BASIL READ LIMITED

Registration number 1962/002313/06

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2016

BASIL READ LIMITED

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016

COMPANY INFORMATION

REGISTRATION NUMBER:	1962/002313/06	
COUNTRY OF INCORPORATION:	South Africa	
DIRECTORS:	Paul Cambo Baloyi	Non-executive director
	Claudia Estelle Manning	Non-executive director
	Khathutshelo Mapasa	
	Neville Francis Nicolau	Resigned 31 May 2017
REGISTERED OFFICE:	Basil Read Campus 7 Romeo Street Hughes Extention Boksburg 1459	
BUSINESS ADDRESS:	Basil Read Campus 7 Romeo Street Hughes Extention 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	

BASIL READ LIMITED

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016

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Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act, 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 abovementioned Act and that all such returns are true and up to date.

AT Ndoni
Company secretary
30 June 2017

Preparation of financial statements

The financial statements contained in this report, and also available on the company's website, have been prepared under the supervision of the Chief Financial Officer, Talib Sadik, CA(SA). The annual financial statements have been audited in compliance with the applicable requirements of the Companies Act.

MT Sadik
Chief Financial Officer
30 June 2017

Director's Report

For the year ending 31 December 2016

The directors have pleasure in presenting their report which forms part of the annual financial statements of Basil Read Limited (the "company") for the year ended 31 December 2016.

The annual financial statements have been audited in compliance with the applicable requirements of the Companies Act.

NATURE OF THE BUSINESS

The company is active in the areas of civil engineering, road construction, building, mixed-use integrated housing developments, property development.

OPERATING RESULTS

The order book of R5.9 billion is largely secure and expected to yield positive margins on completion. Operating cash flows in the 2017 year are expected to be cash generative and provide a positive indicator of the company's ability to continue as a going concern.

The financial position, results of operations and cash flows of the company for the year ended 31 December 2016 are set out on pages 10 to 49. A summary of these is provided below.

Ratio's	2016 R000	2015 R000	Year on year movement R000	% change year on year
Financial performance for the year				
Contract revenue	2 717 665	2 739 937	(22 272)	(1)
Contract execution costs	(2 662 863)	(2 611 200)	(51 663)	2
Operating profit	(499 270)	(43 376)	(455 894)	1 051
(Loss)/Profit for the year from continued operations	(437 287)	(26 009)	(411 278)	1 581
Year end financial position				
Borrowings	233 412	115 860	117 552	101
Contract income received in advance	606 114	598 117	7 997	1
Contracts in progress	279 058	408 846	(129 788)	(32)
Cash and cash equivalents (net of bank overdraft)	257 326	232 513	24 812	11
Return on equity	(287%)	28%	(315%)	(1 117)
Return on assets	(14%)	(1%)	(13%)	1 311
Earnings per share (cents)	(15 500.42)	(19.75)	(15 480.67)	78 382
Diluted earnings per share (cents)	(15 500.42)	(19.75)	(15 480.67)	78 382

Order Book	2016 R000	2015 R000
Construction	2 607 458	1 947 859
Developments	368 000	200 000
Roads	2 072 794	2 617 204
St Helena	851 997	1 316 173
Total order book	5 900 249	6 081 236

Director's Report

For the year ending 31 December 2016

MATERIAL SIGNIFICANT MATTERS

The directors wish to bring the attention of the users to the following significant matters:

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The financial performance of the company is dependent upon the wider economic environment in which the company operates. Management has prepared a budget for the 2017 financial year and a cash flow forecasts covering a minimum of 12 months. Based on these forecasts and plans that are being implemented by management, these indicate that the company will have sufficient cash resources for foreseeable future. Management is therefore of the opinion that going concern assumption is appropriate in the preparation of the financial statements. For further information, refer to the Estimates and Judgements note in the financial statements.

Changes in presentation and adoption of IAS 1 (Amended)

During the current reporting period, the company adopted the amendment which clarified that materiality applies to the whole set of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. As a consequence of adopting the amendment, the company undertook a project to assess the effectiveness of disclosures in the annual financial statements and, where necessary, removed immaterial and unnecessary information. The result of this project has been a set of financial statements that has a different look and feel to previous sets provided. For further information regarding this adoption, refer to the note titled IAS 1 adoption.

Consolidated Financial Statements

The Basil Read Limited consolidated financial statements for the year ended 31 December 2016 have been prepared, published and are available for inspection on the company`s website @ www.basilread.co.za

Disposal of Spray pave

The disposal of Spray Pave (Pty) Ltd was completed during the first half of 2016 at a loss of R42.1 million, impacting reported profit for the period.

Operational changes

During the current reporting period, management has elected to discontinue the Pipeline business as a separate segment and incorporated any remaining activities into the construction segment. Also refer to the segments disclosure for other changes made to the operating segments.

Additional borrowing facility - IDC Loan

During the current reporting period, the company secured an additional debt funding facility from the Industrial Development Corporation (IDC) for an amount of R200 million, at the end of the reporting period approximately R60 million of this facility remains

Trans Caledon Tunnel Authority ("TCTA") Project

The operating profit was negatively affected by the losses incurred on the Olifant's River water resource development project for TCTA of R61 million. The full loss is the subject of a claims process and discussions with TCTA and their engineers are ongoing.

Post-balance sheet events

Subsequent to year end, the business continues to trade under difficult conditions, as a result of this the board of directors has resolved to review the business with a view to undertaking significant restructuring of the company to preserve shareholder value, and has engaged the services of a corporate finance advisory firm to assist the company in this process.

APPROVAL

The annual financial statements and company annual financial statements, which appear on pages 10 to 49, were approved by the board of directors on 30 June 2017 and are signed by:

KMapasa

K Mapasa
Director
30 June 2017

Independent auditor's report

To the Shareholders of Basil Read Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Basil Read Limited (the Company) standing alone as at 31 December 2016, 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.

What we have audited

Basil Read Limited's separate financial statements, set out on pages **10** to **49**, comprise:

- the statement of financial position of the Company standing alone as at 31 December 2016;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Material uncertainty related to going concern

We draw attention to Note 1A to the financial statements which describes events and conditions that indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognition The Company has significant long-term contracts in the "Construction" and "Roads" industries. Revenue of R2.7 billion has been generated from these operating segments during year ended 31 December 2016 (refer to note 19 to the financial statements). The recognition of revenue and related profit/losses on construction and long-term services contracts are in accordance with the stage of completion principles outlined in IAS 11: Construction Contracts. The stage of completion of long-term construction contracts is assessed by reference to actual contract costs incurred to date as a percentage of total estimated contract costs and physical completion based on survey of work performed. Forecasted contract losses are recognised in the accounting period which they become evident (refer to note 1.B1, note 1.B3 and note 17 to the financial statements). In addition to the estimates described above, judgement is required in the determination of the expected recovery of costs arising from variation orders for additional works requested by customers as well as the recovery of claims made against the customer for delays or other additional costs for which the customer is considered to be liable (refer to note 1.B1 and note 2 to the financial statements). Construction contract revenue recognition is considered to be an area of most significance to our audit due to the significant judgement involved in preparing estimates of forecast costs and related revenue on long term contracts.	Our audit procedures comprised of a combination of internal control assessments and substantive audit procedures. We assessed internal financial controls over contract related procurement and payroll expenditure. We selected a sample of contracts on which detailed substantive testing procedures were performed. Our sample was selected based on a set of criteria which includes high value contracts, significant loss making contracts and contracts with significant claims. For the contracts selected, we agreed certified revenue to customer approved works certificates and subsequent cash receipts. We evaluated the stage-of-completion and related work in progress and income received in advance balances through a combination of recalculations and reliance on the survey of work determined by the Company's survey experts. This was further corroborated through discussions held with the quantity surveyors of the Group's customers. With respect to revenue recognised for variation orders and claims raised against customers, we inspected supporting documents in order to confirm that such revenue was recognised only once it could be reliably measured and considered to be at an advanced stage of negotiation. Where applicable, we also inspected correspondence with customers concerning variation orders and claims and obtained third-party assessments from legal experts contracted by the Company in order to assess whether the information was consistent with the estimates made by management. We inspected selected signed contracts in order to identify and understand key clauses and relevant contractual mechanisms in relation to variation orders and claims and considered whether these key clauses have been appropriately applied in the amounts

	included in management's revenue forecasts. We also considered the historical success of claims of a similar nature. We examined the projected cost to complete the contracts in our selected sample, by comparing the actual costs to date to the approved contract budgets, obtaining an understanding of the costs required to complete the project through detailed discussions with the project managers and review of project progress documentation. Where applicable, we recalculated the provision for future losses. Based on the results of our work performed, we accepted management's assumptions used in the recognition of revenue on long term construction contracts as reasonably supported.
Impairment assessment of the "Construction" and "Roads" Cash Generating Units ("CGUs") The accounting standards require assets to be tested for impairment when there is an impairment indicator. The current year losses within the "Construction" and "Roads" CGUs (refer to note 19 of the financial statements) are considered to be possible indicators of impairment. Management determines the recoverable amount of the CGUs at the higher of fair value less cost of disposal and value in use. The recoverable amount is determined using a discounted cash flow model. Refer to note 1.E3 to the financial statements where the impairment of the CGUs has been discussed. The estimation of the recoverable amount is complex and significant judgement is required for estimates, specifically cash flow projections, discount rates and growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows this is a key judgemental area that was considered to be an area of most significance to our audit.	We obtained the discounted cash flow models supporting the recoverable amount of the "Construction" and "Roads" CGUs as prepared by management. We tested the mathematical accuracy of the cash flow model and discussed the basis for assumptions with management. As indicated in note 1.E3 to the financial statements, the discounted cash flow models are most sensitive to the following assumptions: · Base revenue; · Nominal growth rate; · Gross profit margins; and · Nominal pre-tax discount rate. We agreed the base revenue to the forecast revenue still to be earned for ongoing contracts and agreed the estimated revenue for new contracts to letters of award. The nominal growth rate and gross profit margins applied in the discounted cash flow model was compared to the Company's five year strategic plan as approved by the board. We compared the budgeted gross margins and growth rates to gross margins realised on recent contracts, budgeted margins on secured work, as

