 2012</b>				
Cost	801 828	80 177	27 119	909 124
Accumulated amortisation	–	(74 014)	(2 712)	(76 726)
Accumulated impairment	(32 403)	–	–	(32 403)
Net book amount	769 425	6 163	24 407	799 995
<b>Year ended 31 December 2012</b>				
Opening net book amount	769 425	6 163	24 407	799 995
Amortisation charge	–	(860)	(1 130)	(1 990)
Transferred to assets held for sale	(362 039)	–	(23 277)	(385 316)
Closing net book amount	407 386	5 303	–	412 689
<b>At 31 December 2012</b>				
Cost	439 789	80 177	–	519 966
Accumulated amortisation	–	(74 874)	–	(74 874)
Accumulated impairment	(32 403)	–	–	(32 403)
Net book amount	407 386	5 303	–	412 689
<b>Year ended 31 December 2013</b>				
Opening net book amount	<b>407 386</b>	<b>5 303</b>	–	<b>412 689</b>
Amortisation charge	–	<b>(860)</b>	–	<b>(860)</b>
Closing net book amount	<b>407 386</b>	<b>4 443</b>	–	<b>411 829</b>
<b>At 31 December 2013</b>				
Cost	<b>439 789</b>	<b>80 177</b>	–	<b>519 966</b>
Accumulated amortisation	–	<b>(75 734)</b>	–	<b>(75 734)</b>
Accumulated impairment	<b>(32 403)</b>	–	–	<b>(32 403)</b>
Net book amount	<b>407 386</b>	<b>4 443</b>	–	<b>411 829</b>

## 17. INTANGIBLE ASSETS (continued)

Goodwill is allocated to the group's cash-generating units identified according to the business segments that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated to the following business segments:

	2013 R'000	2012 R'000
Construction	282 097	282 097
Mining	34 779	34 779
Developments	–	–
Engineering	90 510	90 510
	<b>407 386</b>	<b>407 386</b>

The group tests goodwill for impairment annually or more frequently if there are indicators that goodwill might be impaired. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated up to between two and three years using an estimated growth rate as stated below.

The key assumptions used for value-in-use calculations in 2013 are as follows:

	Construction	Mining	Developments	Engineering
Growth rate	3,5% – 5,0%	3,5% – 5,0%	n/a	5,0% – 10,0%
Discount rate	17,1%	17,1%	n/a	17,1%

The key assumptions used for value-in-use calculations in 2012 are as follows:

	Construction	Mining	Developments	Engineering
Growth rate	3,5% – 5,0%	3,5% – 5,0%	n/a	3,5% – 5,0%
Discount rate	19,5%	19,5%	n/a	19,5%

The goodwill is considered to have an indefinite life. Goodwill is tested for impairment and any subsequent losses are taken to the income statement.

All cash-generating units to which goodwill applies have been tested for impairment in the year under review. None of these units were found to be impaired.

A 1% increase in the discount rate to 18,1% (2012: 20,5%) would have resulted in an impairment charge of R24,1 million (2012: Rnil) being recognised in profit or loss.

The contract-based intangible asset that arose on the acquisition of Sunset Bay Trading 282 (Pty) Ltd has been determined to have a finite life based on the expected duration of the property development. It is being amortised over a maximum period of 120 months of which 62 months are remaining.

The amortisation charge has been included in "Depreciation, impairment and amortisation" in the income statement (refer note 9).

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>18. DEFERRED TAXATION</b>		
Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of the fiscal authority as indicated below: Botswana: 22% (2012: 22%) Namibia: 34% (2012: 34%) South Africa: 28% (2012: 28%) Zambia: 35% (2012: 35%)		
The movement on the deferred taxation account is as follows:		
Balance at the beginning of the year	76 372	15 021
Movements during the year attributable to:		
Disposal of subsidiaries	6 518	–
Temporary differences	(7 644)	60 105
Transferred to assets held for sale	–	1 245
Foreign exchange differences	(1 292)	1
Balance at the end of the year	73 954	76 372

The movement in the group's deferred taxation asset during the year is as follows:

	Accelerated tax depreciation R'000	Provisions accruals and retentions R'000	Assessed losses and other R'000	Total R'000
<b>Balance as at 1 January 2012</b>	(19 060)	63 502	24 543	68 985
Credited/(charged) to the income statement	5 850	30 721	19 793	56 364
Credited/(charged) to the statement of comprehensive income	–	–	1 092	1 092
Transferred to assets held for sale	2 458	–	(3 679)	(1 221)
Foreign exchange differences	3	–	(22)	(19)
<b>Balance as at 31 December 2012</b>	(10 749)	94 223	41 727	125 201
Credited/(charged) to the income statement	2 547	(30 884)	22 818	(5 519)
Credited/(charged) to the statement of comprehensive income	–	–	940	940
Foreign exchange differences	14	–	–	14
<b>Balance as at 31 December 2013</b>	(8 188)	63 339	65 485	120 636

## 18. DEFERRED TAXATION (continued)

The movement in the group's deferred taxation liability during the year is as follows:

	Accelerated tax depreciation R'000	Provisions accruals and retentions R'000	Assessed losses and other R'000	Total R'000
<b>Balance as at 1 January 2012</b>	(54 481)	(2)	519	(53 964)
Credited/(charged) to the income statement	10 357	(9 788)	2 080	2 649
Transferred to assets held for sale	–	2 901	(435)	2 466
Foreign exchange differences	32	(12)	–	20
<b>Balance as at 31 December 2012</b>	(44 092)	(6 901)	2 164	(48 829)
Disposal of subsidiaries	6 518	–	–	6 518
Credited/(charged) to the income statement	(3 633)	(3 066)	3 634	(3 065)
Foreign exchange differences	(1 389)	(214)	297	(1 306)
<b>Balance as at 31 December 2013</b>	(42 596)	(10 181)	6 095	(46 682)
Combined balance as at 31 December 2012	(54 841)	87 322	43 891	76 372
<b>Combined balance as at 31 December 2013</b>	(50 784)	53 158	71 580	73 954

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Deferred tax has not been provided on estimated assessed losses of subsidiary companies amounting to R279,5 million (2012: R192,8 million).

	Accelerated tax depreciation R'000	Provisions accruals and retentions R'000	Assessed losses and other R'000	Total R'000
<b>2013: Deferred taxation reversal</b>				
– Deferred taxation to be recovered after more than 12 months	(19 948)	6 620	57 288	43 960
– Deferred taxation to be recovered within 12 months	(30 831)	46 764	14 061	29 994
	(50 779)	53 384	71 349	73 954
<b>2012: Deferred taxation reversal</b>				
– Deferred taxation to be recovered after more than 12 months	(21 544)	(11 384)	(49 517)	(82 445)
– Deferred taxation to be recovered within 12 months	(33 297)	98 706	93 408	158 817
	(54 841)	87 322	43 891	76 372



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>19. AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
<b>Unlisted investments</b>		
At the beginning of the year	6	31 911
Additions	–	1 157
Mark-to-market adjustment through equity	–	1 557
Disposals	(6)	(34 619)
At the end of the year	–	6
The following information relates to the group's interest in unlisted investments:		
<b>Desbel Sewe (Pty) Ltd</b>	–	6
Mvela Phanda Construction (Pty) Ltd held an investment in Desbel Sewe (Pty) Ltd, a hotel management company. The investment was disposed of during the year. The directors value the unlisted investments at Rnil (2012: R5 993).		
<b>Listed investments</b>		
At the end of the year	572	5 615
At the beginning of the year	5 615	10 272
Additions	–	2 612
Disposals	–	–
Mark-to-market adjustment through equity	(5 043)	(5 366)
Transferred to assets held for sale	–	(1 903)
The following information relates to the group's interest in listed investments:		
Through the TWP group, the group holds an investment in Bindura Nickel Corporation (BNC) mining listed on the Zimbabwean Stock Exchange and its operations are held in Zimbabwe.		
Through the TWP group, the group holds an investment in African Eagle Resources plc, a UK-listed mineral exploration and development company operating in Zambia Tanzania and Mozambique.		
	<b>572</b>	<b>5 621</b>
<b>20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Unlisted investments</b>		
At the beginning of the year	50 812	–
Additions	–	19 153
Mark-to-market adjustment through profit and loss	–	31 659
At the end of the year	50 812	50 812
The following information relates to the group's interest in unlisted investments:		
<b>Lehating Mining (Pty) Ltd</b>		
On 1 October 2012 the group acquired a 13,3% investment in Lehating Mining (Pty) Ltd, a mining company.	50 812	50 812
	<b>50 812</b>	<b>50 812</b>

The directors value the unlisted investments at R50 812 444 (2012: R50 812 444).

Financial assets at fair value through profit or loss are presented within “investing activities” in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains/(losses) – net” in the income statement (note 8).

