BASIL READ LIMITED
2015

BASIL READ LIMITED
Registration number 1962/002313/06

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015

BASIL READ LIMITED
(REGISTRATION NUMBER: 1962/002313/06)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015

COMPANY INFORMATION

Country of incorporation:	South Africa	
Nature of business and domicile:	The company's business operations are construction activities.	
Directors:	PC Baloyi	Non-executive director
	CE Manning	Non-executive director
	K Mapasa	
	NF Nicolau	
Registered office:	The Basil Read Campus 7 Romeo Street Hughes extension Boksburg 1459	
Business address:	The Basil Read Campus 7 Romeo Street Hughes extension Boksburg 1459	
Postal address:	Private Bag X170 Bedfordview 2008	
Ultimate holding company:	Basil Read Holdings Limited Incorporated in South Africa	
Auditors:	PricewaterhouseCoopers Inc Chartered Accountants (SA) Registered Auditors	
Company secretary:	AT Ndoni	

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ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015

CONTENTS	Page

BASIL READ LIMITED
REGISTRATION NUMBER: 1962/002313/06

DIRECTORS' STATEMENT OF RESPONSIBILITY
for the year ended 31 December 2015

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Basil Read Limited. The financial statements presented on pages 3 to 56 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 company at year-end.

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 company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Basil Read Limited operates 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 company 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.

The company's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 7. The preparation of the financial statements was supervised by the chief financial officer, Amanda Wightman.

The financial statements were approved by the board of directors on 30 June 2016 and are signed on their behalf by:

………………………………………	………………………………………
K MAPASA	N.F NICOLAU
30 June 2016	

CERTIFICATE BY COMPANY SECRETARY
for the year ended 31 December 2015

In terms of section 88(2)(e) of the Companies Act 71 2008 (as amended), I certify that, to the best of my knowledge and belief, Basil Read 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.

………………………………………..
AT Ndoni
Company secretary

30 June 2016

DIRECTORS' REPORT
for the year ended 31 December 2015

The directors present their annual report of Basil Read Limited (the "company") for the year ended 31 December 2015.

1. Nature of the business

The company is active in the areas of civil engineering, road construction and building.

2. Dividends

No dividends have been declared for the year under review.

3. Share capital

There was no change to the issued share capital of the company in the year under review.

4. Operating results

The financial position, results of operations and cash flows of the company for the year ended 31 December 2015 are set out on pages 8 to 56.

The group made a loss after taxation of R26 million (2014: loss after tax of R250 million) during the year under review.

5. Going concern

At the statement of financial position date, the current liabilities of the company exceeded the current assets by R829 million. The company has R900 million in undrawn facilities with various financial institutions as at 31 December 2015.

The order book for the 2016 financial year is largely secure and the company expects to generate a profit. Operating cash flows in the 2016 year are expected to be cash generative and provide a positive indicator of the company's ability to continue as a going concern.

To further support liquidity, the following actions are being taken:

- Resolution of outstanding claims – management is advancing the claims resolution process where applicable in order to resolve claims as speedily as possible while ensuring that the company is fairly rewarded for work done.
- Negotiation of banking facilities – the review of banking facilities is underway with a view to securing additional facilities to support liquidity.
- Possible debt issue – management is investigating the possibility of raising cash through the issue of a debt instrument. This will not only support working capital liquidity but also aims to provide funding for growth.

The directors, therefore, have no reason to believe that the company will not be a going concern in the foreseeable future and for this reason have prepared the financial statements on a going-concern basis.

6. Property, plant and equipment

The company acquired property, plant and equipment to the amount of R13.9 million (2014: R82.1 million) during the year.

7. Investments

Subsidiaries
On 25 September 2015, the company disposed of its 100% stake in Basil Read Energy (Pty) Ltd for a purchase consideration of R70 million. The company is an investor in energy-producing assets in the renewable energy sector.

The information relating to the company's interest in subsidiaries is set out in notes 13, 15 and 29.

Jointly controlled operations
The information relating to the company's interest in jointly controlled operations is set out in note 29.

Jointly controlled entities
The information relating to the company's interest in jointly controlled entities is set out in notes 10 and 29.

Associates
The information relating to the company's interest in associates is set out in notes 10 and 29.

8. Borrowings

Interest-bearing borrowings comprise instalment sale agreements and a domestic medium term note programme. During the year borrowings decreased due to repayments of notes issued under the domestic medium term note programme and instalment sale agreements entered into for capital expenditure purposes.

For more information on the company's borrowings, refer to note 21 to the financial statements.

9. Events subsequent to the statement of financial position date

Basil Read Limited concluded the disposal of SprayPave (Pty) Ltd on 1 February 2016 for a maximum purchase consideration of R78.6 million.

10. Holding company

The holding company of Basil Read Limited is Basil Read Holdings Limited.

11. Directorate

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

Name	**Nationality**	
PC Baloyi	South African	Non-executive director
CE Manning	South African	Non-executive director
K Mapasa	South African	Executive director
NF Nicolau	South African	Executive director

12. Directors' emoluments

	2015 **R**	2014 R
Non-executive directors		
PC Baloyi	915,000	620,000
CE Manning	683,000	530,500
Executive directors		
K Mapasa	2,583,466	1,400,086
NF Nicolau	5,017,769	1,684,065

13. Auditors

PricewaterhouseCoopers Incorporated will continue in office in accordance with section 90(6) of the Companies Act.

14. Company secretary

The secretary of the company is AT Ndoni.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BASIL READ LIMITED

Report on the Financial Statements

We have audited the financial statements of Basil Read Limited set out on pages 8 to 56, which comprise the statements of financial position as at 31 December 2015, and the income statements, the 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 financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 auditor's 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 financial statements present fairly, in all material respects, the financial position of Basil Read Limited as at 31 December 2015, and its financial performance and its 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 financial statements for the year ended 31 December 2015, we have read the Directors' Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Basil Read Limited for 29 years.

PricewaterhouseCoopers Inc.
Director: FJ Lombard
Registered Auditor
Johannesburg
30 June 2016

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BASIL READ LIMITED
REGISTRATION NUMBER: 1962/002313/06

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	2015 R'000	2014 R'000
Revenue		**2,739,937**	3,425,006
Contracting and other costs		**(2,604,127)**	(3,591,058)
Gross profit / (loss)		**135,810**	(166,052)
Other admin and operating overheads		**(179,246)**	(234,116)
Other income	**6**	**60**	21,816
Other gains / (losses) - net	**7**	**-**	697
Operating loss	**8**	**(43,376)**	(377,655)
Interest received	**9**	**5,153**	24,517
Foreign exchange	**9**	**(2,499)**	(974)
Interest paid	**9**	**(8,940)**	(20,981)
Net finance (costs) / income		**(6,286)**	2,562
Share of profits from investments accounted for using the equity method	**10**	**11,329**	9,258
Loss before taxation		**(38,333)**	(365,835)
Taxation	**11**	**12,324**	116,108
Loss for the year		**(26,009)**	(249,727)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(26,009)**	(249,727)
Total comprehensive loss for the year attributable to the following:			
Owners of the parent		**(26,009)**	(249,727)
Non-controlling interests		**-**	-
Total comprehensive loss for the year		**(26,009)**	(249,727)