	well as the margins and growth rates achieved by other companies in the construction sector. We used our valuation expertise to independently calculate a nominal discount rate, using independently obtained data. We found that the discount rate used by management fell within our acceptable range.
Recoverability of deferred tax assets A deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which a deductible temporary difference or unused tax losses or tax credits can be utilised. The carrying value of the existing deferred tax asset is R243 million (refer to note 10) to the financial statements. In order to recognise the deferred tax asset, management has made estimates based on assumptions in relation to the future taxable income of the relevant entities within the Company (refer to note 1.D) to the financial statements. These judgements and assumptions include the forecasted contract cash flows, the nominal growth rate applied to those cash flows as well the entity's ability to execute these plans. Accordingly, due to the significant estimation uncertainty related to the cash flows, the assessments of the recoverability of deferred tax asset is considered to be an area of most significance to the audit.	We made use of our taxation expertise to evaluate the accuracy and completeness of the deferred tax asset computation. This involved obtaining the computation for the deferred tax asset and agreeing the underlying data to audited information and assessing the computation for completeness based on our understanding of the industry and the transactions entered into by the relevant entities within the Company during the year. We evaluated the assumptions applied to the forecasted taxable income calculations by comparing management's assessments to supporting evidence, such as approved cash flow forecasts, the Company's five year strategic plan, historical data and comparison to industry trends.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, and the Company Secretary's Certificate as required by the Companies Act of South Africa and the Basil Read Limited Consolidated Financial Statements for the year ended 31 December 2016. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, based on available statutory records, PricewaterhouseCoopers Inc. has been the auditor of the Basil Read Limited for 46 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: Jean-Pierre van Staden
Registered Auditor

2 Eglin Road
Sunninghill
2157

30 June 2017

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2016

	Notes	2016 R000	2015* R000
CONTINUING OPERATIONS			
Contract revenue	2	**2 717 665**	2 739 937
Contract execution costs		**(2 663 924)**	(2 611 200)
Purchased materials, subcontractors and other input costs		**(1 485 421)**	(1 553 498)
Staff costs	3.1.1	**(747 930)**	(598 482)
Depreciation		**(37 133)**	(42 758)
Other contract exectution cost		**(393 440)**	(416 462)
Other income	3.2	**220 983**	60
Other administrative and operating overheads		**(773 994)**	(172 173)
Staff Costs	3.1.1	**(127 444)**	(153 315)
Capital items	4	**4 009**	6 763
Administrative costs and overheads	3.3	**(650 559)**	(25 621)
Operating profit	3	**(499 270)**	(43 376)
Financing Income	5	**18 109**	19 146
Net foreign exchange movements	5	**28 810**	(2 499)
Financing Expense	5	**(17 017)**	(22 933)
Share of profits of joint ventures	9	**13 081**	11 329
Profit before taxation		**(456 287)**	(38 333)
Taxation	6	**19 000**	12 324
Loss for the year from continuing operations		**(437 287)**	(26 009)
DISCONTINUED OPERATIONS			
Result on disposal of discontinued operations		**(42 050)**	-
Net loss for the year		**(479 337)**	(26 009)
Other comprehensive Income		**-**	-
Total comprehensive loss for the year		**(479 337)**	(26 009)
(Loss) / Profit attributable to:			
Owner of the company		**(480 513)**	(26 009)
Non-controlling interests		**1 176**	-
Net loss for the year		**(479 337)**	(26 009)
Total comprehensive (loss)/income attributable to:			
Owner of the company		**(480 513)**	(26 009)
Non-controlling interests		**1 176**	-
Total comprehensive (loss) / income for the year		**(479 337)**	(26 009)
		Cents	Cents
CONTINUED OPERATIONS			
Basic earnings per share	7	**(14 143.98)**	(26 009.00)
Diluted earnings per share	7	**(14 143.98)**	(26 009.00)
DISCONTINUED OPERATIONS			
Basic earnings per share	7	**(1 356.46)**	-
Diluted earnings per share	7	**(1 356.46)**	-

*Reclassified

Statement of financial position

as at 31 December 2016

	Notes	2016 R000	2015* R000	2014* R000
ASSETS				
Non-current assets		**797 128**	801 575	796 645
Property, plant and equipment	8	**163 379**	186 670	226 234
Investments	9	**390 267**	390 423	357 322
Deferred taxation	10	**243 482**	224 482	213 089
Current assets		**2 599 422**	2 102 483	2 529 598
Contract work in progress	11.1	**279 058**	408 846	229 099
Trade and other receivables	12	**729 773**	346 603	1 132 136
Inventories	13	**6 083**	4 747	5 097
Integroup loans receivables	22	**1 305 136**	1 108 892	775 909
Taxation		**-**	882	-
Cash and cash equivalents	14	**279 372**	232 513	387 357
Total assets		**3 396 550**	2 904 058	3 326 243
LIABILITIES AND EQUITY				
Non-current liabilities		**181 489**	66 396	131 671
Borrowings and other liabilities	15	**181 489**	66 396	131 671
Current Liabilities		**3 047 851**	2 931 143	3 262 044
Contract income received in advance	11.2	**606 114**	598 117	620 823
Trade and other payables	16	**1 278 770**	1 118 702	1 023 533
Borrowings and other liabilities	15	**51 923**	49 464	149 771
Provisions	17	**77 962**	265 491	195 595
Integroup loans payable	22	**1 011 036**	899 369	1 220 439
Taxation		**-**	-	1 160
Bank overdraft	14	**22 046**	-	50 723
Total liabilities		**3 229 340**	2 997 539	3 393 715
Equity		**167 210**	(92 305)	(66 296)
Stated capital	18	**6**	-	-
Share premium	18	**740 022**	-	-
Retained Earnings		**(572 818)**	(92 305)	(66 296)
Non-controlling interest		**-**	(1 176)	(1 176)
Total liabilities and equity		**3 396 550**	2 904 058	3 326 243

*Reclassified

Statement of changes in equity

for the year ended 31 December 2016

	Share capital	Retained earnings	Attributable to equity holders of the company	Non- controlling interest	Total equity
	R000	R000	R000	R000	R000
Balance as at 1 January 2015	-	(66 296)	(66 296)	(1 176)	(67 472)
Total comprehensive loss	-	(26 009)	(26 009)	-	(26 009)
Loss for the year	-	(26 009)	(26 009)	-	(26 009)
Other comprehensive income	-	-	-	-	-
Transactions with minorities	-	-	-	-	-
Balance as at 31 December 2015/1 January 2016	**-**	**(92 305)**	**(92 305)**	**(1 176)**	**(93 481)**
Issue of shares	**740 028**	**-**	**740 028**	**-**	**740 028**
Total comprehensive (loss) / income	**-**	**(480 513)**	**(480 513)**	**1 176**	**(479 337)**
Profit for the year	**-**	**(480 513)**	**(480 513)**	**1 176**	**(479 337)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2016	**740 028**	**(572 818)**	**167 210**	**-**	**167 210**

Movements are reflected net of taxation.

Statement of cash flows

for the year ended 31 December 2016

	2016 R000	2015* R000
Cash flows from operating activities		
Cash received from customers	**3 020 534**	2 739 937
Cash paid to suppliers and employees	**(3 070 149)**	(2 674 194)
Interest paid	**(15 140)**	19 146
Interest received	**18 109**	(25 432)
Taxation paid	**882**	(1 111)
Divident paid	**-**	60
Cash flow from operating activities before changes in operating assets and liabilities	**(45 764)**	58 406
Changes in:	**(170 221)**	678 599
- Contracts in progress	**173 938**	(179 747)
- Trade and other receivables	**(444 037)**	785 533
- Inventories	**(1 336)**	350
- Trade and other payables	**158 385**	95 169
- Income received in advance	**(57 171)**	(22 706)
Net cash from operating activities	**(215 985)**	737 005
Cash flows from investing activities		
Acquisitions of property, plant and equipment	**(23 468)**	(13 924)
Proceeds from disposal of property, plant and equipment	**10 451**	14 205
Proceeds on sale of investment	**38 426**	-
Advances made to joint ventures and jointly controlled entities	**-**	(21 772)
Advances recovered from associates	**4 118**	-
Net cash from investing activities	**29 527**	(21 491)
Cash flow from financing activities		
Proceeds borrowings raised	**169 132**	205 318
Repayments of borrowings	**(51 775)**	(370 900)
Net funds (repaid)/received: Group company loans	**93 914**	(654 053)
Net cash from financing activities	**211 271**	(819 635)
Movement in cash and cash equivalents	**24 813**	(104 121)
Cash and cash equivalents at the beginning of the reporting period	**232 513**	336 634
Cash and cash equivalents at the end of the reporting period	**257 326**	232 513

*Reclassified

Changes to the presentation and adoption of IAS 1 (amended)

The company adopted the amendment which clarified that materiality applies to the whole set of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. As a consequence of adopting the amendment and to enhance the financial statements, the company undertook a project to assess the effectiveness of disclosures in the annual financial statements and, where necessary, removed immaterial and unnecessary information.