	2013 R'000	2012 R'000
<b>21. INVENTORIES</b>		
Consumables	27 569	77 475
Finished goods	4 080	374
Spares	10 309	3 387
	<b>41 958</b>	<b>81 236</b>
<b>22. DEVELOPMENT LAND</b>		
Development land	<b>363 120</b>	402 375
Development land comprises land purchased for the purposes of property development and subsequent resale. Due to the nature of property developments, the full value of development land may not be realised in the coming 12-month period.		
<b>Reconciliation of carrying value of development land</b>		
Purchase consideration of land	42 611	44 472
Capitalisation of development costs and installation of bulk services	329 876	342 180
Capitalisation of borrowing costs	39 812	42 330
Writedown of development land to net realisable value	(49 179)	(26 607)
	<b>363 120</b>	<b>402 375</b>
<b>Movements in development land are as follows:</b>		
Opening balance	402 375	398 686
Sale of erven	(17 005)	(2 561)
Sale consideration of land	(1 861)	(293)
Capitalisation of development costs and installation of bulk services	(12 626)	(1 871)
Capitalisation of borrowing costs	(2 518)	(397)
Capitalisation of development costs and installation of bulk services	322	32 857
Capitalisation of borrowing costs	-	-
Writedown of development land to net realisable value	(22 572)	(26 607)
	<b>363 120</b>	<b>402 375</b>

The writedown in the current and prior year relates to the group's investment in Rolling Hills Leisure Estate, a lifestyle residential development in the Mpumalanga Highlands.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>23. CONTRACT AND TRADE DEBTORS</b>		
Contract debtors	<b>762 562</b>	550 682
Contract debtors	<b>771 446</b>	558 307
Provision for impairment of contract debtors	<b>(8 884)</b>	(7 625)
Trade receivables	<b>27 939</b>	40 792
Trade receivables	<b>29 278</b>	41 531
Provision for impairment of trade receivables	<b>(1 339)</b>	(739)
Retention debtors	<b>54 045</b>	89 682
Retention debtors	<b>58 410</b>	90 650
Provision for impairment of retention debtors	<b>(4 365)</b>	(968)
Work in progress	<b>129 691</b>	202 461
Costs incurred to date	<b>8 667 324</b>	8 115 264
Profit recognised to date	<b>389 159</b>	489 636
Progress payments received and receivable	<b>(8 926 792)</b>	(8 402 439)
	<b>974 237</b>	883 617

Contract debtors to the value of R12 million (2012: R12 million) of Blasting & Excavating (Pty) Ltd are ceded as security for the bank overdraft facilities in place. At year-end, the total utilised overdraft facility amounted to Rnil (2012: Rnil) (refer note 26).

The age analysis of contract debtors, trade receivables and retention debtors is as follows:

**31 December 2013**

**Contract debtors**

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	439 326	1 734	–	441 060
Multinational mining companies	73 972	2 176	–	76 148
Listed companies	101 115	21 371	4 118	126 604
Unlisted companies	106 739	10 592	4 003	121 334
Individuals	5 407	130	763	6 300
	<b>726 559</b>	<b>36 003</b>	<b>8 884</b>	<b>771 446</b>

The age analysis for contract debtors balances that are considered past due is as follows:

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	13 560	14 932	7 511	36 003

No security is held against these balances.

23. **CONTRACT AND TRADE DEBTORS (continued)**

Trade receivables

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	1 034	–	–	1 034
Multinational mining companies	–	–	–	–
Listed companies	–	–	–	–
Unlisted companies	18 991	7 914	1 339	28 244
Individuals	–	–	–	–
	<b>20 025</b>	<b>7 914</b>	<b>1 339</b>	<b>29 278</b>

The age analysis for trade receivables balances that are considered past due is as follows:

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	–	4 569	3 345	7 914

No security is held against these balances.

Retention debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	36 706	1 500	2 236	40 442
Multinational mining companies	–	–	–	–
Listed companies	15 472	–	2 129	17 601
Unlisted companies	367	–	–	367
Individuals	–	–	–	–
	<b>52 545</b>	<b>1 500</b>	<b>4 365</b>	<b>58 410</b>

The age analysis for retention debtors that are considered past due is as follows:

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	–	–	1 500	1 500

No security is held against these balances.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 23. CONTRACT AND TRADE DEBTORS (continued)

31 December 2012

### Contract debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	227 827	3 778	48	231 653
Multinational mining companies	22 865	662	2 534	26 061
Listed companies	77 374	5 601	–	82 975
Unlisted companies	194 664	17 879	5 043	217 586
Individuals	–	32	–	32
	522 730	27 952	7 625	558 307

The age analysis for contract debtors balances that are considered past due is as follows:

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	10 766	5 513	11 673	27 952

No security was held against these balances.

### Trade receivables

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	–	–	–	–
Multinational mining companies	262	–	–	262
Listed companies	–	–	–	–
Unlisted companies	25 310	15 220	739	41 269
Individuals	–	–	–	–
	25 572	15 220	739	41 531

The age analysis for trade receivables balances that are considered past due is as follows:

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	10 392	4 813	15	15 220

No security was held against these balances.

### Retention debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	71 266	–	–	71 266
Multinational mining companies	–	–	–	–
Listed companies	4 777	–	–	4 777
Unlisted companies	13 639	–	968	14 607
Individuals	–	–	–	–
	89 682	–	968	90 650

No security was held against these balances.

### 23. CONTRACT AND TRADE DEBTORS (continued)

The carrying amounts of the group's contract debtors, trade receivables, retention debtors and work in progress are denominated in the following currencies:

	2013 R'000	2012 R'000
South African Rand	738 669	630 152
US Dollar	25 720	130 697
Botswana Pula	172 710	98 229
Euros	1 541	–
British Pounds	16 188	–
Mozambique Meticals	19 409	24 539
	<b>974 237</b>	<b>883 617</b>

Movements on the group provision for impairment of contract debtors are as follows:

	2013 R'000	2012 R'000
At the beginning of the year	7 625	11 930
Provision for impairment	2 756	3 558
Receivables written off during the year as uncollectible	(48)	(362)
Unused amounts reversed	(1 724)	–
Transferred to assets held for sale	–	(7 501)
Foreign exchange differences	275	–
	<b>8 884</b>	<b>7 625</b>

Movements on the group provision for impairment of trade receivables are as follows:

	2013 R'000	2012 R'000
At the beginning of the year	739	910
Provision for impairment	600	1 105
Receivables written off during the year as uncollectible	–	(1 276)
Unused amounts reversed	–	–
	<b>1 339</b>	<b>739</b>

Movements on the group provision for impairment of retention debtors are as follows:

	2013 R'000	2012 R'000
At the beginning of the year	968	968
Provision for impairment	4 365	–
Receivables written off during the year as uncollectible	–	–
Unused amounts reversed	(968)	–
	<b>4 365</b>	<b>968</b>

The creation and release of provision for impaired contract debtors, trade receivables and retention debtors have been included in "Contracting and other costs" in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering amounts due.

The other classes within contract and trade debtors do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 23. CONTRACT AND TRADE DEBTORS (continued)

The group has the following amounts due from top-five debtors:

Number of customers	Value R'000	% of contract and trade debtors	% of total revenue
5	497 860	51,1	7,9

The group has the following credit risk per geographical segment:

Region	R'000
South Africa	585 702
Rest of Africa	226 151
Rest of world	162 384
	974 237

The group has classified its contract and trade debtors into the following categories:

- ▶ Government
- ▶ Multinational mining companies
- ▶ Listed companies
- ▶ Unlisted companies
- ▶ Individuals

Government debtors encompass all debtors to central governments, government institutions and parastatals across all geographies. Typically, government debt tends to have little or no risk as default on this type of debt indicates a failed state situation. Different countries' governments will have different levels of risk associated with them, however, depending on the credit rating of the country concerned. Examples of government debtors include the government of St Helena, Eskom and SANRAL.

Multinational mining companies refers to large mining corporations that operate across a variety of geographies and tend to be blue-chip organisations. Given their relative financial strength, they are generally considered to have a reasonably good credit rating. Examples include the De Beers group and Assmang Limited.

Listed companies encompass all companies that are listed on a registered stock exchange in any country. Typically, a listed company should have relatively good governance structures and be administered in terms of strict laws and regulations. While it is not impossible for a listed entity to fail, given the relative transparency required, it is likely that there would be indicators of distress that would allow the group to take corrective action in the event that it would be required.

Unlisted companies are typically smaller entities that are not listed on a registered stock exchange in any country, and are generally considered to be associated with higher levels of credit risk. Indicators of distress may be difficult to identify given the lack of public information available for these entities.

Individuals generally carry the highest level of credit risk. Certain of the group's smaller entities may perform work for individuals but this is typically not the group's core customer group, given the relatively high credit risk.