BASIL READ LIMITED
REGISTRATION NUMBER: 1962/002313/06

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		**801,575**	796,645
Property, plant and equipment	**12**	**186,670**	226,234
Investments in subsidiaries	**13**	**260,218**	260,218
Investments accounted for using the equity method	**10**	**35,379**	24,050
Loans to investments accounted for using the equity	**10**	**94,826**	73,054
Deferred income tax assets	**14**	**224,482**	213,089
Current assets		**2,102,483**	2,529,598
Loans to group companies	**15**	**1,108,892**	775,909
Inventories	**16**	**4,747**	5,097
Contract and trade debtors	**17**	**709,608**	1,334,973
Receivables and prepayments	**18**	**45,841**	26,262
Current income tax assets		**882**	-
Cash and cash equivalents	**19**	**232,513**	387,357
TOTAL ASSETS		**2,904,058**	3,326,243
EQUITY AND LIABILITIES			
Capital and reserves		**(92,305)**	(66,296)
Stated capital	**20**	**-**	-
Retained earnings		**(92,305)**	(66,296)
Non-controlling interests		**(1,176)**	(1,176)
Total capital and reserves		**(93,481)**	(67,472)
Non-current liabilities			
Interest-bearing borrowings	**21**	**66,396**	131,671
Current liabilities		**2,931,143**	3,262,044
Loans from group companies	**15**	**899,369**	1,220,439
Trade and other payables	**23**	**1,716,819**	1,644,356
Current income tax liabilities		**-**	1,160
Current portion of interest-bearing borrowings	**21**	**49,464**	149,771
Provisions for other liabilities and charges	**22**	**265,491**	195,595
Bank overdraft	**19**	**-**	50,723
TOTAL EQUITY AND LIABILITIES		**2,904,058**	3,326,243

BASIL READ LIMITED
REGISTRATION NUMBER: 1962/002313/06

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital R'000	Retained earnings R'000	Total attributable to owners of the parent R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 January 2014	-	183,431	183,431	(1,176)	182,255
Total comprehensive income for the year	-	(249,727)	(249,727)	-	(249,727)
Balance at 31 December 2014	-	(66,296)	(66,296)	(1,176)	(67,472)
Total comprehensive income for the year	**-**	**(26,009)**	**(26,009)**	**-**	**(26,009)**
Balance at 31 December 2015	**-**	**(92,305)**	**(92,305)**	**(1,176)**	**(93,481)**

BASIL READ LIMITED
REGISTRATION NUMBER: 1962/002313/06

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 R'000	2014 R'000
CASH FLOW FROM OPERATING ACTIVITIES		**737,005**	(159,793)
Cash generated by operating activities	**24**	**744,342**	(191,932)
Finance income	**9**	**19,146**	24,517
Finance costs	**9**	**(25,432)**	(17,420)
Dividends received	**6**	**60**	20,000
Taxation paid	**25**	**(1,111)**	5,042
CASH FLOW FROM INVESTING ACTIVITIES		**(20,814)**	(74,919)
Acquisitions of property, plant and equipment	**12**	**(13,247)**	(82,123)
Proceeds on disposal of property, plant and equipment		**14,205**	14,245
Advances made to investments accounted for using the equity method	**10**	**(21,772)**	(16,118)
Advances recovered from investments accounted for using the equity method	**10**	**-**	9,077
CASH FLOW FROM FINANCING ACTIVITIES		**(820,312)**	290,604
Proceeds from interest-bearing borrowings	**21**	**205,318**	83,789
Repayments of interest-bearing borrowings	**21**	**(371,577)**	(7,768)
Net funds (repaid) / received: Holding company loans	**15**	**(164,415)**	(40,960)
Net funds (repaid) / received: Group company loans	**15**	**(489,638)**	255,543
MOVEMENT IN CASH AND CASH EQUIVALENTS		**(104,121)**	55,892
CASH AND CASH EQUIVALENTS - AT THE BEGINNING OF THE YEAR		**336,634**	280,742
CASH AND CASH EQUIVALENTS - AT THE END OF THE YEAR	**19**	**232,513**	336,634

1. RECLASSIFICATIONS

During the year, profit or loss on sale of property, plant and equipment amounting to R2.055 million in the previous year, previously classified as other income was reclassified to other admin and operating overheads. This was done to better reflect the nature of this item.

During the year, profit on sale of investments amounting to R0.697 million in the previous year, previously classified as other income was reclassified to other gains / (losses) - net. This was done to better reflect the nature of this item.

During the year, finance leases and interest-bearing borrowings were aggregated for better representation and streamlining of the financial statements.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act, 71 of 2008 of South Africa.

The 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 company. 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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

Standards, amendments and interpretations adopted by the company

There were a number of new standards, amendments and interpretations effective and adopted in the current year, none of which had a significant impact on the company.

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

There are a number of new standards, amendments and interpretations which will only be effective after the 2015 financial year. The significant ones are shown below:

Accounting standard, amendment or interpretation	Effective date	Summary
IFRS 15 – Revenue from contracts with customers	1 January 2018	The FASB and IASB issued their converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
IFRS 9 – Financial Instruments (2009 & 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. 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 16 – Leases	1 January 2019	The IASB and FASB decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right.

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

2.2. Group accounting

Subsidiaries
Subsidiaries are all entities over which the company has control. The company controls an entity when the company 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.

The company's investment in subsidiaries is stated at cost.

Associates
Associates are entities over which the company 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 company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The company'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 are adjusted against the cost of the investment. Unrealised gains or losses on transactions between the company and its associates are eliminated to the extent of the company's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset. When the company's share of losses in an associate equals or exceeds its interest in the associate, the company does not recognise further losses, unless the company 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 company.

Joint arrangements
The company 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 company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the company's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the company's net investment in the joint venture), the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the company and its joint ventures are eliminated to the extent of the company'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 company.

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 company 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;
- its expenses, including its share of any expenses incurred jointly.

2.3. Foreign currencies

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.

2.4. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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:

- 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

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.

2.5 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.

2.6 Leased assets

Finance leases
Leases of property, plant and equipment where the company 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.

2.7 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 company 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.

Financial assets

Assets carried at amortised cost
The company 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 is 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 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.

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 income statement.

2.8 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.

2.9 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 company 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 company 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) exceeds progress billings. Work in progress, progress billings not yet paid by customers and retentions are included within contract debtors and retentions.

The company 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 company will not be able to collect all amounts due according to the original terms of receivables.

2.10 Current and deferred tax

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 country where the company operates and generates 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.

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.

2.11 Financial assets

The company classifies its financial assets in the following category: 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.

2.12 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, 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.

2.13 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.

2.14 Provisions

Provisions are recognised when the company 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.

2.15 Employee benefits

Pension obligations
A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company 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 statement of financial position 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.

Remeasurements 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 company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company 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 company 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.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors
The company'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 company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. From time to time, the company 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 co-operation with the company'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
Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The company 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. 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.

At 31 December 2015 and 31 December 2014, the company had no significant exposure to foreign currencies.

ii. Cash flow and fair value interest rate risk

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

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk, which is partially offset by cash held at variable interest rates. Borrowings issued at fixed rates expose the company to fair value interest rate risk. The company maintains its borrowings at variable interest rates. During 2015 and 2014, the company's borrowings at variable rate were denominated in the functional currency.

At 31 December 2015, if interest rates on interest-bearing borrowings had been 100 basis points higher / lower with all other variables held constant, pre-tax loss for the year would have been R1.2 million lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

At 31 December 2014, 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 R2.8 million lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

iii. Price risk

The company 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 company 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 company 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 company as well as all clients, the company may enter into supplier agreements for the supply of raw materials at favourable rates.

The company 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 arises from cash and cash equivalents, deposits with banks and financial institutions and credit exposures to customers, including contract debtors and outstanding receivables.

The company's policy is to hold deposits with banks and financial institutions that have a minimum short term credit rating of 'A-'. For local South African counterparties, the credit ratings are permitted to be the local South African ratings of the counterparties, rather than the international ratings as required for international counterparties.

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

The company 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 company 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 company to concentrations of credit risk are primarily cash and cash equivalents as well as trade receivables. As regards cash and cash equivalents, the company deals primarily with major financial institutions in South Africa.

The company's customers are concentrated primarily in South Africa. The majority of the company's customers are concentrated in the public sector.