The following key enhancements resulted in a more streamlined and concise set of annual financial statements:

• the application of materiality to items resulting in the aggregation or deletion of immaterial items;
• the removal of duplicated information and disclosures;
• an updated sequence of information presented in the financial statements;
• an updated format of notes and disclosures so as to make these clearer, more concise and easier to understand to the user; and
• Aggregating / disaggregating the following items:
  - Investments and loans to Investments accounted for using the equity method and Investments at fair value were combined into a single line named Investments
  - Contract debtors and other receivables were split into Contract Work in Progress and Trade and other receivables
  - Trade and other payables were split into Contract Income Received in Advance and Trade and Other Payables
• The previously individually presented Income Statement and Statement of Comprehensive Income were merged into a single Statement
• Various lines in the income statement were disaggregated to display their constituent parts this was done to better reflect the underlying cost drivers of the business.
• The method used to prepare the cash flow statement was changed from the Indirect method to the Direct method.The change in accounting policy was applied in order to provide more relevant information.

These enhancements had no impact on the underlying disclosed amounts or earnings. To enable the comparability of information the 2015 and 2014 comparatives were similarly enhanced and where applicable are shown as reclassified.

Notes to the financial statements

for the year ended 31 December 2016

1 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations and future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates made by management from time to time.

In the process of applying the company's accounting policies, the directors have made the following estimates and judgements that have the most significant affects on the amounts recognised and disclosed in the annual financial statements:

A. GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future.

The financial performance of the company is dependent upon the wider economic environment in which the company operates.
In the 2016 financial year the company reported net loss after tax of R479.3 million.

The net loss for the year was due to certain key events which included:
• The closure of the pipeline unit in the construction division;
• Sale of a subsidiary, Spray Pave Proprietary Limited;
• Operating losses on the distressed Olifant River water resource development project; and
• Impairment of intercompany receivables.

The company continues to focus on improving operational effeciences and reducing the overhead cost base. A number of initiatives have been implemented by the company which includes centralising support functions, removing duplication and establishing share resources.

Despite the progress made on improving operational effeciency and managing cost, the company continues to be impacted by additional expenditure on legacy loss making projects and delays in finalising claims on projects. This has put pressure on the company's profitability and available cash resources.

Subsequent to year end, the company and the wider construction industry, has continued to experience difficult trading conditions which has further impacted the company's profitability and available cash resources.

At statement of financial position date the company had R67 million in undrawn borrowing facilities and R257.3 million in cash. Management has prepared a budget for the 2017 financial year and a cash flow forecasts covering a minimum of 12 months. These indicate that the company will have sufficient cash resources for the foreseeable future.

In compiling its cash flow forecasts the company has made key judgements on its cash flows which include the following:
• Successful resolutions on the legacy claims;
• Successful negotiations to extend repayment of long-term financing; and
• Obtaining additional working capital funding and facilities.

The company has taken a number of steps to complete the plans above which have been summarised below:

• Resolution of outstanding claims – management is advancing the claims resolution process as speedily as possible while ensuring that the company is fairly rewarded for actual work done;
• Negotiation to extend repayment of long term financing – the company is negotiating to extend the repayment of long-term facilities with its funders. These negotiations are at an advanced stage and are expected to be finalised once agreement has been obtained from funders;
• Obtaining additional working capital funding and facilities – certain of the company's contracts require significant upfront working capital investment. The company is negotiating additional working capital funding and facilities.

The conclusion and settlement of claims is by its nature a lengthy and drawn out process. As a result the timing of receipt of the claims cannot be forecasted with sufficient reliability.

The company is negotiating to extend repayment of long term financing and obtain additional working capital funding and facilities. These negotiations by its nature is dependent on the agreement of the external funding parties. The successful conclusion of these negotiations is an important element of securing adequate liquidity for the business going forward.

If not concluded successfully, cash flow resources available to the company will be impacted materially.

As a result of the events and conditions described above, there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course

B. CONSTRUCTION CONTRACTS

B.1. Revenue and other income

The company makes estimates and assumptions concerning the future, particularly regarding construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. These 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 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 contract costs incurred up to the statement of financial position date as a percentage of total estimated costs for each contract and physical completion based on survey of work performed where appropriate for the type of contract. 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, pre-payments or other assets, depending on their nature.

When the outcome of the construction contract cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Furthermore, when management estimates, based on the cost of the work performed to date in relation to the total work to be performed, that the total costs to be incurred to complete a contract will be in excess of the estimated total revenue from the contract, the full expected work to be incurred is recognised immediately.

The company is, from time to time, involved in various claims against customers for delays or other additional costs for which the customer is concerned to be liable and recovery of variation orders. In estimating the outcome of a claim process, management considers historic outcomes of similar claims, stage of completion of the claim, advances received against the claim and in-house legal opinion.

Where claims and variations are recognised as revenue,management determines the quantum of these claims by reference to each contract and its specific facts and circumstances. When management elect to recognise claims as revenue, these are recognised to the extent that it is probable that the claims will realise and once they are capable of being reliably measured.

B.2. Impairment of contract debtors

The following are factors that are considered when assessing whether trade receivables from construction contracts may be impaired:
- Significant financial difficulties of the customer determined through customer interactions and industry knowledge obtained;
- Managements estimate of the probability that customer will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments from the customer

Should these factors be present, management assesses the amount of the impairment of the receivable as the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

B.3. Provisions

Provisions are raised when deemed necessary by management and an estimate of the expected outflows is made based on the information available at the time, managements prior knowledge and experience from previous projects. These provisions are expected to be utilised within the next 12 months. The following provisions are raised:

B.3.1. Contract related provisions

These provisions include the following:
- Warranties - Raised in terms of construction contracts entered into by the company. These contracts impose an obligation on the company to correct defects and errors on construction sites post completion and de-establishment from the site. Warranties usually run for 12 months from the point at which the site is accepted by the client. These provisions are raised based on managements best estimate of the costs expected to be incurred based on similar projects and sites in the past, adjusted for any site specific factors or warranties, and are not discounted due to the short term nature thereof.

- Other construction contract related - Raised in terms of construction contracts entered into by the company where management estimates that the cost to the company to fulfil its obligations under the contract exceed the benefits expected to be received from the contract. These provisions are raised based on managements best estimate of the anticipated outcome based on past experience and knowledge gained from previous similar projects as well as factoring in contract specific factors. These provisions are short term in nature and are anticipated to be settled within 12 months.

B.3.2. Employee related provisions

These provisions consist mainly of employee incentive awards based on individual performance also taking into account companies performance and other factors yet to be finalised at year end. These provisions are normally paid within six months of the financial year end.

Notes to the financial statements (continued)
for the year ended 31 December 2016

C GROUP ACCOUNTING

C.1. Subsidiaries

Subsidiaries are entities controlled by the company. Control is achieved when the company is exposed 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 also considers the following facts and circumstances in assessing whether it has power over an entity:

a) Rights arising from contractual arrangements
b) The company's' voting rights and potential voting rights

C.2. Joint Arrangements

C.2.1 Joint Arrangements

A joint arrangement is an arrangement over which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In determining the classification of joint arrangements, management considered the following:

a) Contractual agreements with respect to sharing control; and
b) Whether parties are jointly and severally liable for the joint arrangement's rights and obligations

C.2.2 Joint operations and joint ventures

Management assesses whether a joint arrangement can be classified as a joint operation or joint venture. This assessment depends on whether the joint arrangement has rights to the assets and obligations for the liabilities, relating to the arrangement. The company recognises its investment as joint operations when the operations are performed through unincorporated arrangements such as partnerships and contracts, and the company has rights to the assets, and obligations for the liabilities. Other investments are recognised as joint ventures when the company only has rights to the net assets of the arrangement.

D. TAXATION

Management assesses the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised. All companies with deferred tax asset balances are currently trading and expect to make profits which will enable them to recover the deferred tax assets.

The company is subject to income taxes in numerous jurisdictions and the calculation of the company's tax charge and provision for income taxes necessarily involves a degree of estimation and judgement. There are transactions and tax computations for which the ultimate tax treatment or result is uncertain, or in respect of which the relevant tax authorities may or could indicate disagreement with the company's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due after taking into account external advice where appropriate. 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 reporting period in which such determination is made.

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.

Management has utilised financial budgets approved by management and the five-year strategic plan, which has been approved by the executive committee and the board of directors, to determine the recoverability of the deferred tax assets balances.

In determining the recoverability of the deferred tax asset, the following key assumptions were used:

Base revenue (R billion)	**4.2**
Nominal growth rate (%)	**4-7**
Average gross profit (%)	**6-11**

Notes to the financial statements (continued)

for the year ended 31 December 2016

E. OPERATING ASSETS AND LIABILITIES

E.2. Property Plant and Equipment

E.2.1. Useful lives

Land is not depreciated as it is deemed to have an indefinite useful life.

The useful life of an asset is the period which the company expects to utilise the benefits embodied in the assets, and not necessarily the assets' economic life. Useful lives of assets are reviewed annually. The company uses the following indicators to determine useful life:

- Expected usage of assets
- Expected physical wear and tear
- Technical and commercial obsolescence

The estimated useful lives assigned to the categories of Property, Plant and Equipment are as follows:

Owned buildings	20 years
Major plant and equipment	2 - 15 years
Other plant and equipment	3 - 5 years
Leased plant and equipment	Lower of useful life or lease term
Furniture and fittings	3 - 5 years

E.2.2. Residual values

An estimate is made of the amount the company would expect to receive currently for the asset if the asset were already of the age and condition expected at the end of its useful life. Residual values are reviewed annually.

E.2.3. Impairment

Management assesses changes in interest rates, currency exchange rates as well as the state of affairs in the construction sector, as indicators that impairment testing may need to be performed.

E.3 Impairment of construction and roads cash-generating units (CGUs)

The accounting standards require the assets to be tested annually for impairment when there is an impairment indicator. Management also considers changes in interest rates, currency exchange rates, loss-making operations as well as the state of affairs in the construction sector in determining if there are indications of impairment.

In the current year the construction and roads cash-generating units (CGUs) generated losses from their operations. These losses in combination with other factors were assessed to be indicators of possible impairment of the construction and roads CGU and an impairment assessment was performed on the roads and construction CGU.