	2013 R'000	2012 R'000		
<b>24. RECEIVABLES AND PREPAYMENTS</b>				
Prepayments	15 981	5 345		
Staff debtors	416	508		
Deposits	14 226	12 017		
VAT receivable	15 308	28 730		
Other receivables	51 477	52 598		
	<b>97 408</b>	<b>99 198</b>		
<p>The following receivables are included as part of other receivables:</p> <ul style="list-style-type: none"> <li>▶ An amount of R28,6 million (2012: R23,1 million) due from the non-controlling interest party of Basil Read Construction Middle East LLC.</li> <li>▶ An amount of R5,2 million (2012: Rnil) due in respect of development funding provided to alternative energy developers, in which the group will ultimately obtain an equity investment.</li> <li>▶ An amount of Rnil (2012: R9,2 million) due from a subcontractor relating to an advance given to the subcontractor to procure plant and equipment.</li> <li>▶ Various sundry amounts due to the group for plant hire, transport recoveries and sale of formwork.</li> </ul>				
<b>25. DERIVATIVE FINANCIAL INSTRUMENTS</b>				
Forward exchange contract				
Fair value gain	2 577	–		
Interest rate swap	(1 395)	(2 506)		
Fair value loss	(1 175)	(2 482)		
Foreign exchange differences	(220)	(24)		
	<b>1 182</b>	<b>(2 506)</b>		
<p>The forward exchange contract relates to the group's commitment to a Chinese supplier for the procurement of the turbines used in the construction of the MetroWind van Stadens wind farm. The forward exchange contract outstanding at year-end is for an amount of USD7,2 million.</p> <p>The interest rate swap in place is in one of the group's subsidiaries in Botswana, whereby a floating interest rate on instalment sale agreements was swapped for a fixed interest rate.</p> <p><i>Reconciliation of opening and closing balances</i></p> <p><b>Forward exchange contract</b></p> <p>At the beginning of the year</p>			–	–
Fair value gain	2 577	–		
Foreign exchange differences	–	–		
At the end of the year	<b>2 577</b>	–		
<b>Interest rate swap</b>				
At the beginning of the year	(2 506)	–		
Fair value gain/(loss)	1 307	(2 482)		
Foreign exchange differences	(196)	(24)		
At the end of the year	<b>(1 395)</b>	<b>(2 506)</b>		



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>26. CASH AND CASH EQUIVALENTS</b>		
Bank balances	1 255 541	1 076 693
Cash on hand	2 584	1 994
	<b>1 258 125</b>	<b>1 078 687</b>
Bank overdraft	<b>(55 641)</b>	<b>(31 853)</b>
	<b>1 202 484</b>	<b>1 046 834</b>
<p>The group's policy is to hold deposits with banks and financial institutions that have a minimum short-term credit rating of "F1" as rated by Fitch Ratings. In certain instances, country regulations may require locally registered entities to operate banking accounts with local banking institutions, which may not meet the minimum rating requirement.</p>		
<b>27. NON-CURRENT ASSETS HELD FOR SALE</b>		
<p>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.</p> <p>In terms of IFRS 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i> the discontinued operation must be tested for impairment. The fair value of the discontinued operation exceeded the carrying amount of the discontinued operation and no impairment was required.</p>		
<b>Asset and liabilities</b>		
<b>Assets of company classified as held for sale</b>		
Property, plant and equipment	-	33 941
Intangible asset	-	385 316
Deferred income tax assets	-	1 221
Available-for-sale financial asset	-	1 903
Contract and trade debtors	-	310 492
Current income tax asset	-	8 729
Receivables and prepayments	-	21 111
Cash and cash equivalents	-	10 827
	-	<b>773 540</b>
<b>Liabilities of company classified as held for sale</b>		
Deferred income tax liabilities	-	2 466
Trade and other payables	-	144 558
Current income tax liabilities	-	773
Provisions for other liabilities and charges	-	35 927
Bank overdraft	-	11 939
	-	<b>195 663</b>

	2013 R'000	2012 R'000
<b>27. NON-CURRENT ASSETS HELD FOR SALE (continued)</b>		
<b>Income statement of discontinued operations</b>		
Revenue	190 126	1 340 681
Expenses	(205 259)	(1 290 363)
Net finance costs	(154)	7 550
<b>Profit before tax of discontinued operations</b>	<b>(15 287)</b>	57 868
Tax	3 090	(30 828)
<b>Profit after tax of discontinued operations</b>	<b>(12 197)</b>	27 040
Movement in fair value adjustment reserve	-	339
<b>Profit for the year from discontinued operations</b>	<b>(12 197)</b>	27 379
<b>Cash flows of discontinued operations</b>		
Operating cash flows	-	63 666
Investing cash flows	-	(17 876)
Financing cash flows	-	-
Effects of exchange rates on cash and cash equivalents	-	-
<b>Total cash flows</b>	<b>-</b>	45 790

## 28. STATED CAPITAL

### Ordinary shares

#### Authorised

300 000 000 ordinary no par value shares (2012: 300 000 000)

	Number of shares	No par value ordinary shares R'000	No par value "A" ordinary shares R'000	Treasury shares R'000	Total R'000
<b>Issued</b>					
<b>Year ended 31 December 2012</b>					
At the beginning of the year	123 797 661	948 687	-	(19)	948 668
Ordinary shares issued	7 883 238	99 014	-	-	99 014
Add: Previously held as treasury stock	5 000	-	-	7	7
At the end of the year	131 685 899	1 047 701	-	(12)	1 047 689
<b>Year ended 31 December 2013</b>					
At the beginning and end of the year	<b>131 685 899</b>	<b>1 047 701</b>	<b>-</b>	<b>(12)</b>	<b>1 047 689</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 28. STATED CAPITAL (continued)

### "A" ordinary shares

#### Authorised

33 607 507 "A" ordinary no par value shares (2012: 33 607 507)

	Number of shares	No par value ordinary shares R'000	No par value "A" ordinary shares R'000	Treasury shares R'000	Total R'000
<b>Issued</b>					
<b>Year ended 31 December 2012</b>					
At the beginning of the year	–	–	–	–	–
"A" ordinary shares issued	33 607 507	–	336	–	336
At the end of the year	33 607 507	–	336	–	336
<b>Year ended 31 December 2013</b>					
At the beginning and end of the year	<b>33 607 507</b>	–	<b>336</b>	–	<b>336</b>

#### Total share capital

	Number of shares	No par value ordinary shares R'000	No par value "A" ordinary shares R'000	Treasury shares R'000	Total R'000
<b>Year ended 31 December 2012</b>					
At the end of the year	165 293 406	1 047 701	336	(12)	1 048 025
<b>Year ended 31 December 2013</b>					
At the end of the year	<b>165 293 406</b>	<b>1 047 701</b>	<b>336</b>	<b>(12)</b>	<b>1 048 025</b>

All shares issued by the company are fully paid up.

The unissued shares were not placed under the control of the directors by resolution of the shareholders until the forthcoming annual general meeting. The directors are not authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to issue ordinary shares for cash.

#### Reconciliation of closing balance

	Number of shares	Total R'000
<b>Year ended 31 December 2012</b>		
Group issued share capital	165 293 406	1 048 025
Treasury shares held by the Basil Read Share Incentive Scheme (refer note 40)	8 382	12
	<b>165 301 788</b>	<b>1 048 037</b>
<b>Year ended 31 December 2013</b>		
Group issued share capital	<b>165 293 406</b>	<b>1 048 025</b>
Treasury shares held by the Basil Read Share Incentive Scheme (refer note 40)	<b>8 382</b>	<b>12</b>
	<b>165 301 788</b>	<b>1 048 037</b>

	2013 R'000	2012 R'000
<b>29. NON-CONTROLLING INTERESTS</b>		
Balance at the beginning of the year	24 768	22 901
Transactions with non-controlling interests	(20 518)	–
Disposal of subsidiary (refer note 43)	(15 272)	–
Total comprehensive income for the year	(24 788)	1 867
Dividends paid	(2 397)	–
Balance at the end of the year	(38 207)	24 768
<b>30. INTEREST-BEARING BORROWINGS</b>		
<b>Instalment sale agreements</b>		
Total amount outstanding	301 099	498 622
The instalment sale agreements for plant and equipment bear interest between the prime overdraft rate plus 3% and prime less 2% per annum and are repayable in monthly instalments of between R2 846 and R1 966 788 over a period of between one and five years.		
The agreements are secured by plant and equipment with a book value of R386 702 181 (2012: R550 093 221). Refer to note 15 for further details.		
<b>Domestic medium-term note programme</b>		
Total amount outstanding	125 301	378 545
On 28 June 2011, the group raised R150 million under this programme. The note, BSR05, was listed on the Bond Exchange of South Africa on 30 June 2011 and bore interest at the three-month ZAR-JIBAR-SAFEX rate plus 2,47%. Interest was payable quarterly. This bond was fully redeemed on 1 July 2013.		
On 18 June 2012, the group raised R125 million under this programme. The note, BSR09, was listed on the Bond Exchange of South Africa on 20 June 2012 and bore interest at the three-month ZAR-JIBAR-SAFEX rate plus 2,00%. Interest was payable quarterly. The bond was fully redeemed on 20 December 2013.		
On 4 December 2012, the group raised R100 million under this programme. The note, BSR10, was listed on the Bond Exchange of South Africa on 7 December 2012 and bore interest at the six-month ZAR-JIBAR-SAFEX rate plus 0,45%. Interest was payable on maturity. The bond was fully redeemed on 7 June 2013.		
On 17 December 2013, the group raised R125 million under this programme. The unlisted note, BSR11U, was settled on 20 December 2013 and bears interest at the three-month ZAR-JIBAR-SAFEX rate plus 2,10%. Interest is payable quarterly and the capital sum is payable on 20 June 2015. The interest rate applicable at year-end was 7,317%.		
	426 400	877 167
Less: Current portion transferred to current liabilities	(163 314)	(562 980)
Instalment sale agreements	(163 013)	(184 435)
Domestic medium term note programme	(301)	(378 545)
<b>Total non-current interest-bearing borrowings</b>	<b>263 086</b>	<b>314 187</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 30. INTEREST-BEARING BORROWINGS (continued)