Refer to note 17 for further information on the company's credit risk profile.

c) Liquidity risk

Cash flow forecasting is performed by financial management. The company treasury monitors rolling forecasts of the company'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 company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements. A 12-month liquidity analysis is presented to the executive committee on a monthly 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 abovementioned forecasts.

The major sources of funds for the company are as follows:
- Undrawn facilities
- Available cash
- Borrowings from shareholders

Although current liabilities exceeded current assets at the statement of financial position date, the company's cash flow forecast for 2016 provides a positive indicator that the company will continue operating as a going concern. Further details can be found in the directors' report.

The table below analyses the company'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 2015

	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	**6,155**	**50,926**	**73,663**	**-**	**130,744**
Amounts owing to group companies	**899,369**	**-**	**-**	**-**	**899,369**
Trade and other payables	**1,665,565**	**62,595**	**-**	**-**	**1,728,160**
	2,571,089	**113,521**	**73,663**	**-**	**2,758,273**

At 31 December 2014

	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	12,578	152,991	138,446	-	304,015
Amounts owing to group companies	1,220,439	-	-	-	1,220,439
Trade and other payables	1,341,475	302,881	-	-	1,644,356
Bank overdraft	50,723	-	-	-	50,723
	2,625,215	455,872	138,446	-	3,219,533

4. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company'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 company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 R'000	2014 R'000
Total borrowings (note 21)	**115,860**	281,442
Less: cash and cash equivalents (note 19)	**(232,513)**	(336,634)
Net cash	**(116,653)**	(55,192)
Total equity	**(92,305)**	(66,296)
Total capital	**(208,958)**	(121,488)
Gearing ratio	**55.8%**	45.4%

The company considers a gearing ratio of less than 80% to be acceptable. This is reviewed annually after considering market conditions and the growth goals of the company.

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 company 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.

a) Provision for impairment of contract debtors

A provision for impairment of contract debtors is established when there is objective evidence that the company 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 17 for the carrying value.

b) Accounting for construction contracts

The company 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 22 for details of the company's contract provisions.

The company 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.

c) 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 12 for details of the company's property, plant and equipment.

The company annually tests whether property, plant and equipment has 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.

d) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company 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.

e) 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 company 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;
- 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 company has reviewed its forecasts of secured work for the foreseeable future and compared that to its total tax losses.

Refer to note 14 for details of the company's deferred tax assets.

f) 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 26 for details of the company's contingent liabilities.

6. OTHER INCOME

	2015	2014
	R'000	R'000
Dividends from local subsidiaries	**60**	20,000
Sundry income	**-**	1,816
	60	21,816

7. OTHER GAINS / (LOSSES) – NET

	2015	2014
	R'000	R'000
Profit on sale of investments	**-**	697

8. OPERATING LOSS

	2015 R'000	2014 R'000
The following items have been (charged) / credited in arriving at operating loss:		
Raw materials	**(651,720)**	(960,826)
Subcontractors	**(1,216,682)**	(1,178,910)
Staff costs (Refer note 28)	**(751,797)**	(376,887)
Depreciation of property, plant and equipment	**(46,046)**	(42,435)
Profit on sale of property, plant and equipment	**6,763**	2,055
Auditors' remuneration	**(1,852)**	(1,772)
Operating leases	**(39,392)**	(34,376)
Office equipment	**(2,565)**	(1,818)
Office space - contractual	**(36,827)**	(32,558)

9. NET FINANCE (COSTS) / INCOME

	2015 R'000	2014 R'000
Interest received	**19,146**	24,517
Bank	**5,153**	9,712
Subsidiaries	**13,993**	13,284
Customers and other	**-**	1,521
Foreign exchange losses	**(2,499)**	(974)
Interest paid	**(22,933)**	(20,981)
Bank loans and other borrowings	**(1,878)**	(20)
Finance leases	**(3,599)**	(4,535)
Domestic medium term note programme	**(17,456)**	(16,426)
Net finance (costs) / income	**(6,286)**	2,562

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2015 R'000	2014 R'000
The amounts recognised in the statement of financial position are as follows:		
Investments accounted for using the equity method	**35,379**	24,050
Loans to investments accounted for using the equity method	**94,826**	73,054
	130,205	97,104
The amounts recognised in the income statement are as follows:		
Profit from investments accounted for using the equity method	**11,329**	9,258

a) Investments accounted for using the equity method

Set out below are the investments accounted for using the equity method of the group as at 31 December 2015, which, in the opinion of the directors, are material to the company. The investments as listed below have share capital consisting solely of ordinary shares, which are held directly by the company. The country of incorporation or registration is also the principal place of business.

Nature of investments accounted for using the equity method 2015:

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

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 the Housing Impact Fund of South Africa (HIFSA), 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.

There are no contingent liabilities relating to the group's interest in the investments accounted for using the equity method.

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 2015

Summarised statement of financial position

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Total R'000
Current			
Cash and cash equivalents	3,457	1,388	4,845
Other current assets (excluding cash)	456,843	58,389	515,232
Total current assets	460,300	59,777	520,077
Financial liabilities (excluding trade payables)	-	(92,158)	(92,158)
Other current liabilities (including trade payables)	(15,857)	(7,155)	(23,012)
Total current liabilities	(15,857)	(99,313)	(115,170)
Non-current			
Assets	548	252,813	253,361
Financial liabilities	(444,108)	(143,404)	(587,512)
Other liabilities	-	-	-
Total non-current liabilities	(444,108)	(143,404)	(587,512)
Net assets	883	69,873	70,756

Summarised statement of comprehensive income

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Total R'000
Revenue	231,783	48,968	280,751
Costs	(230,558)	(5,085)	(235,643)
Interest income / (expense)	-	(13,639)	(13,639)
Profit / (loss) from continuing operations	1,225	30,244	31,469
Income tax expense	(343)	(8,469)	(8,812)
Post-tax profit from continuing operations	882	21,775	22,657
Other comprehensive income	-	-	-
Total comprehensive income	882	21,775	22,657
Dividends received	-	-	-

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of its interest in investments accounted for using the equity method:

	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Total R'000
Opening net assets at 1 January 2015	1	48,098	48,099
Profit / (loss) for the period	882	21,775	22,657
Other comprehensive income	-	-	-
Dividends received	-	-	-
Foreign exchange differences	-	-	-
Impairment of investments accounted for using the equity method	-	-	-
Disposal of investments accounted for using the equity method	-	-	-
Closing net assets at 31 December 2015	883	69,873	70,756
Interest in investments accounted for using the equity method (%)	50	50	
Carrying value	442	34,937	35,379
Goodwill	-	-	-
Total carrying value	442	34,937	35,379

As at 31 December 2014

Summarised statement of financial position

	BR-Tsima Construction (Pty) Ltd* R'000	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Total R'000
Current				
Cash and cash equivalents	-	837	2,786	3,623
Other current assets (excluding cash)	-	433,323	43,218	476,541
Total current assets	-	434,160	46,004	480,164
Financial liabilities (excluding trade payables)	-	(303,600)	-	(303,600)
Other current liabilities (including trade payables)	-	(130,733)	(62,800)	(193,533)
Total current liabilities	-	(434,333)	(62,800)	(497,133)
Non-current				
Assets	-	174	257,728	257,902
Financial liabilities	-	-	(192,834)	(192,834)
Other liabilities	-	-	-	-
Total non-current liabilities	-	-	(192,834)	(192,834)
Net assets	-	1	48,098	48,099

** Disposed in the 2014 financial year*

Summarised statement of comprehensive income

	BR-Tsima Construction (Pty) Ltd* R'000	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Total R'000
Revenue	83,082	-	58,769	141,851
Costs	(82,837)	-	(19,166)	(102,003)
Interest income / (expense)	-	-	(15,820)	(15,820)
Profit / (loss) from continuing operations	245	-	23,783	24,028
Income tax expense	-	-	(5,368)	(5,368)
Post-tax profit from continuing operations	245	-	18,415	18,660
Other comprehensive income	-	-	-	-
Total comprehensive income	245	-	18,415	18,660
Dividends received	-	-	-	-