The company determines the recoverable amount of the CGUs on the higher of the fair value less cost to sell and the value in use. The recoverable amount for the roads and construction CGU was based on the value in use.

The recoverable amount is determined by estimating the expected future cash flows in each unit and determining a suitable discount rate in order to calculate the present value of those cash flows.

The pre-tax cash flow projections were based on financial budgets approved by management and company's five-year strategic plan that gas been approved by the executive committee and the board.

In determining the forecasted revenue management took into consideration the secured work from ongoing contracts, new work that has been recently awarded as well as historical revenues achieved by the business. Based on the above factors a base revenue was calculated. This was adjusted in subsequent periods for nominal growth, management's plans and growth incentives as reflected in the five-year strategic plan as well as trends noted from recent contract awards. Forecasted gross profit margins were based on financial budgets approved by management. These were similarly adjusted for management's ongoing cost management initiatives, budgeted growth on new work awarded and close out of loss-making contracts. The gross profit margins were compared to historical margins achieved by other companies in the construction sector.

E.3.1 ***Impairment assessment of construction - cash-generating unit***

The key assumptions used for value-in-use calculation:

	Construction 2016
Base revenue (R000)	1 800 000
Nominal growth (%)	4 - 7
Gross profit/(loss) (%)	5 - 7
Nominal pre-tax discount rate (%)	20.3

Notes to the financial statements (continued)

for the year ended 31 December 2016

E.3.2 ***Impairment assessment of roads - cash-generating unit***

The key assumptions used for value-in-use calculation:

	Roads 2016
Base revenue (R000)	1 600 000
Nominal growth (%)	4 - 7
Gross profit/(loss) (%)	6 - 9
Nominal pre-tax discount rate (%)	20.3

Sensitivity analysis

Sensitivity analysis in respect of the most significant assumption applied in the impairment model

• 0.5% decrease in the nominal growth rate.
If all assumptions remain unchanged, a 0.5% decrease in the nominal growth rate results in a decrease in the recoverable amount of R4.9 million, this will not result in an impairment.

• 1% increase in the discount rate.
If all assumptions remain unchanged, a 1% increase in the discount rate results in a decrease in the recoverable amount of R22.2 million, this will result in a potential impairment of R10.7 million.

• 0.5% decrease in the gross profit.
If all assumptions remain unchanged, a 0.5% decrease in the gross profit results in a decrease in the recoverable amount of R49.5 million, this will result in a potential impairment of R37.9 million. An average gross profit of 7.6% will result in a break even position.

E.4 Intergroup loans

Management performs recoverability assessment on intergroup debtors based on solvency, liquidity, cash flows and availability of contracts in the companies within Basil Read Group, for possible indicators of intergroup loans debtors irrecoverability.

2 REVENUE

	2016 R000	2015 R000
Contract Revenue	2 678 670	2 716 407
Other Revenues - Development revenue	38 995	23 530
Total revenue	2 717 665	2 739 937
Included in total revenue above are claims revenue amounting to:		
Claims revenue	199 200	115 000

The claims revenue represents amounts that management has recognised as revenue as these claims are at a far advanced stage of negotiation and can be reliably measured.

Notes to the financial statements (continued)
for the year ended 31 December 2016

3 OPERATING PROFIT

The following items have been (charged)/credited in arriving at operating loss:

3.1 Staff cost

3.1.1 Staff cost

	2016 R000	2015 R000
Defined contribution plan expense	48 893	66 416
Salaries, wages and social security contributions	819 594	685 381
Termination benefits	6 887	-
	875 374	751 797

3.1.2 Defined contribution plan and defined benefit plan

Defined contribution plan

The Basil Read Limited Provident Fund and the Construction Industry Retirement Benefit Plan covers permanent employees of the company. The funds are both defined contribution plans and are registered under the Pension Funds Act of 1965 as privately administered funds. The liabilities of the funds were last valued on 31 August 2014 and has been rolled forward.

Defined benefit plan

The Basil Read Limited Pension Fund covers permanent employees company. The fund is a defined benefit plan and is registered under the Pension Funds Act of 1965 as privately administered fund. The liabilities of the fund was last valued on 31 August 2014 and has been rolled forward.

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

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

	2016 R000	2015 R000
Present value of funded obligation	(25 925)	(26 325)
Fair value of plan assets	39 368	36 321
Surplus	13 443	9 996
Unrecognised due to par 65 limit	(13 443)	(9 996)

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

3.2 Other income

	2016 R000	2015 R000
Included in other income is:		
Dividends received from Basil Read Mauritius (Pty) Ltd	220 983	-

Notes to the financial statements (continued)

for the year ended 31 December 2016

3.3 Administrative costs and overheads

	2016 R000	2015 R000
Impairments and write-down of balances with group companies*	490 181	-
Other administrative costs and overheads	160 378	25 621
	650 559	25 621

*The following impairments and write-off of balances with group companies has been included in the administrative costs and overheads (2015: Rnil) :

	2016 R000
Tubo Jack Pipelines Ltd	633
Phambili Pipelines (Pty) Ltd	26 067
Valente Brothers JV (Joint Venture)	23 775
Valente Brothers Strata JV (Joint Venture)	3 213
Sunset Bay Trading 282 (Pty) Ltd	111 499
City Square Trading (Pty) Ltd	36 588
Basil Read Zambia Ltd	43 977
Basil Read Construction Namibia (Pty) Ltd	8 226
Basil Read DRC SPRL	800
TWP Investments (Pty) Ltd	567
Sladden international (Pty) Ltd	151 599
Basil Read Matomo (Pty) Ltd	83 237
	490 181

4 NON-TRADING AND CAPITAL ITEMS

Capital Items

The below items represent the result of activities which are non-core (transaction costs, restructuring costs, settlements of litigation and penalties, and other impairments, acquisition and disposal related gains and losses on assets) to the key operating objectives of the company and are thus separately disclosed to enhance clarity of reporting.

	Continued Operations	
	2016 R000	2015 R000
Profit on sale of fixed assets	4 009	6 763

	2016 R000	2015 R000
5 NET FINANCE COSTS		
Interest received from financial instruments held at amortised cost	18 109	19 146
Bank accounts	2 727	5 153
Subsidiaries	15 382	13 993
Net foreign exchange loss	28 810	(2 499)
Foreign exchange gains	67 291	(2 499)
Foreign exchange losses	(38 481)	-
Interest paid on financial instruments held at amortised cost	(17 017)	(22 933)
Bank loans and other borrowings	(3 854)	(1 878)
Finance leases	(2 121)	(3 599)
Domestic medium-term note programme	(9 309)	(17 456)
Other	(1 733)	(0)
Net finance costs recognised in profit or loss	29 902	(6 286)

Notes to the financial statements (continued)

for the year ended 31 December 2016

		2016 R000	2015 R000
6	**TAXATION**		
	South African normal taxation		
	Current tax expense	-	931
	Current year	-	(105)
	Under/(over) provision previous year	-	1 036
	Deferred tax expense	19 000	11 393
	Current year	19 000	11 393
	Taxation attributable to the group	19 000	12 324

	%	%
Reconciliation of tax charge		
South African normal rate of taxation	28.0	28.0
Adjusted for:		
Timing differences:	(66.2)	(5.7)
Deferred tax not recognised	(66.2)	(5.7)
Non-deductible expenses:	35.2	7.1
Share of profits in investments accounted for using the equity method	1.6	8.3
Dividend received	39.3	-
Other	(5.7)	(1.2)
Capital Gains Tax	7.2	-
Prior year under/(over) provision	-	2.7
Effective tax	4.2	32.1

The tax rate reconciliation is prepared using the tax rate applicable to the Basil Read group in South Africa. The impact of tax differences in the other countries is disclosed as a reconciling item.

Timing differences not accounted for under deferred taxation include the result of certain subsidiaries where deferred taxation on assessed losses have not been provided.

	2016 R000	2015 R000
Estimated tax losses		
Opening balance	123 797	-
Additional losses incurred	499 841	123 797
Balance as at 31 December	623 638	123 797

Deferred tax assets have been recognised only to the extent that the realisation thereof is possible.

Notes to the financial statements (continued)

for the year ended 31 December 2016

7 BASIC AND HEADLINE EARNINGS PER SHARE

7.1 Summary of earnings per share and heading earnings per share

		Earnings attributable		Weighted Average Number of Shares		Cents per share	
		2016	2015	2016	2015	2016	2015
		R000	R000				
Total Operations							
EPS	- Basic	(480 514)	(26 009)	3 100	100	(15 500.42)	(26 009.00)
EPS	- Diluted	(480 514)	(26 009)	3 100	100	(15 500.42)	(26 009.00)
HEPS	- Basic	(442 472)	(19 246)	3 100	100	(14 273.30)	(19 246.00)
HEPS	- Diluted	(442 472)	(19 246)	3 100	100	(14 273.30)	(19 246.00)
Continued Operations							
EPS	- Basic	(438 463)	(26 009)	3 100	100	(14 143.98)	(26 009.00)
EPS	- Diluted	(438 463)	(26 009)	3 100	100	(14 143.98)	(26 009.00)
HEPS	- Basic	(442 472)	(19 246)	3 100	100	(14 273.30)	(19 246.00)
HEPS	- Diluted	(442 472)	(19 246)	3 100	100	(14 273.30)	(19 246.00)
Discontinued Operations							
EPS	- Basic	(42 050)	-	3 100	100	(1 356.46)	-
EPS	- Diluted	(42 050)	-	3 100	100	(1 356.46)	-
HEPS	- Basic	-	-	3 100	100	-	-
HEPS	- Diluted	-	-	3 100	100	-	-

There was no difference between weighted average number of shares and diluted average number of shares during the current reporting period.