	2013 R'000	2012 R'000
The present value of future minimum payments on instalment sale agreements is as follows:		
Due within the next 12 months	163 013	184 435
Due between 1 and 5 years	138 086	314 187
Thereafter	–	–
	<b>301 099</b>	498 622
The present value of future minimum payments on the domestic medium-term note programme is as follows:		
Due within the next 12 months	301	378 545
Due between 1 and 2 years	125 000	–
Thereafter	–	–
	<b>125 301</b>	378 545
The fair value of interest-bearing borrowings is as follows:		
Instalment sale agreements	301 099	498 622
Domestic medium-term note programme	125 301	378 545
	<b>426 400</b>	877 167
The carrying amounts of interest-bearing borrowings are denominated in the following currencies:		
South African Rand	349 909	712 785
Botswana Pula	76 491	164 382
	<b>426 400</b>	877 167

The group has R1,1 billion (2012: R1,0 billion) undrawn borrowing facilities at the end of the year. These facilities are annual facilities and are subject to review at various dates during 2014.

## 31. OTHER BORROWINGS

Deferred payment: Previous shareholders of Sunset Bay Trading 282 (Pty) Ltd	–	13 250
Total amount outstanding	–	13 250
Less: Current portion transferred to current liabilities	–	–
Total non-current other borrowings	–	13 250
The carrying amounts of other borrowings are denominated in the following currencies:		
South African Rand	–	13 250
	–	13 250

The dispute with the previous shareholders of Sunset Bay Trading 282 (Pty) Ltd was resolved during the 2013 financial year. The deferred payment was settled on 15 May 2014.

	2013 R'000	2012 R'000
<b>32. PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>		
<b>Employee provisions</b>		
Balance at the beginning of the year	47 058	59 013
Provisions created	92 581	150 275
Provisions reversed	(72 132)	(73 770)
Provisions utilised	(40 336)	(52 521)
Transfer to liability held for sale	–	(35 927)
Foreign exchange differences	573	(12)
Balance at the end of the year	27 744	47 058
Employee provisions consist mainly of employee incentives which are awarded based on individual performance and are paid within three months of the financial year-end.		
<b>Contract provisions</b>		
Balance at the beginning of the year	115 857	161 890
Provisions created	328 980	163 341
Provisions reversed	(234 859)	(70 907)
Provisions utilised	(104 764)	(138 467)
Foreign exchange differences	1 693	–
Balance at the end of the year	106 907	115 857
Contract provisions consist mainly of provision for losses to end-of-site and provision for end-of-site maintenance period.		
Balance at the end of the year – current provisions	134 651	162 915
<b>33. TRADE AND OTHER PAYABLES</b>		
Trade creditors and accruals	1 042 376	1 119 569
Shareholders for dividends	804	584
Advance payments received for contract work	1 095 096	1 079 113
	<b>2 138 276</b>	<b>2 199 266</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>34. SHARE-BASED PAYMENT</b>		
Share-based payment		
– B-BBEE transaction	–	60,539
– Share incentive scheme	–	–
	–	60,539

No share options were issued in the 2013 financial year.

The share-based payment in the prior year relates to a B-BBEE transaction that was successfully concluded with SIOC-CDT Investment Holdings (Pty) Ltd (SIOC).

In terms of the transaction, the group issued 7 883 238 ordinary shares at an issue price of R12,56 per share and 33 607 507 “A” ordinary shares at an issue price of R0,01 per share to SIOC.

No share-based payment was accounted for on the issue of the 7 883 238 ordinary shares as the issue price of R12,56 per share was above the closing market price of R9,68 per share on Thursday, 15 November 2012 being the date of issue of the shares.

The economic substance of the issue of the “A” ordinary shares is the granting of a call option on Basil Read shares. On initial recognition, being the date on which the “A” ordinary shares were issued i.e. 15 November 2012, the derivative financial liability has been measured at fair value using a Monte Carlo simulation-based option pricing model.

The following assumptions have been used in this model:

– spot price (R)	9,68
– volatility (%)	34,49
– grant date	15 November 2012
– maturity date	15 November 2015
– extended maturity	15 November 2016
– notional loan balance (R)	421 774 213
– loan interest rate	72% of prime
– dividend yield (%)	2,77

Information pertaining to the share-based payment relating to the share incentive scheme can be found in note 40(e).

	2013 R'000	2012 R'000
<b>35. CASH GENERATED BY OPERATING ACTIVITIES</b>		
Operating profit/(loss)	324 886	(120 545)
Adjustment for non-cash items:	81 884	360 675
Depreciation	324 292	300 436
Share-based payment	–	60 539
Impairment loss	–	7 052
Write down of development land	22 572	26 607
(Profit)/loss on sale of property, plant and equipment	(1 807)	113
Profit on sale of available-for-sale financial asset	–	(4 979)
(Profit)/loss on sale of subsidiary	(288 514)	312
Loss on sale of joint venture	31 182	4 622
Profit on sale of associate	–	(441)
Fair value adjustment	(6 701)	(29 177)
Reversal of other borrowings – deferred payment to previous shareholders of Sladden International (Botswana) (Pty) Ltd	–	(6 399)
Amortisation of intangible assets	860	1 990
Operating cash flow	406 770	240 130
Movements in working capital:	(122 343)	793 368
Inventories	39 278	(38 379)
Development land	16 683	(30 296)
Contract and trade debtors	(90 620)	114 079
Receivables and prepayments	1 790	19 416
Trade and other payables	(61 210)	750 609
Provisions for other liabilities and charges	(28 264)	(22 061)
Cash generated by operating activities	284 427	1 033 498
Excluded from the cash flow statement are additions to fixed assets amounting to R42,7 million (2012: Rnil) which were funded by instalment sale agreements.		
<b>36. DIVIDENDS PAID</b>		
Dividends due at the beginning of the year	(584)	(622)
Dividends declared per the statement of changes in equity	(232 860)	–
Dividends due at the end of the year	804	584
Dividends paid	(232 640)	(38)
<b>37. TAXATION PAID</b>		
Net taxation due at the beginning of the year	41 794	11 777
Normal taxation charged to the income statement	(17 315)	(75 248)
Capital gains taxation charged to the income statement	(64 156)	–
Transferred to assets held for sale	–	(7 956)
Net taxation due at the end of the year	(28 495)	(41 794)
Taxation paid	(68 172)	(113 221)



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>38. GUARANTEES AND CONTINGENT LIABILITIES</b>		
<b>Guarantees</b>		
The group has the following guarantees and suretyships outstanding at the year-end:		
Payment guarantees	135 183	17 156
Performance and construction guarantees	1 850 060	1 767 529
Bond retention guarantees	743 831	761 586
Bid and other bonds	306 288	185 858
	<b>3 035 362</b>	<b>2 732 129</b>

It is not expected that any loss will arise out of the issue of the above guarantees.

### Contingent liability

The group has identified a number of instances where subsidiaries in Botswana have not fully complied with the time of submission requirements as prescribed by the Value Added Tax Act in Botswana. The Botswana entities intend to make voluntary submissions to the Botswana Unified Revenue Services (BURS) setting out these instances and requesting BURS to issue revised assessments.

No provision for additional taxes has been raised in relation to this VAT issue as legal advice indicates that it is not probable that a significant liability will arise. It is likely, however, that penalties and interest will be levied by BURS due to late submission and payments and the group has accrued for these costs in the 2013 financial year.