** Disposed in the 2014 financial year*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of its interest in investments accounted for using the equity method

	BR-Tsima Construction (Pty) Ltd* R'000	Savanna City Developments (Pty) Ltd R'000	Thunderstruck Investments 136 (Pty) Ltd R'000	Total R'000
Opening net assets at 1 January 2014	(3,732)	1	29,683	25,952
Profit / (loss) for the period	245	-	18,415	18,660
Other comprehensive income	-	-	-	-
Dividends received	-	-	-	-
Foreign exchange differences	-	-	-	-
Dilution of investments accounted for using the equity method	-	-	-	-
Disposal of investments accounted for using the equity method	3,487	-	-	3,487
Closing net assets at 31 December 2014	-	1	48,098	48,099
Interest in investments accounted for using the equity method (%)	n/a	50	50	
Carrying value	-	1	24,049	24,050
Goodwill	-	-	-	-
Total carrying value	-	1	24,049	24,050

** Disposed in the 2014 financial year*

The information above reflects the amounts presented in the financial statements of the investments accounted for using the equity method adjusted for differences in accounting policies between the group and the investments.

Loans to / (from) investments accounted for using the equity method

	2015 R'000	2014 R'000
Savanna City Developments (Pty) Ltd	**62,967**	42,497
Thunderstruck Investments 136 (Pty) Ltd	**31,859**	30,557
	94,826	73,054

11. TAXATION

	2015 R'000	2014 R'000
South African Normal Taxation		
Current taxation	**931**	-
Current year	**(105)**	-
Prior year	**1,036**	-
Deferred taxation	**11,393**	(116,107)
Current year	**11,393**	(111,250)
Prior year	**-**	(4,857)
Total taxation credited / (charged)	**12,324**	(116,107)

Reconciliation of the standard rate of taxation to effective rate

	%	%
South African normal rate of taxation	**28.0**	28.0
Prior year underprovision	**2.7**	1.3
Timing differences not accounted for under deferred tax	**(5.7)**	0.2
Non-taxable items	**7.1**	2.2
- dividend income	**-**	1.5
- share of profits of investments accounted for using the equity method	**8.3**	0.7
- other	**(1.2)**	-
Effective tax rate	**32.1**	31.7

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant and equipment R'000	Furniture and fittings R'000	Total R'000
At 1 January 2014				
Cost	1,096	322,244	38,875	362,215
Accumulated depreciation	-	(139,757)	(23,722)	(163,479)
Net book amount	1,096	182,487	15,153	198,736
Year ended 31 December 2014				
Opening net book amount	1,096	182,487	15,153	198,736
Additions	-	79,003	3,120	82,123
Disposals	-	(11,621)	(569)	(12,190)
Depreciation	-	(36,554)	(5,881)	(42,435)
Transfers	-	-	-	-
Transferred to assets held for sale	-	-	-	-
Closing net book amount	1,096	213,315	11,823	226,234
At 31 December 2014				
Cost	1,096	376,324	40,856	418,276
Accumulated depreciation	-	(163,009)	(29,033)	(192,042)
Net book amount	1,096	213,315	11,823	226,234
Year ended 31 December 2015				
Opening net book amount	**1,096**	**213,315**	**11,823**	**226,234**
Reallocation	**-**	**2,609**	**(2,609)**	**-**
Additions	**-**	**9,592**	**4,332**	**13,924**
Disposals	**-**	**(6,622)**	**(820)**	**(7,442)**
Depreciation	**-**	**(42,758)**	**(3,288)**	**(46,046)**
Closing net book amount	**1,096**	**176,136**	**9,438**	**186,670**
At 31 December 2015				
Cost	**1,096**	**368,117**	**35,900**	**405,113**
Accumulated depreciation	**-**	**(191,981)**	**(26,462)**	**(218,443)**
Net book amount	**1,096**	**176,136**	**9,438**	**186,670**

Book value of plant and equipment subject to instalment sale agreements (refer note 21) is as follows:

At 31 December 2015	Land and buildings R'000	Plant and equipment R'000	Furniture and fittings R'000	Total R'000
Instalment sale agreements				
Cost	**-**	**111,145**	**-**	**111,145**
Accumulated depreciation	**-**	**(41,253)**	**-**	**(41,253)**
	-	**69,892**	**-**	**69,892**
At 31 December 2014				
Instalment sale agreements				
Cost	-	181,235	-	181,235
Accumulated depreciation	-	(76,353)	-	(76,353)
	-	104,882	-	104,882

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

Assets-under-construction, included in plant and equipment, amount to R0.5 million (2014: R1.6 million).

13. INVESTMENTS IN SUBSIDIARIES

Name of company	**2015** **% holding**	2014 % holding	**2015 Carrying amount**	2014 Carrying amount
Basil Read DRC SPRL	**100**	100	**4**	4
Basil Read Mauritius (Pty) Ltd	**100**	100	**78,381**	78,381
Basil Read Mining (Pty) Ltd	**100**	100	**3,720**	3,720
Basil Read Mozambique Limitada	**100**	100	**369**	369
Basil Read Properties No. 2 (Pty) Ltd	**100**	100	**683**	683
Codevco (Pty) Ltd	**100**	100	**17,562**	17,562
Roadcrete Africa (Pty) Ltd	**100**	100	**124,731**	124,731
SprayPave (Pty) Ltd	**100**	100	**9,119**	9,119
Sunset Bay Trading 282 (Pty) Ltd	**100**	100	**14,000**	14,000
Valente Brothers (Pty) Ltd - group	**100**	100	**25,649**	25,649
Sub-total			**274,218**	274,218
Impairment - Sunset Bay Trading 282 (Pty) Ltd			**(14,000)**	(14,000)
			260,218	260,218

Refer to note 29 for a full list of the company's investment in subsidiaries.

14. DEFERRED TAXATION

	2015 R'000	2014 R'000
The movement on the deferred taxation account is as follows:		
Balance at the beginning of the year	**213,089**	96,981
Movements during the year attributable to:		
Temporary differences	**11,393**	116,108
Balance at the end of the year	**224,482**	213,089

The movement in the company'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**
Balance as at 1 January 2014	(10,103)	105,068	2,016	96,981
Credited / (charged) to the income statement	(1,839)	110,769	7,178	116,108
Balance as at 31 December 2014	(11,942)	215,837	9,194	213,089
Credited / (charged) to the income statement	**(919)**	**(56,641)**	**68,953**	**11,393**
Balance as at 31 December 2015	**(12,861)**	**159,196**	**78,147**	**224,482**

2015: Deferred taxation reversal

	Accelerated tax depreciation R'000	Provisions, accruals and retentions R'000	Assessed losses and other R'000	Total R'000
- Deferred taxation to be recovered after more than 12 months	**(12,861)**	**159,196**	**74,035**	**220,370**
- Deferred taxation to be recovered within 12 months	**-**	**-**	**4,112**	**4,112**
	(12,861)	**159,196**	**78,147**	**224,482**

2014: Deferred taxation reversal

	Accelerated tax depreciation R'000	Provisions, accruals and retentions R'000	Assessed losses and other R'000	Total R'000
- Deferred taxation to be recovered after more than 12 months	(11,942)	215,837	11,572	215,467
- Deferred taxation to be recovered within 12 months	-	-	(2,378)	(2,378)
	(11,942)	215,837	9,194	213,089

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Management is of the view that the asset will be utilised in future periods as a direct result of an increase in the activities of the company.