7.2 Reconciliation between basic earnings/(loss), diluted earnings/(loss) and headline earnings/(loss)

	Total		Continuing Operations		Discontinued Operations	
	2016	2015	2016	2015	2016	2015
	R000	R000	R000	R000	R000	R000
Basic and diluted earnings/(loss)	(480 514)	(26 009)	(438 463)	(26 009)	(42 050)	-
(Profit)/Loss on sale of subsidiary	42 050	-	-	-	42 050	-
(Profit)/Loss on sale of property plant and equipment	(4 009)	6 763	(4 009)	6 763	-	-
Headline earnings/(loss)	(442 472)	(19 246)	(442 472)	(19 246)	-	-

		Land and buildings R000	Plant and equipment R000	Furniture and fittings R000	Total R000
8	**PROPERTY PLANT AND EQUIPMENT**				
	Balance as at 1 January 2015				
	Cost	1 096	376 324	40 856	418 276
	Accumulated depreciation and impairment	-	(163 009)	(29 033)	(192 042)
	Net book value	1 096	213 315	11 823	226 234
	Movements during the year				
	Additions	-	9 592	4 332	13 924
	Disposals	-	(6 622)	(820)	(7 442)
	Depreciation	-	(42 758)	(3 288)	(46 046)
	Reclassifications	-	2 609	(2 609)	-
		1 096	176 136	9 438	186 670
	Balance as at 31 December 2015/1 January 2016				
	Cost	**1 096**	**368 117**	**35 900**	**405 113**
	Accumulated depreciation and impairment	**-**	**(191 981)**	**(26 462)**	**(218 443)**
	Net book value	**1 096**	**176 136**	**9 438**	**186 670**
	Movements during the year				
	Additions	**2**	**18 732**	**4 734**	**23 468**
	Disposals	**-**	**(3 848)**	**(2 594)**	**(6 442)**
	Depreciation	**-**	**(37 133)**	**(3 184)**	**(40 318)**
		1 098	**153 887**	**8 394**	**163 378**
	Balance as at 31 December 2016				
	Cost	**1 098**	**371 779**	**36 456**	**409 333**
	Accumulated depreciation and impairment	**-**	**(217 892)**	**(28 062)**	**(245 954)**
	Net book value	**1 098**	**153 887**	**8 394**	**163 379**
	Assets under construction included in 2015	-	500	-	-
	Assets under construction included in 2016	**-**	**475**	**-**	**-**

Book value of plant and equipment subject to instalment sale agreements are as follows:

	Land and buildings R000	Plant and equipment R000	Furniture and fittings R000	Total R000
31 December 2015				
Cost	-	111 145	-	111 145
Accumulated depreciation and impairment	-	(41 253)	-	(41 253)
Net book value	-	69 892	-	69 892
31 December 2016				
Cost	**-**	**20 411**	**-**	**20 411**
Accumulated depreciation and impairment	**-**	**(11 077)**	**-**	**(11 077)**
Net book value	**-**	**9 334**	**-**	**9 334**

Notes to the financial statements (continued)

for the year ended 31 December 2016

		Note	2016 R000	2015 R000
9	**INVESTMENTS**			
	Statement of financial position			
	Investments in Joint Ventures		**139 168**	130 205
	Investments accounted for using the equity method	9.1	**48 460**	35 379
	Loans to Joint Ventures	9.2	**90 708**	94 826
	Investments Subsidiaries		**251 099**	260 218
	Investments in Subsidiaries	9.4	**251 099**	260 218
	Total investments		**390 267**	390 423
	Statement of comprehensive income			
	Share of Profit/(Loss) from investments in Associates and Joint Ventures		**13 081**	11 329

9.1 *Reconciliation of summarised financial information*

	Investments accounted for using the equity method	
	2016 **R000**	2015 R000
Opening balance	**35 379**	24 050
Profit/(loss) for the period	**13 081**	11 329
Closing balance	**48 460**	35 379

9.2 Loans to joint ventures

	Loans to Joint Ventures	
	2016 **R000**	2015 R000
Savanna City Developments (Pty) Ltd	**60 205**	62 967
Thunderstruck Investments 136 (Pty) Ltd	**30 503**	31 859
	90 708	94 826

The above loans are unsecured, interest free and has no fixed payment terms.

Notes to the financial statements (continued)

for the year ended 31 December 2016

9.3 *Summarised financial information for material Associates and Joint Ventures*

	Joint Ventures		
	Savanna City Developments (Pty) Ltd R000	Thunderstruck Investments 136 (Pty) Ltd R000	Total R000
Primary place of business	South Africa	South Africa	
% of shares	50%	50%	
2016			
Statement of financial position			
Current			
Cash and cash equivalents	6 976	521	7 497
Other current assets (Excluding cash)	538 722	63 588	602 310
Total current assets	545 698	64 109	609 807
Financial liabilities (Excluding trade payables)	(46 709)	(27 054)	(73 763)
Other current liabilities (Including trade payables)	(121 200)	(870)	(122 070)
Total current liabilities	(167 909)	(27 924)	(195 833)
Non-current			
Assets	111	247 897	248 008
Financial liabilities	(373 674)	(110 439)	(484 113)
Other liabilities		(85 326)	(85 326)
Total non-current liabilities	(373 674)	(195 765)	(569 439)
Net assets	4 226	88 317	92 543
Statement of comprehensive income			
Revenue	120 536	44 582	165 118
Costs	(113 894)	-	(113 894)
Interest expense	-	(15 949)	(15 949)
Profit/(loss) from continuing operations	6 642	28 633	35 275
Income tax expense	(1 373)	(8 017)	(9 390)
Post tax profit/(loss) from continuing operations	5 269	20 616	25 885
Other comprehensive income	-	-	-
Total comprehensive income	5 269	20 616	25 885

Notes to the financial statements (continued)

for the year ended 31 December 2016

	Joint Ventures Savanna City Developments (Pty) Ltd R000	Thunderstruck Investments 136 (Pty) Ltd R000	Total R000
2015			
Statement of financial position			
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)
Net assets	883	69 873	70 756
Statement of comprehensive income			
Revenue	231 783	48 968	280 751
Costs	(230 558)	(5 085)	(235 643)
Interest 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/(loss) from continuing operations	882	21 775	22 657
Other comprehensive income	-	-	-
Total comprehensive income	882	21 775	22 657

9.4 Investments Subsidiaries	2016 % holding	2015 % holding	2016 Carrying amount	2015 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
Spraypave (Pty) Ltd	100	100	-	9 119
Basil Read Roads (Pty) Ltd	100	100	124 731	124 731
Sunset Bay Trading 282 (Pty) Ltd	100	100	14 000	14 000
Valente Brothers (Pty) Ltd	100	100	25 649	25 649
Sub-total			265 099	274 218
Impairment - Sunset Bay Trading 282 (Pty) Ltd			(14 000)	(14 000)
			251 099	260 218

Notes to the financial statements (continued)

for the year ended 31 December 2016

		2016 R000	2015 R000
10	**DEFERRED TAXATION**		
10.1	**Reconciliation of net deferred tax asset**	**243 482**	224 482
	Balance as at 1 January	**224 482**	213 089
	Current year charge through profit or loss	**19 000**	11 393

10.2 Composition of deferred taxation balances

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

	Accelerated tax depreciation R000	Provisions, Accruals and retentions R000	Assessed losses and other R000	Total R000
Net deferred taxation asset				
Balance as at 1 January 2015	(11 942)	215 837	9 194	213 089
Credited /(charged) to income statement	(919)	(56 641)	68 953	11 393
Balance as at 31 December 2015/1 January 2016	**(12 861)**	**159 196**	**78 147**	**224 482**
Credited /(charged) to income statement	**(1 168)**	**10 353**	**9 815**	**19 000**
Balance as at 31 December 2016	**(14 029)**	**169 549**	**87 962**	**243 482**

	2016 R000	2015 R000
Deferred taxation expected to be recovered within 12 months	-	4 112
Deferred taxation expected to be recovered after 12 months	**243 482**	220 370
Total	**243 482**	224 482
Deferred tax has not been provided on deductible temporary differences amounting to	**623 638**	123 797

Notes to the financial statements (continued)

for the year ended 31 December 2016

		2016 R000	2015 R000
11	**CONSTRUCTION CONTRACTS**		
11.1	**Contract work in progress**	**279 058**	408 846
	Costs incurred to date	**3 318 756**	1 502 566
	Profit and losses recognised to date	**(511 390)**	379 692
	Work certified to date	**(2 528 308)**	(1 473 412)
11.2	**Contract income received in advance**	**606 114**	598 117
	Payments received in advance	**599 926**	532 880
	Excess billing on contracts in progress	**6 188**	65 237
12	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**684 595**	300 762
	Trade receivables from contract customers	**735 423**	347 928
	Retention debtors	**81 949**	24 744
	Allowance for doubtful debts	**(132 777)**	(71 910)
	Other receivables	**45 178**	45 841
	Prepayments	**29 772**	856
	Value added tax	**-**	23 579
	Other receivables	**15 406**	21 406
	Trade and other receivables	**729 773**	346 603
	Movement in allowance for doubtful debts		
	Carrying value at the beginning of the year	**71 910**	71 910
	Provision for impairment	**60 867**	-
	Balance as at 31 December	**132 777**	71 910

* Included in Trade Receivables is an amount of R 417 million (2015: R 147 million) relating to the following group companies:

	2016	2015
Basil Read Holdings Limited	**67 439**	
Basil Read St Helena Ltd	**107 455**	107 371
Sunset Bay Trading 282 (Pty) Ltd	**19 961**	19 961
Basil Read Roads (Pty) Ltd	**140 493**	14 015
Codevco (Pty) Ltd	**32 502**	-
Basil Read Mozambique imitada	**15 250**	-
Basil Read Mauritius (Pty) Limited	**16 318**	50
Other Subsidiaries and Joint Ventures*	**17 595**	5 847
	417 013	147 244

* Includes other intergroup trade receivables that are individually below R10 million.