	2013 R'000	2012 R'000
<b>39. CAPITAL AND OPERATING LEASE COMMITMENTS</b>		
Capital expenditure contracted for at the statement of financial position date	–	–
Capital expenditure approved and not yet contracted for	315 495	166 472
The above capital expenditure will be financed from funds generated from operations and borrowings.		
Operating lease commitments contracted for at the statement of financial position date:		
Due within the next 12 months	24 645	51 219
Due between 1 and 2 years	21 486	75 447
Thereafter	234 782	486 187
	<b>280 913</b>	<b>612 853</b>

The operating leases for office equipment are payable in monthly instalments of between R5 758 and R10 236, escalating annually by between 0% and 15%, over a period of five years.

The operating leases for office space are payable in monthly instalments of between R272 993 and R1 067 791. The longest lease expires in 11 years.

Included in operating leases for office space is the rental of the Basil Read head office campus in Boksburg, which is with Thunderstruck Investments (Pty) Ltd, a related party. The leases expire in 11 years.

	2013 R'000	2012 R'000
<b>40. EMPLOYEE BENEFITS</b>		
<b>a) Staff costs</b>	<b>1 251 821</b>	1 895 402
Salaries and wages	1 150 567	1 820 123
Share-based payment	-	-
Pension costs – defined contribution plans	65 360	52 418
Social security costs	35 894	22 861
<b>Segment employees analysis</b>	<b>Number</b>	Number
Number of employees employed by the group: Geographical	<b>6 311</b>	6 539
Local	5 059	5 473
International	1 252	1 066

**b) Defined contribution and defined benefit plan**

The Basil Read Group Pension Fund, the Basil Read Group Provident Fund and the Construction Industry Retirement Benefit Plan cover permanent employees of the group and their subsidiary companies. The pension fund is a defined benefit plan while the provident fund and Construction Industry Retirement Benefit Plan are both defined contribution plans. All three funds are registered under the Pension Funds Act of 1965 as privately administered funds.

The Basil Read Group Pension Fund was actuarially valued on 30 September 2007 and subsequently rolled forward to 31 December 2009. The surplus apportionment, as required by the Pension Funds Second Amendment Act 2001, was approved by the Financial Services Board during January 2007.

The pensioners of the fund were outsourced on a GNI8 basis in 2013. The outsource removed all risk from the fund in respect of the pensioners as it extinguished the fund liability.

The trustees are looking into closing the fund in the near future. The pensioners have been outsourced and the majority of the liabilities are made up of defined contribution type liabilities. No further reporting will be required under IAS 19 once the closure of the fund takes place.

	2013 R'000	2012 R'000
Present value of funded obligations	<b>(26 808)</b>	(25 546)
Fair value of plan assets	<b>33 968</b>	32 405
Surplus	<b>7 160</b>	6 859
Unrecognised due to paragraph 64 limit:	<b>(7 160)</b>	(6 859)
The principal actuarial assumptions used for valuation purposes were as follows:		
Discount rate	<b>5,80%</b>	5,00%
Expected return on assets	<b>5,80%</b>	5,00%
Future salary increases	<b>n/a</b>	n/a
Future pension increases	<b>n/a</b>	n/a

The group has not recognised any portion of the pension fund surplus in its balance sheet. The directors do not expect a significant portion of this surplus to be allocated to the group once the final apportionment has been approved by the trustees of the fund.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 40. EMPLOYEE BENEFITS (continued)

### b) Defined contribution and defined benefit plan (continued)

	2013 R'000	2012 R'000
<b>Reconciliation of present value of funded obligations</b>		
Balance at the beginning of the year	25 546	59 188
Service cost	350	–
Member contributions	–	–
Interest cost	1 276	3 720
Actuarial loss	35	30 131
Benefits paid	(49)	(63 137)
Risk premiums	–	–
Expenses	(350)	–
Curtailement loss	–	(4 356)
Balance at the end of the year	<b>26 808</b>	25 546
<b>Reconciliation of fair value of plan assets</b>		
Balance at the beginning of the year	32 405	64 678
Expected return on assets	1 610	3 616
Contributions	–	–
Risk premiums	–	–
Benefits paid	(49)	(63 137)
Expenses	(350)	–
Actuarial gain	352	32 224
Amount settled	–	(4 976)
Balance at the end of the year	<b>33 968</b>	32 405
The assets of the Basil Read Pension Fund were invested as follows:		
Cash	74,1%	78,1%
Bonds	25,9%	21,9%
Total	<b>100,0%</b>	100,0%

#### Five year analysis

	Present value of funded obligations R'000	Fair value of plan assets R'000
As at 31 December 2009	44 815	47 603
As at 31 December 2010	46 772	46 602
As at 31 December 2011	59 188	64 678
As at 31 December 2012	25 546	32 405
As at 31 December 2013	26 808	33 968

#### Sensitivity analysis

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

The liability has been recalculated to show the effect of:

- ▶ the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
- ▶ the inflation assumption on the defined benefit obligation by adding and subtracting 1% to the inflation rate.

40. **EMPLOYEE BENEFITS (continued)**

b) **Defined contribution and defined benefit plan (continued)**

	<b>Main result R'000</b>	<b>+1% R'000</b>	<b>-1% R'000</b>
<b>Discount rate</b>			
Defined benefit obligation	(26 808)	(26 754)	(26 871)
		-0,2%	0,2%
<b>Inflation rate</b>			
Defined benefit obligation	(26 808)	(26 855)	(26 766)
		-0,2%	0,2%

c) **Company contribution**

The company, on the advice of the Actuary, determines the company contribution rate in respect of the Basil Read Group Pension Fund.

d) **Medical aid**

The company continuously reviews its contribution and benefit structures in its various medical aid schemes to ensure that these are well positioned against steeply rising healthcare costs. The group has no current exposure to post-retirement medical aid costs.

e) **Share incentive scheme**

In terms of the Basil Read Share Incentive Scheme, the group's share incentive trust holds the right to issue options to directors and qualifying employees. The exercise price of the granted options is equal to the market price of the shares less a maximum discount of 10%. Options are conditional on the employee being in the service of the group on the vesting date. The group has no legal or constructive obligation to repurchase or settle the options in cash.

**Grant – September 2002**

In terms of this issue of share options, the group's share incentive trust holds the right to issue shares to employees who exercised this option in September 2002. The qualifying employees are able to acquire such shares at a price of R1,40 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R78 747 (2012: R97 759) based on the group's year-end share price.

The movement in the rights to acquire Basil Read shares in terms of this issue is as follows:

	<b>Number 2013 '000</b>	<b>Number 2012 '000</b>
Rights outstanding at the beginning of the year	9	14
Rights exercised during the year	–	(5)
Lapsed during the year due to resignations	–	–
Rights outstanding at the end of the year	9	9
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
September 2005	8	8
September 2006	–	–
September 2007	1	1
	<b>9</b>	<b>9</b>

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 40. EMPLOYEE BENEFITS (continued)

### e) Share incentive scheme (continued)

#### Grant – November 2007

In terms of this issue of share options, the group's share incentive trust holds the right to issue shares to employees who exercised this option in November 2007. The qualifying employees are able to acquire such shares at a price of R13,95 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R15 584 513 (2012: R19 997 906) based on the group's year-end share price.

	<b>Number 2013 '000</b>	Number 2012 '000
Rights outstanding at the beginning of the year	<b>1 843</b>	1 876
Rights exercised during the year	–	(33)
Lapsed during the year due to resignations	<b>(60)</b>	–
Rights outstanding at the end of the year	<b>1 783</b>	1 843
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
November 2008	<b>881</b>	911
November 2009	<b>447</b>	462
November 2010	<b>455</b>	470
	<b>1 783</b>	1 843
The following share options allocated to executive directors are still outstanding at year-end:		
Vested	<b>250</b>	310
Non-vested	–	–
	<b>250</b>	310
The following share options allocated to key management are still outstanding at year-end:		
Vested	<b>515</b>	515
Non-vested	–	–
	<b>515</b>	515

#### 40. EMPLOYEE BENEFITS (continued)

##### e) Share incentive scheme (continued)

###### Grant – April 2009

In terms of this issue of share options, the group's share incentive trust holds the right to issue shares to employees who exercised this option in April 2009. The qualifying employees are able to acquire such shares at a price of R13,95 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R13 492 375 (2012: R17 237 938) based on the group's year-end share price.

	Number 2013 '000	Number 2012 '000
Rights outstanding at the beginning of the year	1 589	1 606
Rights exercised during the year	–	(17)
Lapsed during the year due to resignations	(45)	–
Rights outstanding at the end of the year	1 544	1 589
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
April 2010	771	793
April 2011	385	397
April 2012	388	399
	1 544	1 589
The following share options allocated to executive directors are still outstanding at year-end:		
Vested	130	175
Non-vested	–	–
	130	175
The following share options allocated to key management are still outstanding at year-end:		
Vested	622	622
Non-vested	–	–
	622	622

##### f) Directors' and prescribed officers' emoluments

Full details of audited directors' and prescribed officers' emoluments are provided in the directors' report, under the following sections:

- ▶ Directors' and prescribed officers' emoluments (page 5)
- ▶ Directors' and prescribed officers' equity-settled instruments (page 8)
- ▶ Interests of directors and officers in share capital (page 10)
- ▶ Interests of directors and officers in share incentive scheme (page 10).