15. LOANS TO / (FROM) GROUP COMPANIES

	2015 R'000	2014 R'000
Abrina 6830 (Section 21)	**4**	4
African Road Maintenance and Construction (Pty) Ltd	**18,934**	19,386
Basil Read Consolidation (Pty) Ltd	**10**	-
Basil Read Construction Ltd (UK)	**1,482**	1,442
Basil Read Construction Namibia (Pty) Ltd	**71,094**	39,551
Basil Read Construction Sierre Leone	**(21,580)**	(21,579)
Basil Read Construction Tanzania (Pty) Ltd	**48**	48
Basil Read DRC SPRL	**800**	-
Basil Read Employee Share Trust	**587**	597
Basil Read Energy (Pty) Ltd	**-**	70,704
Basil Read Genesis joint venture	**12,338**	12,320
Basil Read International (Pty) Ltd	**669**	669
Basil Read Matomo (Pty) Ltd	**57,374**	47,500
Basil Read Mauritius (Pty) Ltd	**(101,086)**	(87,339)
Basil Read Mining (Pty) Ltd	**87,000**	97,000
Basil Read Mining Botswana (Pty) Ltd	**14**	-
Basil Read Mining Namibia (Pty) Ltd	**38,189**	38,189
Basil Read Mining SA (Pty) Ltd	**7,816**	-
Basil Read Mozambique Limitada	**25,797**	(12,439)
Basil Read Mozambique Plant and Construction Limitada	**(624)**	-
Basil Read Newport joint venture	**39,448**	38,334
Basil Read Nigeria Ltd	**783**	783
Basil Read Properties No. 2 (Pty) Ltd	**(1,746)**	(1,747)
Basil Read Roads (Pty) Ltd (previously Roadcrete Africa (Pty) Ltd)	**32,688**	32,100
Basil Read St Helena Ltd	**39,923**	(46,023)
Basil Read Uganda (Pty) Ltd	**1,798**	1,798
Basil Read UMSO JV	**52**	-
Basil Read Zambia Ltd	**40,773**	6,443
Blasting & Excavating (Pty) Ltd	**(14,328)**	-
Blue Waves Properties 183 (Pty) Ltd	**990**	990
BRCD JV	**13**	-
BRDC N17 joint venture	**-**	100
BRGDT JV	**(771)**	-
BRT N1 joint venture	**-**	(87)
City Square Trading 949 (Pty) Ltd	**179,628**	174,640
Codevco (Pty) Ltd	**(28,586)**	(79,540)
Hytronix (Pty) Ltd	**14**	-
Mvela Phanda Construction (Pty) Ltd	**(15,576)**	(115,646)
Newport Construction (Pty) Ltd	**16,481**	(303)
Phambili Pipelines (Pty) Ltd	**8,449**	-

	2015 R'000	2014 R'000
Sladden International (Botswana) (Pty) Ltd	**190,047**	42,164
SprayPave (Pty) Ltd	**60,929**	28,708
SSBR joint venture	**21,511**	-
Sunset Bay Trading 282 (Pty) Ltd	**255,503**	253,801
Tubo Jacked Pipelines (Pty) Ltd	**721**	-
TWP Investments (Pty) Ltd	**567**	567
TWP Matomo Process Plant (Pty) Ltd	**(40,320)**	(6,570)
Valente Brothers (Pty) Ltd	**38,346**	-
Sub-total	**1,026,203**	536,565
Impairment - Basil Read Construction Ltd (UK)	**(1,442)**	(1,442)
Impairment - Basil Read Construction Tanzania Ltd	**(48)**	(48)
Impairment - Basil Read Genesis joint venture	**(17,320)**	(17,320)
Impairment - Basil Read International (Pty) Ltd	**(669)**	(669)
Impairment - Basil Read Mining Namibia (Pty) Ltd	**(38,189)**	(38,189)
Impairment - Basil Read Nigeria Ltd	**(783)**	(783)
Impairment - Basil Read Uganda (Pty) Ltd	**(1,797)**	(1,797)
Impairment - Blue Waves Properties 183 (Pty) Ltd	**(990)**	(990)
Impairment - Sladden International (Botswana) (Pty) Ltd	**(30,500)**	(30,500)
Impairment - Sunset Bay Trading 282 (Pty) Ltd	**(50,190)**	(50,190)
	884,275	394,637

City Square Trading 949 (Pty) Ltd - interest bearing loan
The loan is unsecured, bears interest at the prime interest rate less 26 basis points and has no fixed terms of repayment.

Other loans
All other loans to and from subsidiaries are unsecured, interest free and are not subject to any fixed terms of repayment.

HOLDING COMPANY

Basil Read Holdings Ltd	**(674,752)**	(839,167)

The loan from the holding company is interest free, unsecured and not subject to any fixed terms or repayment.

Disclosure in statement of financial position		
Current assets	**1,108,892**	775,909
Current liabilities	**(899,369)**	(1,220,439)
	209,523	(444,530)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

16. INVENTORIES

	2015 R'000	2014 R'000
Consumables	**95**	3,756
Finished goods	**1,946**	1,341
Spares	**2,707**	-
	4,748	5,097

No inventory was carried at net realisable value.

17. CONTRACT DEBTORS

	2015 R'000	2014 R'000
Contract debtors	**276,018**	1,084,126
Contract debtors	**347,928**	1,156,036
Provision for impairment of contract debtors	**(71,910)**	(71,910)
Retention debtors	**24,744**	21,748
Retention debtors	**24,744**	21,748
Provision for impairment of retention debtors	**-**	-
Work in progress	**408,846**	229,099
Costs incurred to date	**1,502,566**	2,155,940
Profit recognised to date	**379,692**	240,405
Progress payments received and receivable	**(1,473,412)**	(2,167,246)
	709,608	1,334,973

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

31 December 2015

Contract debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	101,951	28,182	-	130,133
Multinational mining companies	11,005	4,480	-	15,485
Listed companies	17,724	9,710	-	27,434
Unlisted companies	13,365	10,655	3,611	27,631
Individuals	-	-	-	-
Intergroup	14,793	64,153	68,299	147,245
	158,838	117,180	71,910	347,928

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	826	91,353	25,001	117,180

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	24,744	-	-	24,744
Multinational mining companies	-	-	-	-
Listed companies	-	-	-	-
Unlisted companies	-	-	-	-
Individuals	-	-	-	-
	24,744	-	-	24,744

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	-	-	-	-

No security is held against these balances.

31 December 2014

Contract debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	140,441	39,293	-	179,734
Multinational mining companies	-	7	-	7
Listed companies	9,196	223	-	9,419
Unlisted companies	7,492	5,388	71,910	84,790
Individuals	20	-	-	20
Intergroup	350,245	531,821	-	882,066
	507,394	576,732	71,910	1,156,036

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	-	576,732	-	576,732

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	21,461	-	-	21,461
Multinational mining companies	-	-	-	-
Listed companies	287	-	-	287
Unlisted companies	-	-	-	-
Individuals	-	-	-	-
	21,748	-	-	21,748

The age analysis for retention 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	-	-	-	-

No security was held against these balances.

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

	2015 R'000	2014 R'000
At the beginning of the year	**71,910**	71,864
Provision for impairment	**-**	46
Receivables written off during the year as uncollectible	**-**	-
Unused amounts reversed	**-**	-
Foreign exchange differences	**-**	-
	71,910	71,910

The creation and release of provision for impaired contract debtors has 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 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.

The company has the following amounts due from top five debtors:

31 December 2015

Number of customers	**Value R'000**	**% of contract and trade debtors**	**% of total revenue**
5	**519,193**	**73.2%**	**18.9%**

31 December 2014

Number of customers	Value R'000	% of contract and trade debtors	% of total revenue
5	181,570	15.7%	5.3%

The company 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.

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 company's smaller entities may perform work for individuals but this is typically not the company's core customer group, given the relatively high credit risk.