		2016	2015
13	**INVENTORIES**		
	Spares	**-**	2 707
	Consumables	**651**	94
	Finished Goods	**5 432**	1 946
	Inventories	**6 083**	4 747
14	**CASH AND CASH EQUIVALENTS**		
	Cash at banks and on hand	**279 372**	232 513
	Current accounts	**133 242**	105 593
	Money markets	**146 130**	126 920
	Bank Overdrafts	**(22 046)**	-
	Cash and cash equivalents - cash flow statement	**257 326**	232 513

		Current		Non-current		Total	
		2016	2015	2016	2015	2016	2015
		R000	R000	R000	R000	R000	R000
15	**BORROWINGS AND OTHER LIABILTIES**						
	Instalment sale agreement	13 990	14 146	2 587	16 396	16 577	30 542
	Domestic medium-term note program	195	35 318	50 000	50 000	50 195	85 318
	Banking loans/Loans from the IDC	37 738	-	128 902	-	166 640	-
	Total borrowings	51 923	49 464	181 489	66 396	233 412	115 860

15.2 Reconciliation of borrowings

	Instalment sale agreement	Domestic medium-term note programme	Banking loans/loans from the IDC	Total borrowings
	R000	R000	R000	R000
Balance as at 1 January 2015	54 434	227 008		281 442
Proceeds borrowings raised	30 542	85 318		115 860
Interest paid	(3 599)	(17 456)		(21 055)
Interest accrued	3 599	17 456		21 055
Repayments of borrowings	(54 434)	(227 008)		(281 442)
Balance as at 31 December 2015	30 542	85 318		115 860
Proceeds borrowings raised	2 492	-	166 640	169 132
Interest paid	(2 121)	(9 309)	(2 362)	(13 792)
Interest accrued	2 121	9 504	2 362	13 987
Repayments of borrowings	(16 457)	(35 318)	-	(51 775)
Balance as at 31 December 2016	16 577	50 195	166 640	233 412

Included in banking loans/loan from IDC is a R140 million loan from the IDC and 26.6 million loan from Rand Merchant Bank.

15.3 Terms and conditions

	Instalment sale agreement	Domestic medium-term note program	Loans from IDC	Banking loans
Period	One to five years	Three years	Three years	Two months
Rate	Prime rate minus 2% - 3%	Three month ZAR-JIBAR-SAFEX plus 3.85% - 4.5%	Prime rate plus 1.2%	Two month JIBAR
Frequency of payments	Payable monthly	Various	Various	Various

15.4 Instalment sale liabilities

	Future minimum instalments payable	Interest	Present value of minimum payments
	R000	R000	R000
2016			
Minimum instalment sale payables due			
Less than one year	14 614	(624)	13 990
Later than one year and not later than five years	2 620	(34)	2 586
	17 234	(658)	16 576
2015			
Minimum instalment sale payables due			
Less than one year	14 477	(331)	14 146
Later than one year and not later than five years	17 014	(618)	16 396
	31 491	(949)	30 542

Notes to the financial statements (continued)

for the year ended 31 December 2016

	2016 R000	2015 R000
16 TRADE AND OTHER PAYABLES		
Trade payables and other accruals	**1 278 770**	1 103 472
VAT payable	**-**	15 230
Trade and other payables	**1 278 770**	1 118 702

* Included in trade payables and other accruals is an amount of R616 million (2015: R361 million) owing to the following group companies:

	2016	2015
Basil Read Holdings Limited	**127 452**	170 161
Basil Read St Helena Ltd	**344 583**	-
Newport Construction (Pty) Ltd	**10 189**	17 413
Basil Read Roads (Pty) Ltd	**69 797**	69 797
Valente Brothers (Pty) Ltd	**13 389**	6 694
Basil Read Mozambique Plant and Construction Limitada	**11 137**	19 289
Basil Read Mining SA (Pty) Ltd	**13 138**	-
Blasting & Excavating (Pty) Ltd	**14 711**	962
Basil Read Construction Namibia (Pty) Ltd	**-**	62 987
Other Subsidiaries and Joint Ventures*	**11 634**	13 829
	616 031	361 132

* Includes other intergroup trade payables that are individually below R10 million.

	Employee R000	Contract Provisions R000	Total Provisions R000
17 PROVISIONS			
2016			
Balance at 1 January	**54 644**	**210 847**	**265 491**
Additions	**15 850**	**89 233**	**105 083**
Utilizations	**(70 303)**	**(217 979)**	**(288 282)**
Reversals	**-**	**(2 092)**	**(2 092)**
Other Movements	**240**	**(994)**	**(754)**
Foreign exchange differences	**-**	**(1 484)**	**(1 484)**
Balance as at 31 December	**431**	**77 531**	**77 962**

Employee Provision consists mainly of employee incentive awards. Owing to the economic performance of the business during the year no incentive awards have been raised.

	Ordinary shares R000	Share premium R000	Total R000
18 STATED CAPITAL			
2016			
Authorised shares *(6000 shares at R2 each)*	**12**	**-**	**12**
Issued shares *(3000 shares at R246 676 each and 100 shares at R2 each)*	**6**	**740 022**	**740 028**
2015			
Authorised shares *(6000 shares at R2 each)*	12	-	12
Issued shares *(100 shares at R2 each)*	-	-	-

During the current financial year the company issued 3000 shares at a premium of R246 674 each.

19 OPERATING SEGMENTS

The company comprises four operational segments namely construction, developments, roads and St Helena airport project, based on the management of the segments by the chief operating decision maker. The construction segment consists buildings and civils. Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee, which is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief operation decision maker (CODM).

Changes to segments

During the reporting period, management elected to make changes to the composition and structure of the operating segments to better reflect the underlying business. This resulted in the creation of two new segments namely the roads and developments segments. The comparative figures for the previous reporting period have been restated accordingly.

Intersegment transfers

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

Segment revenue and expenses

All segment revenue and expenses are directly attributable to the segments and are disclosed at the operating profit level. Intersegment revenue is charged at market rates prevailing at the time of the transactions. Revenue from external customers is measured in a manner with that of the statement of profit or loss and other comprehensive income whilst assets and liabilities are measured in a manner consistent with that of the statement of financial position.

Segment assets and liabilities

Segment assets include all operating assets and consist principally of property, plant and equipment, inventory, trade receivables from contract debtors, retention debtors and pre-payments. Segment liabilities include all operating liabilities and consist principally of interest-bearing borrowings, trade and other payables and taxation.

Description of the operating segments

Construction	This segment incorporates Basil Reads' civil engineering, building operations and remaining pipeline divisions. Major works for private and public sector clients cover a broad spectrum of engineering and building projects including earthworks, bridges, pipeline, infrastructure, harbour and marine works, industrial plants, sports facilities, roads, highways, airports and related activities.
Developments	Our development segment unit focusses on large-scale mixed income integrated housing developments. They also generate construction work for the company. This is an integral part of our social licence and we work with government at all levels, parastatals and non-government organisations to support national imperatives focused on improving the quality of life of South Africa's people.
Roads	The roads segment offers exceptional capabilities and specialised services to ensure each project is a world-class achievement.
St Helena	The St Helena airport project, which is to design, build and operate an international airport on the island of St Helena is a UK Government funded project and is a partnership between Basil Read, the St Helena government and the UK Governments' department for International Development.

	2016 External Revenue	2016 Operating profit	2015* External Revenue	2015* Operating profit
	R000	R000	R000	R000
Construction	1 555 136	(485 119)	1 681 723	-144 887
Developments	38 995	34 305	23 530	19 606
Roads	733 521	(130 289)	564 348	65 254
St Helena	390 013	81 833	470 337	16 651
Total	**2 717 665**	**(499 270)**	2 739 937	(43 376)

*Restated

Notes to the financial statements (continued)

for the year ended 31 December 2016

	2016				
	Construction	Developments	Roads	St Helena	Total
	R000	R000	R000	R000	R000
Other profit and loss disclosures					
Depreciation	(12 095)	-	(28 222)	-	(40 317)
Net finance income/(expense)	7 322	12	454	22 114	29 902
Share of profit/(loss) of associates and joint ventures	13 081	-	-	-	13 081
Income tax expense	19 000	-	-	-	19 000
Assets					
Property, plant and equipment	49 014	-	114 365	-	163 379
Inventories	6 083	-	-	-	6 083
Work in progress	250 911	-	28 147	-	279 058
Cash and cash equivalents	172 693	2 064	1 623	102 992	279 372
Liabilities					
Interest-bearing borrowings	233 412	-	-	-	233 412
Advance payments received for contract work	127 710	-	8 706	469 698	606 114
Provisions for other liabilities and charges	48 927	-	20 730	8 305	77 962

	2015*				
	Construction	Developments	Roads	St Helena	Total
	R000	R000	R000	R000	R000
Other profit and loss disclosures					
Depreciation	(13 814)	-	(32 232)	-	(46 046)
Net finance income/(expense)	(7 846)	-	-	1 560	(6 286)
Share of profit/(loss) of associates and joint ventures	11 329	-	-	-	11 329
Income tax expense	12 324	-	-	-	12 324
Assets					
Property, plant and equipment	56 001	-	130 669	-	186 670
Inventories	4 747	-	-	-	4 747
Work in progress	406 420	-	2 425	-	408 846
Cash and cash equivalents	143 419	-	2 265	86 829	232 513
Liabilities					
Interest-bearing borrowings	115 860	-	-	-	115 860
Advance payments received for contract work	235 750	-	79 214	283 153	598 117
Provisions for other liabilities and charges	236 406	-	19 385	9 700	265 491

*Restated

The group discloses finance income and expense on a net basis as the chief operating decision maker relies primarily on net finance income to assess the performance of the segment and make decisions about resources to be allocated to the segment.