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 41. SEGMENT REPORT

The group mainly operates in South Africa and sub-Saharan Africa. The group's client base consists mainly of government and mining institutions.

Management has determined the operating segments based on the reports reviewed by the strategic executive committee that are used to make strategic decisions.

The committee manages the business in terms of four segments: construction, developments, engineering and mining. Assets and liabilities are allocated to each of these segments and are managed accordingly.

In terms of revenue and profitability, the construction segment has been further broken down into buildings, civil engineering and roads to be consistent with the internal reporting reviewed by the committee.

Although the developments segment does not meet the qualitative thresholds required by IFRS 8, management has concluded that this segment should be reported, as it is closely monitored by the strategic executive committee as a growth area with a unique risk profile.

Intersegment revenue is charged at market rates prevailing at the time of the transaction. The revenue from external customers reported to the strategic executive committee is measured in a manner consistent with that in the income statement.

The amounts provided to the strategic executive committee with respect to assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the strategic executive committee with respect to liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The segment information provided to the strategic executive committee for the reportable segments for the year ended 31 December 2013 is as follows:

	Operating profit %	Construction R'000	Developments R'000	Engineering R'000	Mining R'000	Inter-segment elimination R'000	Total R'000
<b>Revenue</b>		<b>4 685 474</b>	<b>69 897</b>	<b>690 154</b>	<b>956 958</b>	<b>(97 903)</b>	<b>6 304 580</b>
Buildings		921 795	-	-	-	-	921 795
Civil engineering		1 373 307	-	-	-	-	1 373 307
Roads		2 390 372	-	-	-	(62 528)	2 327 844
Mining		-	-	-	956 958	(21 597)	935 361
Developments		-	69 897	-	-	-	69 897
Engineering		-	-	690 154	-	(13 778)	676 376
<b>Operating profit</b>	<b>1,07</b>	<b>12 057</b>	<b>(16 311)</b>	<b>12 944</b>	<b>58 864</b>	<b>-</b>	<b>67 554</b>
Buildings	0,68	6 286	-	-	-	-	6 286
Civil engineering	(2,40)	(32 998)	-	-	-	-	(32 998)
Roads	1,67	38 769	-	-	-	-	38 769
Mining	6,29	-	-	-	58 864	-	58 864
Developments	(23,34)	-	(16 311)	-	-	-	(16 311)
Engineering	1,91	-	-	12 944	-	-	12 944
Depreciation		(157 441)	(117)	(214)	(166 520)	-	(324 292)
Impairment		-	-	-	-	-	-
Net finance income/ (costs)		47 111	(13 585)	4 614	(24 470)	-	13 670
Property, plant and equipment		614 208	3 018	-	520 921	-	1 138 147
Additions to property, plant and equipment		195 080	117	-	59 751	-	254 948
Goodwill		282 097	-	90 510	34 779	-	407 386
Inventories		19 690	-	-	22 268	-	41 958
Cash and cash equivalents		1 037 413	2 672	73 813	88 586	-	1 202 484
Interest-bearing borrowings		204 582	-	-	221 818	-	426 400
Other borrowings		-	-	-	-	-	-
Order book		8 165 000	100 000	280 000	3 919 000	-	12 464 000

#### 41. SEGMENT REPORT (continued)

The segment information for the year ended 31 December 2012 is as follows:

	Operating profit %	Construction R'000	Developments R'000	Engineering R'000	Mining R'000	Inter-segment elimination R'000	Total R'000
Revenue		4 169 478	25 028	466 129	1 196 993	(364 163)	5 493 465
Buildings		776 918	–	–	–	(24 489)	752 429
Civil engineering		1 355 016	–	–	–	(59 975)	1 295 041
Roads		2 037 544	–	–	–	(103 154)	1 934 390
Mining		–	–	–	1 196 993	(176 545)	1 020 448
Developments		–	25 028	–	–	–	25 028
Engineering		–	–	466 129	–	–	466 129
Operating profit	(3,11)	(277 225)	(30 036)	54 008	82 390	–	(170 863)
Buildings	2,94	22 109	–	–	–	–	22 109
Civil engineering	(1,95)	(25 295)	–	–	–	–	(25 295)
Roads	(14,17)	(274 039)	–	–	–	–	(274 039)
Mining	8,07	–	–	–	82 390	–	82 390
Developments	(120,01)	–	(30 036)	–	–	–	(30 036)
Engineering	11,59	–	–	54 008	–	–	54 008
Depreciation		(109 251)	(137)	–	(176 781)	–	(286 169)
Impairment		(300)	–	–	–	–	(300)
Net finance costs		(28 744)	(14 785)	(3 793)	(37 361)	–	(84 683)
Property, plant and equipment		635 835	3 018	8 621	624 653	–	1 272 127
Additions to property, plant and equipment		306 107	14	5 041	172 720	–	483 882
Goodwill		282 097	–	90 510	34 779	–	407 386
Inventories		41 149	–	–	40 087	–	81 236
Cash and cash equivalents		826 471	5 283	96 562	118 518	–	1 046 834
Interest-bearing borrowings		510 215	–	–	366 952	–	877 167
Other borrowings		13 250	–	–	–	–	13 250
Order book		7 645 000	50 000	1 050 000	1 500 000	–	10 245 000

#### Geographic information

	2013 %	2012 %
<b>Revenue</b>		
South Africa	74	75
Rest of Africa	11	18
Rest of world	15	7
	<b>100</b>	<b>100</b>



# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 42. RELATED PARTY TRANSACTIONS

The following transactions have been entered into with related parties during the year:

### Costs incurred by the group:

Nature of relationship/Amounts paid to	Nature of transaction	2013 R'000	2012 R'000
<b>Shareholders</b>			
Amabubesi Investments (Pty) Ltd	Directors' fees	981	799
<b>Directors</b>			
Amounts paid to other non-executive directors	Directors' fees	3 754	2 449
Amounts paid to executive directors	Remuneration and incentives	19 935	10 739
<b>Prescribed officers</b>			
Amounts paid to prescribed officers	Remuneration and incentives	11 173	9 804
<b>Management</b>			
Amounts paid to key management <sup>#</sup>	Cash portion of package	20 510	19 851
Amounts paid to key management <sup>#</sup>	Benefits	2 922	2 812
Amounts paid to key management <sup>#</sup>	Incentive bonus	3 350	2 750
<b>Associate companies and joint ventures</b>			
Savanna City Developments (Pty) Ltd	Loan*	26 436	16 316
Siascan (Pty) Ltd	Loan*	5 234	–
Thunderstruck Investments (Pty) Ltd	Loan*	30 500	30 500
TWSP (Pty) Ltd	Loan*	–	32 292
Vhumbanani Projects (Pty) Ltd	Loan*	(1 141)	(1 141)
3Energy Renewables (Pty) Ltd	Loan*	610	–
Beaufort West Energy Holding (Pty) Ltd	Loan*	51	1 039
BR-Tsima Construction (Pty) Ltd	Loan*	8 360	8 232
Majwe Mining Joint Venture (Pty) Ltd	Loan*	(49 631)	(44 908)
MetroWind (Pty) Ltd	Loan*	34 477	14 773
Mmila Projects (Pty) Ltd	Loan*	195	169

<sup>#</sup> Key management include the directors of the group's largest operating subsidiary, Basil Read (Pty) Ltd. Details of share options awarded to key management can be found in note 40.

\* Refer note 11 for further details.

#### 43. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2013

##### TWP Holdings (Pty) Ltd

During March 2013, the group disposed of 100% of the share capital of TWP Holdings (Pty) Ltd. The company is an engineering, procurement and construction management company.

TWP Holdings (Pty) Ltd was included as part of the engineering segment.

Details of net assets disposed are as follows:

	R'000
Sale consideration:	
– cash received	877 709
– interest component of sale consideration	(8 112)
– cash costs of disposal	(31 495)
Net sale consideration	838 102
Carrying value of net assets disposed	(559 162)
Derecognition of foreign currency translation reserve	(4 989)
Derecognition of non-controlling interest	15 272
Derecognition of fair value adjustment reserve	(709)
Profit on sale	288 514
Closure of TWP Australia (TWSP (Pty) Ltd)	(31 182)
Profit on disposal of discontinued operations	257 332

The assets and liabilities as of March 2013 disposed of are:

	Fair value R'000	Disposee's carrying amount R'000
Cash and cash equivalents	10 827	10 827
Property, plant and equipment	33 941	33 941
Intangible asset	385 316	385 316
Deferred income tax asset	1 221	1 221
Available-for-sale financial asset	1 903	1 903
Contract and trade debtors	310 492	310 492
Current income tax asset	8 729	8 729
Receivables and prepayments	21 111	21 111
Deferred income tax liability	(8 984)	(8 984)
Trade and other payables	(156 755)	(156 755)
Current income tax liability	(773)	(773)
Provisions for other liabilities and charges	(35 927)	(35 927)
Bank overdraft	(11 939)	(11 939)
Net assets	559 162	559 162
Purchase consideration received in cash		838 102
Cash and cash equivalents in subsidiary disposed		1 112
Cash inflow on disposal		839 214

# Notes to the consolidated financial statements continued

for the year ended 31 December 2013

## 43. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 December 2012

### Basil Read Properties No 3 (Pty) Ltd

During February 2012, the group disposed of 100% of the share capital of Basil Read Properties No 3 (Pty) Ltd. The company is a property owning company.