18. RECEIVABLES AND PREPAYMENTS

	2015	2014
	R'000	R'000
Prepayments	**856**	9,805
Staff debtors	**51**	-
Deposits	**3,913**	3,710
VAT receivable	**23,579**	4,117
Other receivables	**17,442**	8,630
	45,841	26,262

19. CASH AND CASH EQUIVALENTS

	2015	2014
	R'000	R'000
Bank balances	**231,571**	385,304
Cash on hand	**942**	2,053
	232,513	387,357
Bank overdraft	**-**	(50,723)
	232,513	336,634

20. STATED CAPITAL

	2015	2014
	R'000	R'000
Ordinary shares		
Authorised		
6 000 ordinary shares of R2 each	**12**	12
Issued		
100 ordinary shares of R2 each	**-**	-

21. INTEREST-BEARING BORROWINGS

	2015 **R'000**	2014 R'000
Instalment sale agreements		
Total amount outstanding	**30,542**	54,434

The instalment sale agreements for plant and equipment bear interest between the prime overdraft rate and prime less 2% per annum and are repayable in monthly instalments of between R16 363 and R122 856 over a period of between one and three years.

The agreements are secured by plant and equipment with a book value of R69 892 244 (2014: R104 881 976). Refer to note 12 for further details.

Domestic Medium Term Note Programme		
Total amount outstanding	**85,318**	227,008

On 17 December 2013, the company raised R125 million under this programme. The unlisted note, BSR11U, was settled on 20 December 2013 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.10%. Interest was payable quarterly. This note was fully redeemed on 19 June 2015.

On 23 July 2014, the company raised R60 million under this programme. The listed note, BSR12, was settled on 25 July 2014 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.65%. Interest was payable quarterly. This note was fully redeemed on 19 June 2015.

On 23 July 2014, the company raised R40 million under this programme. The listed note, BSR13, was settled on 25 July 2014 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.90%. Interest was payable quarterly. This note was fully redeemed on 19 June 2015.

On 17 June 2015, the company raised R60 million under this programme. The listed note, BSR14, was settled on 19 June 2015 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.50%. Interest was payable quarterly. This note was fully redeemed on 18 September 2015.

On 17 June 2015, the company raised R60 million under this programme. The listed note, BSR15, was settled on 19 June 2015 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 3.10%. Interest was payable quarterly. This note was fully redeemed on 18 December 2015.

	2015 R'000	2014 R'000

On 17 June 2015, the company raised R35 million under this programme. The listed note, BSR16, was settled on 19 June 2015 and bears interest at the 3-month ZAR-JIBAR-SAFEX rate plus 3.85%. Interest is payable quarterly and the capital sum is payable on 17 June 2016. The interest rate applicable at year-end was 10.45%.

On 17 June 2015, the company raised R50 million under this programme. The listed note, BSR17, was settled on 19 June 2015 and bears interest at the 3-month ZAR-JIBAR-SAFEX rate plus 4.50%. Interest is payable quarterly and the capital sum is payable on 19 June 2018. The interest rate applicable at year-end was 11.10%.

On redemption of BSR17, the redemption amount will be calculated as the sum of:

- 100% of the nominal amount of notes;
- the accrued interest to the maturity date; and
- the share price increase amount

The share price increase amount will be calculated as follows:
FP - (CP x 130/100) x Nominal amount of notes
CP x 130/1000
Where:
CP means the prior 30 day average closing share price of Basil Read calculated as at the trade date, being R3.33;
FP means the prior 30 day average closing share price of Basil Read calculated two business days prior to the maturity date. FP is a maximum of 1.57 x CP.

	2015 R'000	2014 R'000
Total interest-bearing borrowings	**115,860**	281,442
Less: Current portion transferred to current liabilities	**(49,464)**	(149,771)
Instalment sale agreements	**(14,146)**	(22,763)
Domestic Medium Term Note Programme	**(35,318)**	(127,008)
Total non-current interest bearing borrowings	**66,396**	131,671

The present value of future minimum payments on instalment sale agreements is as follows:

	2015 R'000	2014 R'000
Due within the next 12 months	**14,146**	22,763
Due between 1 and 3 years	**16,396**	31,671
Thereafter	**-**	-
	30,542	54,434

The present value of future minimum payments on the domestic medium term note programme is as follows:

Due within the next 12 months	**35,318**	127,008
Due between 1 and 3 years	**50,000**	100,000
Thereafter	**-**	-
	85,318	227,008

	2015	2014
	R'000	R'000

The fair value of interest bearing borrowings is as follows:

Instalment sale agreements	**30,542**	54,434
Domestic medium term note programme	**85,318**	227,008
	115,860	281,442

Interest-bearing borrowings are classified as level 2, defined as follows:

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)

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.

The carrying amounts of interest bearing borrowings are denominated in the following currencies:

South African rand	**115,860**	281,442

The company has R1.4 billion (2014: R0.9 billion) undrawn borrowing facilities at the end of the year. These facilities are annual facilities and are subject to review at various dates during 2016.

22. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	2015	2014
	R'000	R'000
Employee provisions		
Balance at the beginning of the year	**133**	47,639
Provisions created	**54,784**	27,191
Provisions reversed	**(273)**	-
Provisions utilised	**-**	(74,697)
Balance at the end of the year	**54,644**	133

Employee provisions consist mainly of employee incentives which are awarded based on individual performance and are normally paid within six months of the financial year end.

Contract provisions		
Balance at the beginning of the year	**195,462**	61,672
Provisions created	**179,838**	154,717
Provisions reversed	**(114,734)**	(19,123)
Provisions utilised	**(49,719)**	(1,804)
Balance at the end of the year	**210,847**	195,462

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	**265,491**	195,595

23. TRADE AND OTHER PAYABLES

	2015 R'000	2014 R'000
Trade creditors and accruals	**1,092,098**	978,506
VAT payable	**15,230**	35,536
Leave pay accrual	**11,374**	9,491
Advance payments received for contract work	**598,117**	620,823
	1,716,819	1,644,356

24. CASH GENERATED BY OPERATING ACTIVITIES

	2015 R'000	2014 R'000
Operating loss	**(43,376)**	(377,655)
Adjustment for non-cash items:	**39,223**	19,683
Depreciation	**46,046**	42,435
Dividends received	**(60)**	(20,000)
Loss /(profit) on sale of property, plant and equipment	**(6,763)**	(2,752)
Operating cash flow	**(4,153)**	(357,972)
Movements in working capital:	**748,495**	166,040
Inventories	**350**	(360)
Contract and trade debtors	**625,365**	(330,087)
Receivables and pre-payments	**(19,579)**	(15,781)
Trade and other payables	**72,463**	425,984
Provisions for other liabilities and charges	**69,896**	86,284
Cash generated by operating activities	**744,342**	(191,932)

Excluded from the cash flow statement are additions to fixed assets amounting to R0.7 million (2014: Rnil) which were funded by instalment sale agreements.

25. TAXATION PAID

	2015 R'000	2014 R'000
Net taxation due at the beginning of the year	**(1,160)**	3,882
Normal taxation charged to the income statement	**931**	-
Net taxation due at the end of the year	**(882)**	1,160
Taxation paid	**(1,111)**	5,042

26. GUARANTEES AND CONTINGENT LIABILITIES

	2015 R'000	2014 R'000
Guarantees		
The group has the following guarantees and suretyships outstanding at the year end:		
Payment guarantees	**24,600**	122,578
Performance and construction guarantees	**1,662,150**	1,210,481
Bond retention guarantees	**304,007**	240,790
Bid and other bonds	**-**	37,628
	1,990,757	1,611,477

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

27. CAPITAL AND OPERATING LEASE COMMITMENTS

	2015 R'000	2014 R'000
Operating lease commitments contracted for at the statement of financial position date:		
Due within the next 12 months	**41,562**	48,885
Due between 1 and 2 years	**44,958**	97,770
Thereafter	**387,860**	317,752
	474,380	464,407

The operating leases for office equipment are payable in monthly instalments of R133 777 over a period of three years.