Geographic information

	2016	2015
Revenue		
South Africa	2 327 652	2 269 601
Rest of World	390 013	470 337

20 FAIR VALUE CLASSIFICATION AND FINANCIAL INSTRUMENTS

20.1 Categories and analysis of assets and liabilities.

20.1.1 Assets

	Loans and receivables	Total
	R000	R000
2016		
Loans to Associates and Joint Ventures	**90 708**	**90 708**
Trade and other receivables	**700 001**	**700 001**
Intergroup loan receivables	**1 305 136**	**1 305 136**
Cash and cash equivalents	**279 372**	**279 372**
2015		
Loans to Associates and Joint Ventures	94 826	94 826
Trade and other receivables	322 168	322 168
Cash and cash equivalents	232 513	232 513

20.1.2 Liabilities

	At amortised cost	Total
	R000	R000
2016		
Borrowings	**233 412**	**233 412**
Trade and other payables	**1 278 770**	**1 278 770**
Intergroup loan payables	**1 011 036**	**1 011 036**
Bank overdraft	**22 046**	**22 046**
2015		
Borrowings	115 860	115 860
Trade and other payables	1 103 472	1 103 472

The carrying values of all other financial assets and financial liabilities not carried at fair value approximate their fair value.

21 FINANCIAL RISK MANAGEMENT

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. Management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk and investment of excess liquidity.

The Company's activities expose it to a variety of financial risks: Market risk (include currency risk, 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.

Notes to the financial statements (continued)
for the year ended 31 December 2016

21.1 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 group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The group considers total equity and interest-bearing borrowings to comprise capital.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. During 2016, the company's strategy remained unchanged from 2015 which was to maintain the gearing ratio of below 50%, the long-term credit rating at BBB+ and the short term credit rating at A2. Both the long-term and short-term credit ratings are reviewed annually in June. The long-term credit rating was downgraded to BBB- and the short-term credit rate was downgraded to A3. The strategy for 2017 is to maintain these ratings as a minimum.

The gearing ratios at 31 December 2016 and 2015 were as follows:

	2016 R000	2015 R000
Total borrowings	233 412	115 860
Less: Cash and cash equivalents - net of bank overdraft	257 326	232 513
Net Debt	(23 914)	(116 653)
Total Equity	167 210	(93 481)
Total Capital	143 296	(210 134)
Gearing Ratio (%)	(6.93%)	55.51%

The group further monitors the capital ratio on the basis of the debt to equity ratio and manages interest-bearing long term debt with

	2016 R000	2015 R000
Total debt	181 489	66 396
Total Equity	167 210	(93 481)
Debt:equity ratio (%)	49%	(71%)

The company considers the debt:equity ratio of less than 100% to be acceptable, which is unchanged from 2015. This is reviewed annually after considering market conditions and the growth goals of the company.
The ratio of total borrowings to the net book value of property, plant and equipment and development land is calculated as follows:

	2016 R000	2015 R000
Total interest-bearing borrowings	233 412	115 860
Total assets financed	422 986	449 349
Property, plant and equipment	163 379	186 670
Development land	259 607	262 679
Ratio of total borrowings to assets financed	55%	26%
Borrowings to EBITDA ratio	(91%)	4339%

The company considers a ratio of 80% or less to be acceptable which is unchanged from 2015. This is reviewed annually considering market conditions and the growth goals of the company.

The IDC loan covenants require Basil Read Limited to ensure that the following are met:
- Debt Service Coverage Ratio in respect of all Calculation Periods are not less than 1.50:1
- Shareholders Interest ratio in respect of all Calculation Periods are not less than 40%

21.2 Credit Risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

Credit risk arises from cash and cash equivalents, credit exposures to customers and other outstanding receivables. Credit risk is managed on a company basis, except for credit risk relating to trade and other 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 local South African ratings are required. In certain instances, country regulations may require locally registered entities to operating banking accounts with local banking institutions which may not meet the minimum rating requirements.

Where available, the company utilises the independent credit ratings of customers when assessing their credit worthiness. If customers are independently rated, these ratings are used. Where no independent rating is available, the risk committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. In cases where the risk committee deems the risk level to be unacceptable, payment guarantees issues by the customer are insisted upon.

Financial assets which potentially subject the company to concentrations of credit risk are primarily cash and cash equivalents as well as trade and other receivables. As regards cash and cash equivalents, the company primarily deals with major financial institutions in South Africa and across borders.

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

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

Individuals

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 relative high risk.

Unlisted Companies

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.

Multinational mining companies

Multinational mining companies refer 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.

Listed Companies

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 company to fail, given the relative transparency required, it is likely that there would be indicators of distress that would all the group to take corrective action in the event that it would be required.

Government

Government debtors encompass all debtors to central 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 institution. Different countries governments will have different levels of risk associated with them, depending on the credit rating of the country concerned.

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

	2016				2015			
	Gross maximum exposure	**Fully performing**	**Past due but not impaired**	**Impaired**	Gross maximum exposure	Fully performing	Past due but not impaired	Impaired
	R000	**R000**	**R000**	**R000**	R000	R000	R000	R000
Government	**286 725**	**258 040**	**28 685**	**-**	130 133	101 951	28 182	-
Multinational mining companies	**-**	**-**	**-**	**-**	15 485	11 005	4 480	-
Listed companies	**1 537**	**58**	**1 479**	**-**	27 434	17 724	9 710	-
Unlisted companies	**30 148**	**7 385**	**19 152**	**3 611**	27 631	13 365	10 655	3 611
Intergroup	**417 013**	**46 949**	**240 898**	**129 166**	147 245	14 793	64 153	68 299
Trade receivables from contract	**735 423**	**312 432**	**290 214**	**132 777**	347 928	158 838	117 180	71 910
Government	**72 161**	**72 161**	**-**	**-**	24 744	24 744	-	-
Unlisted companies	**9 788**	**9 788**	**-**	**-**	-	-	-	-
Retention debtors	**81 949**	**81 949**	**-**	**-**	24 744	24 744	-	-

The analysis of debtors past due but not impaired is as follows:

	2016			2015		
	0-3 months	**4-6 months**	**7-12 months**	0-3 months	4-6 months	7-12 months
Trade receivables from contract debtors	**7 756**	**101 025**	**181 433**	826	91 353	25 001

No security is held against these balances

Each local entity is responsible for managing and analysing the credit risk for each of their potential new clients before standard payment and delivery terms and conditions are offered.

The other classes within contract and trade debtors do no 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 may hold payment guarantees from contract debtors and trade debtors as security.

21.3 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, both under normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

Cash and undrawn facilities is managed by a central treasury department, there are no restrictions in the transfer of cash between the company and underlying group companies. 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 board of directors on a monthly basis.

Borrowings issued at variable rates expose the company to liquidity risk which is partially offset by cash held at variable interest rates. 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 by the abovementioned forecasts. The major sources of funds for the company are undrawn facilities and available cash.

The major sources of funding for the group are as follows:
- Undrawn facilities
- Available cash

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date 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.

Refer to note 1.A for further information of plans implemented by management to improve liquidity of the company.

	2016				
	Carrying amount	0 - 3 months	4 - 12 months	1 - 5 years	Total
	R000	R000	R000	R000	R000
Non-Derivative Financial instruments					
Interest bearing borrowings	233 412	10 443	38 088	209 095	257 626
Amount owing to group companies	1 011 036	-	1 011 036	-	1 011 036
Trade and other payables	1 278 770	686 360	592 410	-	1 278 770

	2015				
	Carrying amount	0 - 3 months	4 - 12 months	1 - 5 years	Total
	R000	R000	R000	R000	R000
Non-Derivative Financial instruments					
Interest bearing borrowings	115 860	6 155	50 926	73 663	130 744
Amount owing to group companies	899 369	-	899 369	-	899 369
Trade and other payables	1 118 702	1 056 107	62 595	-	1 118 702

21.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity will affect the company's income, cash flows or the value of its holdings of financial statements. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. 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.

The company operates mainly in South Africa and on St Helena Island and is exposed to foreign currency risk arising from various currency exposures, through foreign operations which conduct business in various currencies. The company is subject to transaction and translation exposure due to fluctuations in foreign currency exchange rates.

Management requires that the divisions manage their foreign currency risk against their functional currency. Divisions are required to report potential foreign currency risk exposures to the centralised company treasury. The company treasury will assess the risk and the possible financial impact using various scenario planning techniques. To manage foreign currency risk arising from the future commercial transactions and recognised assets and liabilities, company treasury may use forward contracts, transacted with various financial institutions. foreign currency 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 company 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.

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

During the 2015 and 2016 financial years, the company's exposure to foreign currency risk arose primarily due to the company's construction contract to construct the airport on St Helena Island. In terms of the contract, the company receives revenue in four currencies: South African Rand, US Dollar, British Pound and Euro. The revenue in foreign currency is received to cover the forecast expenses in those currencies. To the extent that these expenses do not materialise or are higher than forecast, the company will be exposed to foreign currency risk. The receipt of foreign currency also gives rise to cash and cash equivalents in those currencies.

Foreign currency exposure at the end of the reporting period:

	2016		2015	
	USD	GBP	USD	GBP
	R000	R000	R000	R000
Contract debtors	1 085	7 545	0	1 609
Cash and cash equivalents	4 954	52 888	-	-
Trade and other payables	121	217 662	-3 013	79 352
Net statement of financial	6 160	278 095	-3 013	80 961
Net exposure	6 160	278 095	-3 013	80 961

Trade and other receivables are also denominated in the following currencies: Euro, Mozambique Metical, Swaziland Lilangeni and Namibian Dollar.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonable possible change in exchange rate, with all other variables held constant, of profit before taxation:

	2016		2015	
	Change	Profit or loss Increase/ Decrease	Change	Profit or loss Increase/ Decrease
	%	Rm	%	Rm
USD	10 /(10)	616/(616)	10 /(10)	301/(301)
GBP	10 /(10)	810/(27 810)	10 /(10)	3 096/(8 096)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the market interest rates.