Basil Read Properties No 3 (Pty) Ltd was included as part of the construction segment.

Details of net assets disposed are as follows:

	<b>R'000</b>
Sale consideration:	
– cash received	66 348
– asset raised	–
Total sale consideration	66 348
Carrying value of net assets disposed	(66 660)
Loss on sale	(312)

The assets and liabilities as of February 2012 disposed of are:

	<b>Fair value R'000</b>	<b>Disposee's carrying amount R'000</b>
Cash and cash equivalents	24	24
Property, plant and equipment	62 296	62 296
Receivables and prepayments	3 837	3 837
Deferred income tax asset	610	610
Trade and other payables	(107)	(107)
Net assets	66 660	66 660
Purchase consideration received in cash		66 348
Cash and cash equivalents in subsidiary disposed		(24)
Cash inflow on disposal		66 324

## 44. POST-BALANCE SHEET EVENTS

No material events have occurred between the statement of financial position date and the date of these results that would have a material effect on the financial statements of the group.

# Company income statement

for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>CONTINUING OPERATIONS</b>			
Dividends received		–	–
Admin and operating overheads		(102 471)	(5 950)
<b>Operating loss</b>		<b>(102 471)</b>	<b>(5 950)</b>
Interest received	45	8 710	7
Interest paid	45	(490)	(3)
<b>Loss before taxation</b>		<b>(94 251)</b>	<b>(5 946)</b>
Taxation		97	(102)
<b>Loss for the year from continuing operations</b>		<b>(94 154)</b>	<b>(6 048)</b>
<b>DISCONTINUED OPERATIONS</b>			
Net profit for the year from discontinued operations	49	–	30 000
Profit on disposal of discontinued operations	56	309 888	–
Tax on disposal		(63 346)	–
<b>Net profit for the year</b>		<b>152 388</b>	<b>23 952</b>

# Company statement of comprehensive income

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>Net profit for the year</b>	<b>152 388</b>	<b>23 952</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the year</b>	<b>152 388</b>	<b>23 952</b>

# Company statement of financial position

as at 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>1 135 561</b>	610 546
Investments in subsidiaries	46	257 144	257 144
Loans to subsidiaries	46	878 415	353 400
Available-for-sale financial assets	47	2	2
<b>Current assets</b>			
Cash and cash equivalents	48	521	159
Non-current assets held for sale		–	528 214
<b>Total assets</b>		<b>1 136 082</b>	1 138 919
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>1 057 831</b>	1 135 908
Stated capital	50	1 048 037	1 048 037
Retained earnings		9 794	87 871
<b>Current liabilities</b>		<b>78 251</b>	3 011
Trade and other payables	51	51 064	3 011
Current income tax liabilities		27 187	–
Liabilities directly associated with non-current assets classified as held for sale		–	–
<b>Total equity and liabilities</b>		<b>1 136 082</b>	1 138 919

# Company statement of changes in equity

for the year ended 31 December 2013

	Share capital R'000	Retained earnings R'000	Total R'000
<b>Balance at 1 January 2012</b>	948 687	3 380	952 067
Consideration received for the issue of shares	99 350	–	99 350
Total comprehensive income for the year	–	23 952	23 952
Share-based payment (refer note 52)	–	60 539	60 539
<b>Balance at 31 December 2012</b>	<b>1 048 037</b>	<b>87 871</b>	<b>1 135 908</b>
Total comprehensive income for the year	–	152 388	152 388
Dividend paid	–	(230 465)	(230 465)
<b>Balance at 31 December 2013</b>	<b>1 048 037</b>	<b>9 794</b>	<b>1 057 831</b>

# Company statement of cash flows

for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
<b>Cash flow from operating activities</b>		<b>(312 725)</b>	26 205
Cash generated by operating activities	53	(54 638)	26 341
Net finance income		8 220	4
Dividends paid	54	(230 245)	(38)
Taxation paid	55	(36 062)	(102)
<b>Cash flow from investing activities</b>		<b>313 087</b>	(125 602)
Disposal of subsidiary		838 102	–
Loans advanced to subsidiaries		(525 015)	(125 602)
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares		–	99 350
<b>Movement in cash and cash equivalents</b>		<b>362</b>	(47)
<b>Cash and cash equivalents – at the beginning of the year</b>		<b>159</b>	206
<b>Cash and cash equivalents – at the end of the year</b>	48	<b>521</b>	159

# Notes to the company financial statements

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>45. NET FINANCE INCOME/(COSTS)</b>		
<b>Interest paid</b>		
Bank loans and other borrowings	(490)	(3)
<b>Interest received</b>	8 710	7
Bank	598	7
Other	8 112	–
<b>Net finance income</b>	<b>8 220</b>	<b>4</b>
<b>46. INVESTMENTS IN SUBSIDIARIES</b>		
<b>Unlisted investments</b>		
Shares at cost	170 297	170 297
Share-based payments	86 847	86 847
	<b>257 144</b>	<b>257 144</b>
Loans to subsidiaries	878 415	353 400
	<b>1 135 559</b>	<b>610 544</b>
Details of the group's investments in subsidiaries are as follows:		
<b>Basil Read (Pty) Ltd</b>	<b>957 497</b>	<b>432 482</b>
Shares at cost	1	1
Share-based payment	79 081	79 081
Interest-free loans to subsidiary	878 415	353 400
<b>TWP Holdings (Pty) Ltd</b>	–	–
Shares at cost	–	492 089
Share-based payment	–	36 125
Transferred to assets held for sale	–	(528 214)
<b>BSR Engineering (Pty) Ltd</b>	<b>178 062</b>	<b>178 062</b>
Shares at cost	170 296	170 296
Share-based payment	7 766	7 766
	<b>1 135 559</b>	<b>610 544</b>
Unless indicated, the above loans are interest free.		
During the prior year, TWP Holdings (Pty) Ltd and the following subsidiaries and joint venture were legally bound together through a reorganisation: TWP Limpopo Engineers (Pty) Ltd, TWP Projects (Pty) Ltd, Effluent Technologies (Pty) Ltd, TWP Environmental Services (Pty) Ltd, TWP Projects DRC SPRL, TWP SúdAmerica and Lisinfo 203 Trading (Pty) Ltd.		
BSR Engineering (Pty) Ltd is the holding company of the excluded entities in terms of the disposal of TWP, namely Basil Read Matomo Projects (Pty) Ltd, TWP Investments (Pty) Ltd, LYT Architecture (Pty) Ltd, TWSP (Pty) Ltd and Outsource Plant Solutions SA (Pty) Ltd.		
At 31 December 2013, the net asset value of the group was R1,9 billion (2012: R1,8 billion) and the market capitalisation was R1,2 billion (2012: R1,4 billion), based on the group's year-end share price.		
<b>47. AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
<b>Listed investments</b>		
At the beginning and the end of the year	2	2
<b>48. CASH AND CASH EQUIVALENTS</b>		
Bank balances	521	159

	2013 R'000	2012 R'000
<b>49. NON-CURRENT ASSETS HELD FOR SALE</b>		
During the 2012 financial year a decision was made by the group's management to dispose of TVP Holdings (Pty) Ltd in line with the strategy to focus on organic growth and reduce debt. TVP Holdings and its subsidiaries formed part of the engineering segment. The sale was concluded during the 2013 financial year.		
In terms of IFRS 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i> the discontinued operation must be tested for impairment. The fair value of the discontinued operation exceeded the carrying amount of the discontinued operation and no impairment was required.		
<b>Asset and liabilities</b>		
<b>Assets classified as held for sale</b>		
Investment in subsidiaries	-	528 214
	-	528 214
<b>Income statement of discontinued operations</b>		
Revenue	-	-
Expenses	-	-
Dividends received	-	30 000
Net finance costs	-	-
<b>Profit before tax of discontinued operations</b>	-	30 000
Tax	-	-
<b>Profit for the year from discontinued operations</b>	-	30 000
<b>Cash flows of discontinued operations</b>		
Operating cash flows	-	30 000
Investing cash flows	-	-
Financing cash flows	-	-
Effects of exchange rates on cash and cash equivalents	-	-
<b>Total cash flows</b>	-	30 000