The operating leases for office space are payable in monthly instalments of between R321 374 and R1 257 030, escalating annually at 8.5%. The longest lease expires in nine 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 nine years.

28. EMPLOYEE BENEFITS

	2015 R'000	2014 R'000
a) Staff costs	**751,797**	969,578
Salaries and wages	**664,874**	816,298
Pension costs - defined contribution plans	**66,416**	66,550
Termination costs	**-**	37,951
Social security costs	**20,507**	48,779

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 covers permanent employees of the company. 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 GN18 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 IAS19 once the closure of the fund takes place.

	2015 R'000	2014 R'000
Present value of funded obligations	**(26,325)**	(24,947)
Fair value of plan assets	**36,321**	34,036
Surplus	**9,996**	9,089
Unrecognised due to paragraph 64 limit:	**(9,996)**	(9,089)

The principal actuarial assumptions used for valuation purposes were as follows:

	2015	2014
Discount rate	8.20%	6.70%
Expected return on assets	6.70%	6.70%
Future salary increases	n/a	n/a
Future pension increases	n/a	n/a

The company 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 company once the final apportionment has been approved by the trustees of the fund.

Reconciliation of present value of funded obligations	**2015 R'000**	2014 R'000
Balance at the beginning of the year	24,947	26,808
Service cost	196	294
Member contributions	-	-
Interest cost	1,671	1,387
Remeasurements	(293)	(3,022)
Benefits paid	-	(226)
Risk premiums	-	-
Expenses	(196)	(294)
Curtailment loss	-	-
Balance at the end of the year	26,325	24,947

Reconciliation of fair value of plan assets

Balance at the beginning of the year	34,036	33,968
Expected return on assets	2,274	1,794
Contributions	-	-
Risk premiums	-	-
Benefits paid	-	(226)
Expenses	(196)	(294)
Remeasurements	207	(1,206)
Amount settled	-	-
Balance at the end of the year	36,321	34,036

The assets of the Basil Read Pension Fund were invested as follows:

Cash	**68.8%**	70.3%
Bonds	**31.2%**	29.7%
Total	**100.0%**	100.0%

Five year analysis

	Present value of funded obligations R'000	Fair value of plan assets R'000
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
As at 31 December 2014	24,947	34,036
As at 31 December 2015	**26,325**	**36,321**

Sensitivity analysis
No sensitivity analysis is presented as the liabilities that remain in the fund are not dependent on the economic assumptions. The liabilities, therefore, do not change for a change in the discount or inflation rates.

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 company has no current exposure to post-retirement medical aid costs.

e) Share incentive scheme

In terms of the Basil Read Share Incentive Scheme, the 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 company on the vesting date. The company has no legal or constructive obligation to repurchase or settle the options in cash.

The table below is a summary of the options outstanding as at 31 December 2015:

Grant date	**September 2002 Number 000**	**November 2007 Number 000**	**April 2009 Number 000**
Rights outstanding at the beginning of the year	**9**	**1,215**	**990**
Rights exercised during the year	**-**	**-**	**-**
Lapsed during the year due to resignations	**-**	**-**	**-**
Rights outstanding at the end of the year	**9**	**1,215**	**990**
Allocated to executive directors	**-**	**12**	**20**
Allocated to key management	**-**	**380**	**357**
	R	**R**	**R**
Fair value of unissued shares based on the year end share price	**31,895**	**4,299,773**	**3,504,777**
Weighted average exercise price	**1.40**	**13.95**	**13.95**

All of these options vested in previous financial periods.

The table below is a summary of the options outstanding as at 31 December 2014:

Grant date	September 2002 Number 000	November 2007 Number 000	April 2009 Number 000
Rights outstanding at the beginning of the year	9	1,783	1,544
Rights exercised during the year	-	-	-
Lapsed during the year due to resignations	-	(568)	(554)
Rights outstanding at the end of the year	9	1,215	990
Allocated to executive directors	-	12	20
Allocated to key management	-	380	357
	R	R	R
Fair value of unissued shares based on the year end share price	37,842	5,101,425	4,158,210
Weighted average exercise price	1.40	13.95	13.95

All of these options vested in previous financial periods.

f) Directors emoluments

Full details of executive directors' emoluments are provided in the directors' report on page 4.

29. SCHEDULE OF GROUP COMPANIES

The following information relates to the company's financial interest in direct and indirect investments.

Subsidiaries

Name	Country of incorporation and place of business	Nature of business	Proportion held directly or indirectly by the company	Proportion held by external partners
Abrina 6830 (Section 21)	South Africa	Construction	100	-
African Road Maintenance and Construction (Pty) Ltd	South Africa	Property investment	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	-
Basil Read Construction Ltd	United Kingdom	Construction	100	-
Basil Read Construction Namibia (Pty) Ltd	Namibia	Construction	100	-
Basil Read Construction Sierre Leone Ltd	Sierre Leone	Construction	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 Botswana (Pty) Ltd	Botswana	Opencast mining	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 Ltd	Nigeria	Construction	100	-
Basil Read Properties No. 2 (Pty) Ltd	South Africa	Property investment	100	-
Basil Read Roads (Pty) Ltd (previously Roadcrete Africa (Pty) Ltd)	South Africa	Construction	100	-
Basil Read Tanzania (Pty) Ltd	Tanzania	Construction	100	-
Basil Read Uganda (Pty) Ltd	Uganda	Construction	100	-
Basil Read Zambia Ltd	Zambia	Construction	100	-
Blasting & Excavating (Pty) Ltd	South Africa	Blasting and excavating	100	-
Blasting & Excavating Namibia (Pty) Ltd	Namibia	Blasting and excavating	100	-
Blue Waves Properties 183 (Pty) Ltd	South Africa	Property investment	100	-
City Square Trading 949 (Pty) Ltd	South Africa	Property development	100	-
Codevco (Pty) Ltd	South Africa	Property development	100	-
Contract Plumbing and Sanitation (Pty) Ltd	South Africa	Construction	100	-
Hytronix (Pty) Ltd	South Africa	Mining equipment	100	-
Mvela Phanda Construction (Pty) Ltd	South Africa	Construction	100	-
Newport Construction (Pty) Ltd	South Africa	Construction	70	30

Name	Country of incorporation and place of business	Nature of business	Proportion held directly or indirectly by the company	Proportion held by external partners
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 Mkhatjwa (Pty) Ltd	South Africa	Construction	100	-
Sladden International (Botswana) (Pty) Ltd	Botswana	Construction	100	-
SprayPave (Pty) Ltd	South Africa	Construction	100	-
Sunset Bay Trading 282 (Pty) Ltd	South Africa	Property development	100	-
Swaziland Construction Company (Pty) Ltd	South Africa	Construction	100	-
Tubo Jacked Pipelines (Pty) Ltd	South Africa	Construction	100	-
Valente Brothers (Pty) Ltd	South Africa	Construction	100	-

Joint ventures

Name	Country of incorporation and place of business	Nature of business	Proportion held directly or indirectly by the company	Proportion held by external partners
Savanna City Developments (Pty) Ltd	South Africa	Property development	50	50
Thunderstruck Investments 136 (Pty) Ltd	South Africa	Property investment	50	50

Joint operations*

Name	Country of incorporation and place of business	Nature of business	Proportion held directly or indirectly by the company	Proportion held by external partners
Basil Read Newport joint venture	South Africa	Construction	50	50
Basil Read Phambili Pipelines joint venture	South Africa	Construction	50	50
BRCD joint venture	South Africa	Construction	60	40
BRDC N17 joint venture	South Africa	Construction	80	20
BRGDT joint venture	South Africa	Construction	55	45
Kusile Civil Works joint venture	South Africa	Construction	25	75
Kusile Silos joint venture	South Africa	Construction	28	72
Roadcrete Africa joint venture	South Africa	Construction	40	60
SSBR Kusile joint venture	South Africa	Construction	50	50

**Joint operations are classified as such as these operations are managed by unanimous consent with the joint venture partners i.e. joint control.*

Associates

Name	Country of incorporation and place of business	Nature of business	Proportion held directly or indirectly by the company	Proportion held by external partners
Binga Constuçoes Mozambique Limitada	Mozambique	Construction	49	51
N17 Toll Operators (Pty) Ltd	South Africa	Toll concessions	25	75
Protea Parkway Concession (Pty) Ltd	South Africa	Toll concessions	25	75
SBB Mozambique Limitada	Mozambique	Construction	30	70

30. POST-STATEMENT OF FINANCIAL POSITION EVENTS

Basil Read Ltd concluded the disposal of SprayPave (Pty) Ltd on 1 February 2016 for a maximum purchase consideration of R78.6 million.

31. RELATED PARTY TRANSACTIONS

	2015 **R '000**	2014 R '000
Related party balances		
Amounts included in contract and trade receivables regarding related parties		
African Road Maintenance and Construction (Pty) Ltd	**-**	159
Basil Read Construction Ltd (UK)	**-**	40
Basil Read Construction Namibia (Pty) Ltd	**5,040**	37,196
Basil Read DRC SPRL	**-**	499
Basil Read Energy (Pty) Ltd	**-**	170
Basil Read Genesis joint venture	**-**	281
Basil Read Holdings Ltd	**-**	66,069
Basil Read Matomo (Pty) Ltd	**-**	6,920
Basil Read Mauritius (Pty) Ltd	**50**	17,408
Basil Read Mining (Pty) Ltd	**-**	40
Basil Read Mining Botswana (Pty) Ltd	**285**	40
Basil Read Mining Namibia (Pty) Ltd	**-**	136
Basil Read Mining SA (Pty) Ltd	**-**	38,469
Basil Read Mozambique Limitada	**-**	25,810
Basil Read Mozambique Plant and Construction Limitada	**-**	19,482
Basil Read Properties No. 3 (Pty) Ltd	**-**	57
Basil Read Roads (Pty) Ltd (previously Roadcrete Africa (Pty) Ltd)	**14,015**	94,459
Basil Read St Helena Ltd	**107,372**	173,205
Basil Read Zambia Ltd	**-**	21,910
Blasting & Excavating (Pty) Ltd	**-**	11,006
BRGDT joint venture	**-**	114
BR-Tsima Construction (Pty) Ltd	**-**	12,157
City Square Trading 949 (Pty) Ltd	**-**	565
Codevco (Pty) Ltd	**-**	11,041
Hytronix (Pty) Ltd	**-**	174
Kusile Civil Works joint venture	**-**	6,952
LYT Architecture (Pty) Ltd	**-**	379
Mvela Phanda Construction (Pty) Ltd	**99**	97,269
Newport Construction (Pty) Ltd	**-**	15,560
Phambili Pipelines (Pty) Ltd	**-**	74
Sladden International (Botswana) (Pty) Ltd	**-**	139,616
SprayPave (Pty) Ltd	**28**	26,031
SSBR Kusile joint venture	**-**	23,756
Sunset Bay Trading 282 (Pty) Ltd	**19,961**	19,961
Tubo Jacked Pipelines (Pty) Ltd	**395**	395
Valente Brothers (Pty) Ltd	**-**	14,666
	147,245	882,066

	2015 R '000	2014 R '000
Amounts included in trade payables regarding related parties		
Basil Read Construction Ltd (Sierra Leone)	**(7,139)**	(7,139)
Basil Read Construction Namibia (Pty) Ltd	**(62,987)**	(62,952)
Basil Read Holdings Ltd	**(170,161)**	(99,251)
Basil Read Matomo (Pty) Ltd	**(4,816)**	(4,454)
Basil Read Mining (Pty) Ltd		(46)
Basil Read Mining Botswana (Pty) Ltd	**(65)**	-
Basil Read Mining Namibia (Pty) Ltd	**-**	(6)
Basil Read Mining SA (Pty) Ltd	**-**	(564)
Basil Read Mozambique Plant and Construction Limitada	**(19,289)**	(18,705)
Basil Read Roads (Pty) Ltd (previously Roadcrete Africa (Pty) Ltd)	**(69,797)**	(23,176)
Basil Read St Helena Ltd	**(341,978)**	(183,973)
Blasting & Excavating (Pty) Ltd	**(962)**	(57)
BR-Tsima Construction (Pty) Ltd	**-**	(71)
LYT Architecture (Pty) Ltd	**-**	(135)
Newport Construction (Pty) Ltd	**(17,197)**	(15,921)
Sladden International (Botswana) (Pty) Ltd	**(1,088)**	(782)
SprayPave (Pty) Ltd	**(448)**	(909)
SSBR Kusile joint venture	**-**	305
Tubo Jacked Pipelines (Pty) Ltd	**(205)**	(722)
Valente Brothers (Pty) Ltd	**(6,694)**	(8,263)
	(702,826)	(426,821)

Transactions
As part of the day to day operations of Basil Read Limited, costs are incurred on behalf of companies in the Basil Read group. These costs are charged to the respective entities at the charge incurred. These costs include plant charged, IT charges, salaries and supplies costs.

To compensate for the overhead costs carried by Basil Read Limited, certain companies in the group are charged a 2.4% administration charge based on the revenue of the respective entity. Furthermore the contracts within the Basil Read group are also charged an overhead recovery based on the revenue of the contract as per the submitted tender.

Further to the items mentioned above, the following related party transactions have been incurred:

	2015 R '000	2014 R '000
Work performed by related parties		
B&E Africa (Pty) Ltd	**-**	(76)
Basil Read Matomo (Pty) Ltd	**-**	17,337
Basil Read St Helena Ltd	**399,592**	448,301
Blasting & Excavating (Pty) Ltd	**1,189**	19,885
Phambili Pipelines (Pty) Ltd	**12,635**	-
SprayPave (Pty) Ltd	**2,684**	14,435
Tubo Jacked Pipelines (Pty) Ltd	**464**	466
	416,564	500,348
Costs incurred with related parties		
Basil Read Holdings Ltd	**(59,543)**	72,862
Basil Read Matomo (Pty) Ltd	**-**	3
Basil Read Mauritius (Pty) Ltd	**-**	38
Basil Read Mining (Pty) Ltd	**-**	(39,294)
Basil Read Mining SA (Pty) Ltd	**-**	240
Basil Read Mozambique Limitada	**-**	(2,178)
Blasting & Excavating (Pty) Ltd	**-**	(13,503)
Codevco (Pty) Ltd	**-**	(326)
Hytronix (Pty) Ltd	**-**	(151)
LYT Architecture (Pty) Ltd	**-**	(1,454)
Mvela Phanda Construction (Pty) Ltd	**-**	(434)
Newport Construction (Pty) Ltd	**-**	131
Phambili Pipelines (Pty) Ltd	**(6,632)**	(77)
SprayPave (Pty) Ltd	**(1,430)**	(2,031)
Tubo Jacked Pipelines (Pty) Ltd	**-**	(29)
Valente Brothers (Pty) Ltd	**(6,753)**	(398)
	(74,358)	13,399
Revenue received from related parties		
Basil Read Construction Namibia (Pty) Ltd	**-**	(4,329,344)
Basil Read St Helena Ltd	**-**	(1,878,239)
Blasting & Excavating (Pty) Ltd	**-**	6,176,652
Tubo Jacked Pipelines (Pty) Ltd	**-**	648,228
Valente Brothers (Pty) Ltd	**-**	25,131,852
	-	25,749,149
Dividends received from related parties		
Blasting & Excavating (Pty) Ltd	**-**	20,000
N17 Toll Operators (Pty) Ltd	**60**	-
	60	20,000