#### 50. STATED CAPITAL

##### Ordinary shares

##### Authorised

300 000 000 ordinary no par value shares (2012: 300 000 000)

	Number of shares	No par value ordinary shares R'000	No par value "A" ordinary shares R'000	Total R'000
<b>Issued</b>				
<b>Year ended 31 December 2012</b>				
At the beginning of the year	123 811 043	948 687	-	948 687
Issued in terms of B-BBEE transaction – net of costs	7 883 238	99 014	-	99 014
At the beginning and end of the year	131 694 281	1 047 701	-	1 047 701
<b>Year ended 31 December 2013</b>				
At the beginning and end of the year	<b>131 694 281</b>	<b>1 047 701</b>	-	<b>1 047 701</b>



# Notes to the company financial statements continued

for the year ended 31 December 2013

## 50. STATED CAPITAL (continued)

### "A" ordinary shares

#### Authorised

33 607 507 "A" ordinary no par value shares (2012: 33 607 507)

	Number of shares	No par value ordinary shares R'000	No par value "A" ordinary shares R'000	Total R'000
<b>Issued</b>				
<b>Year ended 31 December 2012</b>				
At the beginning of the year	–	–	–	–
Issued in terms of B-BBEE transaction – net of costs	33 607 507	–	336	336
At the end of the year	33 607 507	–	336	336
<b>Year ended 31 December 2013</b>				
At the beginning and end of the year	<b>33 607 507</b>	–	<b>336</b>	<b>336</b>
<b>Total share capital</b>				
<b>Year ended 31 December 2012</b>				
At the end of the year	165 301 788	1 047 701	336	1 048 037
<b>Year ended 31 December 2013</b>				
At the end of the year	<b>165 301 788</b>	<b>1 047 701</b>	<b>336</b>	<b>1 048 037</b>

The unissued shares were not placed under the control of the directors by resolution of the shareholders until the forthcoming annual general meeting. The directors are not authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to issue ordinary shares for cash.

	2013 R'000	2012 R'000
<b>51. TRADE AND OTHER PAYABLES</b>		
Trade creditors and accruals	<b>50 260</b>	2 427
Shareholders for dividends	<b>804</b>	584
	<b>51 064</b>	3 011

	2013 R'000	2012 R'000
<b>52. SHARE-BASED PAYMENT</b>		
Share-based payment		
– B-BBEE transaction	–	60 539
– Share incentive scheme	–	–
	–	60 539

The share-based payment in the prior year relates to a B-BBEE transaction that was successfully concluded with SIOC-CDT Investment Holdings (Pty) Ltd (SIOC).

In terms of the transaction, the group issued 7 883 238 ordinary shares at an issue price of R12,56 per share and 33 607 507 “A” ordinary shares at an issue price of R0,01 per share to SIOC.

No share-based payment was accounted for on the issue of the 7 883 238 ordinary shares as the issue price of R12,56 per share was above the closing market price of R9,68 per share on Thursday, 15 November 2012 being the date of issue of the shares.

The economic substance of the issue of the “A” ordinary shares is the granting of a call option on Basil Read shares. On initial recognition, being the date on which the “A” ordinary shares were issued i.e. 15 November 2012, the derivative financial liability has been measured at fair value using a Monte Carlo simulation based option pricing model. The following assumptions have been used in this model:

– spot price (R)	9,68
– volatility (%)	34,49
– grant date	15 November 2012
– maturity date	15 November 2015
– extended maturity	15 November 2016
– notional loan balance (R)	421 774 213
– loan interest rate (%)	72% of prime
– dividend yield (%)	2,77

Information pertaining to the share based payment relating to the share incentive scheme can be found in note 40(e).

	2013 R'000	2012 R'000
<b>53. CASH GENERATED BY OPERATING ACTIVITIES</b>		
Operating profit	(102 471)	24 050
Adjustment for non-cash items:	–	–
Operating cash flow	(102 471)	24 050
Movements in working capital:		
Trade and other payables	47 833	2 291
Cash generated by operating activities	(54 638)	26 341
<b>54. DIVIDENDS PAID</b>		
Dividends due at the beginning of the year	(584)	(622)
Dividends declared per the statement of changes in equity	(230 465)	–
Dividends due at the end of the year	804	584
Dividends paid	(230 245)	(38)

# Notes to the company financial statements continued

for the year ended 31 December 2013

	2013 R'000	2012 R'000
<b>55. TAXATION PAID</b>		
Taxation due at the beginning of the year	–	–
Normal taxation charged to the income statement	97	(102)
Capital gains taxation charged to the income statement	(63 346)	–
Taxation due at the end of the year	27 187	–
Taxation paid	(36 062)	(102)

## 56. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2013

### TWP Holdings (Pty) Ltd

During March 2013, the company disposed of 100% of the share capital of TWP Holdings (Pty) Ltd. The company is an engineering, procurement and construction management company.

Details of net assets disposed are as follows:

	R'000
Sale consideration:	
– cash received	877 709
– interest component of sale consideration	(8 112)
– cash costs of disposal	(31 495)
Net sale consideration	838 102
Carrying value of subsidiary disposed	(528 214)
Profit on sale	309 888

For the year ended 31 December 2012

No subsidiaries were disposed during the 2012 financial year.

## 57. BORROWING POWERS

The company has unlimited borrowing powers in terms of its constitutional documents.

## 58. GUARANTEES AND CONTINGENT LIABILITIES

The company has issued sureties for unlimited amounts in respect of amounts advanced to and sureties issued on behalf of subsidiary companies. It is not expected that any loss will arise out of the issue of these guarantees.

## 59. POST-BALANCE SHEET EVENTS

No material events have occurred between the statement of financial position date and the date of these results that would have a material effect on the financial statements of the company.

# Shareholders' information

as at 31 December 2013

## SHAREHOLDERS' ANALYSIS

The following are the shareholders beneficially holding, directly or indirectly, in excess of 2% of the share capital:

Ordinary shares	Number of shares held	% of shares held
Amabubesi Investments (Pty) Ltd	11 099 813	6,71
Industrial Development Corporation	9 090 909	5,50
SIOC CDT Investment Holdings (Pty) Ltd	7 883 243	4,77
Public Investment Commissioners	6 083 500	3,68
RMB Morgan Stanley (Pty) Ltd	4 488 546	2,72
Pictet et cie Banquiers	3 414 592	2,07

## "A" ordinary shares

SIOC-CDT Investment Holdings (Pty) Ltd	33 607 507	20,33
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## DESCRIPTION OF SHAREHOLDERS

Ordinary shares	Number of shareholders	% of shareholders	Number of shares held	% of shares held
<b>Public shareholding</b>				
Corporate entities/nominees/trusts/individuals	3 183	99,85	112 684 143	68,18
	3 183	99,85	112 684 143	68,18
<b>Non-public shareholding</b>				
Share incentive scheme	1	0,03	20 096	0,01
Major black economic empowerment partners	2	0,06	18 983 056	11,48
Directors (direct and indirect)	1	0,03	6 986	—
	4	0,12	19 010 138	11,49
<b>Total ordinary shares</b>	<b>3 187</b>	<b>99,97</b>	<b>131 694 281</b>	<b>79,67</b>
<b>"A" ordinary shares</b>				
<b>Public shareholding</b>				
Corporate entities/nominees/trusts/individuals	—	—	—	—
	—	—	—	—
<b>Non-public shareholding</b>				
Share incentive scheme	—	—	—	—
Major black economic empowerment partners	1	0,03	33 607 507	20,33
Directors (direct and indirect)	—	—	—	—
	1	0,03	33 607 507	20,33
<b>Total "A" ordinary shares</b>	<b>1</b>	<b>0,03</b>	<b>33 607 507</b>	<b>20,33</b>
<b>Total shares</b>	<b>3 188</b>	<b>100,00</b>	<b>165 301 788</b>	<b>100,00</b>

## SHAREHOLDER ANALYSIS ACCORDING TO COUNTRY

South Africa	3 119	97,86	158 408 383	95,83
Switzerland	3	0,09	3 445 092	2,08
United States of America	12	0,38	2 152 018	1,30
United Kingdom	17	0,53	419 524	0,25
Namibia	16	0,50	263 251	0,16
Germany	1	0,03	223 405	0,14
Swaziland	3	0,09	116 352	0,07
Lesotho	1	0,03	99 918	0,06
Luxembourg	1	0,03	64 931	0,04
Hong Kong	3	0,09	41 659	0,03
Netherlands	1	0,03	33 146	0,02
Botswana	6	0,19	18 629	0,01
Zimbabwe	3	0,09	8 280	0,01
France	1	0,03	7 000	—
Greece	1	0,03	200	—
	3 188	100,00	165 301 788	100,00