The company's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the company to interest rate risk. The company maintains its borrowings at variable interest rates.

The interest rate profile or interest bearing financial instruments as reported to management of the company is as follows:

	Variable rate instruments	
	2016	2015
	R000	R000
Financial Assets		
Cash and cash equivalents	279 372	232 513
Financial Liabilities		
Bank overdraft	22 046	-
Interest-bearing borrowings	257 626	130 744

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rate, with all other variables held constant, of

	2016		2015	
	Change in base points	Profit or loss Increase/Decrease	Change in base points	Profit or loss Increase/Decrease
		Rm		Rm
Rand	100/(100)	0.003/(0.003)	100/(100)	1.2/(1.2)

(iii) Price Risk

Price risk is the risk that the market value of a security or commodity will fluctuate due to changes in the market price.

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

The company holds direct investments in the equity of other entities. These equities are publicly traded on the following stock exchanges:
- All Share Index as quested by the Johannesburg Stock Exchange (JSE)
- AltX Index as quoted by the JSE

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 gcompany 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 the price risk for the company as well as for 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 material price risk exposures. These instruments would be evaluated in accordance with limited set by management.

22 RELATED PARTY TRANSACTIONS

Various transactions were entered into between related parties. These transactions were entered into at market related terms.

	2016		2015	
	Receivables R000	Payables R000	Receivables R000	Payables R000
Basil Read St Helena Ltd	286 766	192 287	39 923	
Basil Read Mauritius (Pty) Limited	173 829	25 408		101 086
African Road Maintenance and Construction (Pty) Ltd	316	4 554	18 934	
Valente Brothers (Pty) Ltd	840	6 660	38 346	
Newport Construction (Pty) Ltd	9 709	14 056	16 481	
Basil Read Newport joint venture	39 325		39 448	
Basil Read Roads (Pty) Ltd	200 439	268 985	32 688	
Basil Read Holdings Ltd	237 550	273 838		674 752
Mvela Phanda Construction (Pty) Ltd	4 033	10 036		15 576
Sunset Bay Trading 282 (Pty) Ltd	94 616		205 313	
Codevco (Pty) Ltd	71	51 352		28 586
City Square Trading (Pty) Ltd	137 630		179 628	
Basil Read Mozambique Limitada		7 316	25 797	
Basil Read Zambia		1	40 773	
Basil Read Construction Ltd - Sierre Leone		18 511		21 580
Basil Read Construction Namibia (Pty) Ltd	31 266	31 266	71 094	
Basil Read Mining SA (Pty) Ltd - Head Office		31 192	7 816	
Basil Read Mining (Pty) Ltd	87 013		87 000	
Blasting & Excavating (Pty) Ltd		5 080		14 328
TWP Matomo Process Plant (Pty) Ltd		40 320		40 320
Basil Read Matomo			57 374	
Sladden Interrnational (Pty) Ltd			159 547	
Spraypave (Pty) Ltd		6	60 929	
Steffanutti Stocks Basil Read Joint Venture			21 511	
Mvela Phanda Natalspruit Hospital JV	19	12 873		
Other Subsidiaries and Joint Ventures*	1 714	17 295	6 290	3 141
	1 305 136	1 011 036	1 108 892	899 369

* Includes other intergroup loans payable and receivable that are individually below R10 million.

23 DIRECTORS' EMOLUMENTS

23.1 Executive directors

Directors	Total shareholding %	Short-term employee benefits: Salaries	Bonus and performance related payments	Short term benefits	Total
Executive directors			2016		
Neville Francis Nicolau*	0.08%	4 862 513	2 750 000	311 887	7 924 400
Khathutshelo Mapasa**	-	2 327 049	1 295 044	476 991	4 099 084
Subtotal executives	0.08%	7 189 562	4 045 044	788 878	12 023 484
Prescribed officers					
Antonie Fourie	-	2 276 730	2 542 373	524 590	5 343 693
Bruce Morton	-	2 021 566	1 041 300	486 494	3 549 360
Olivier Jean-Paul Giot	-	3 189 160	1 374 750	-	4 563 910
Andiswa Thandeka Ndoni	-	2 205 973	1 190 475	388 467	3 784 915
Amanda Claire Wightman	-	1 735 506	-	343 154	2 078 660
Talib Sadik	-	712 751	-	162 250	875 001
James Stephen Johnston	-	2 629 114	7 250 000	549 206	10 428 320
Subtotal prescribed officers	-	14 770 800	13 398 898	2 454 161	30 623 859
Total key management personnel compensation	-	21 960 362	17 443 942	3 243 039	42 647 343
2015					
Executive directors					
Neville Francis Nicolau*	0.08%	4 394 734	-	623 035	5 017 769
Khathutshelo Mapasa**	-	2 270 972	-	312 494	2 583 466
Subtotal executives	0.08%	6 665 706	-	935 529	7 601 235
Prescribed officers					
Antonie Fourie	-	2 348 766	-	298 207	2 646 973
Olivier Jean-Paul Giot	-	3 033 632	-	-	3 033 632
Andiswa Thandeka Ndoni	-	1 966 165	-	343 579	2 309 744
Amanda Claire Wightman	-	2 252 490	-	386 407	2 638 897
James Stephen Johnston	-	2 606 879	-	448 423	3 055 302
Subtotal prescribed officers	-	12 207 932	-	1 476 616	13 684 548
Total key management personnel compensation	-	18 873 638	-	2 412 145	21 285 783

*Remuneration relates to services rendered for Basil Read Holdings Group.
**Remuneration relates to services rendered for fellow group companies in the mining division.

The company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Basil Read Limited (directly or indirectly) and comprise of the board of directors and the heads of the major business units and functions.

23.2 Fees to non-executive directors

	Directors' fees for services as a director	
	2016 R	2015 R
Non-executive directors		
Paul Cambo Baloyi	929 100	915 000
Claudia Estelle Manning	803 600	683 000
Total	1 732 700	1 598 000

These fees have been waived by the executive directors. Fees are paid quarterly in arrears and include services rendered for Basil Read Holdings Group.

24 COMMITMENTS

	2016 R000	2015 R000
Capital expenditure approved for maintenance of operations	432 875	-

Capital expenditure will be financed from cash generated from operations as well as sale of fixed assets that have surpassed their useful lives.

The capital commitments relate primarily to maintaining Property, plant and equipment.

At the reporting date the company had the following outstanding commitments for operating leases:

	2016 R000	2015 R000
Less than one year	44 958	41 562
Later than one year and not later than five years	48 643	44 958
Later than five years	340 821	387 860
	434 422	474 380

The operating leases for office equipment are payable in monthly instalments of R133 777 and is up for renewal in February 2018.

The operating leases for office space are payable in monthly instalments of between R348 691 and R1 363 878, 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 eight years.

Guarantees and suretyships	2016 R000	2015 R000
Payment guarantees	15 883	24 600
Performance and construction guarantees	1 065 173	1 662 150
Bond retention guarantees	154 462	304 007
Bid and other bonds	60 000	-
	1 295 518	1 990 757

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

25 SIGNIFICANT ACCOUNTING POLICIES

These accounting policies represent a summary of the significant accounting policy elections of the Basil Read Limited. They are not intended to be a complete list of all policies, a list of the full detailed accounting policies of the company is available at the head office of the company.

Corporate Information

Reporting Entity	Basil Read Limited ("BRL","the company") is the subsidiary company of the Basil Read Holdings Limited.
Reporting period end	Financial year ending 31 December
Domicile	The Republic of South Africa

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of available-for-sale investments and fair instruments valued through profit or loss.

Prepared in accordance with

International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides, International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) standards and interpretations	The JSE listing Requirements and The Companies Act, No.71 of 2008	The principle of going concern	The historical cost and fair value basis of accounting, where applicable.

These Financial Statements have been prepared on a basis consistent with that of the prior year, unless otherwise indicated

Functional - and presentation currency

South African Rand

Rounding policy

- All amounts are presented in rand thousand (R000)
- The company has a policy of rounding in increments of R500. Amounts less than R500 will therefore be round down to Rnil and are presented as a dash.

Foreign currency transactions

Procedures followed to translate to presentation currency

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.
- Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.
- Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Foreign exchange gains or losses are recognised in profit or loss within Net Financing costs.

Notes to the financial statements (continued)

for the year ended 31 December 2016

26 Significant accounting policies

Included below is a summary of the significant accounting policies applicable to the group and company financial statements. These accounting policies include only the areas in IFRS where elections have been made or policy choices exercised (including the choice or election made) as well as measurement criteria applied. The accounting policies also include information where it will assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position and was included based on the materiality as determined by management.

26.1 Summary of significant accounting policies

Construction contracts
- Revenue and other income
- Contract assets/liabilities

Employee benefits
- Short-term
- Post-employment benefits

Operating assets
- Property, plant and equipment
- Goodwill and Intangible assets
- Leases
- Inventories and development land

Other Income and Expense Items
- Net Finance Income / Expense
- Capital items

Financial instruments
- Financial assets
- Impairment

Capital and reserves
- Share capital and equity
- Reserves

26.2 New accounting standards and IFRIC interpretations

Standards, amendments and interpretations adopted by the Group

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 other than the adoption of the amended IAS 1. Details regarding this adoption have been provided in the financial statements in the note titled 'Changes to presentation and adoption of IAS 1 (amended).

Standards, amendments and interpretations to existing standards that are not yet effective

The company has chosen not to early adopt the following Standards and Interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2017 or later periods.

	Accounting Standard	Type	Effective date	Impact on the financial statements
IFRS 9	**FINANCIAL INSTRUMENTS** **Classification and measurement of financial assets** - all financial assets are initially measured at fair value; - debt instruments are subsequently measured at fair value through profit or loss; - amortised cost or fair value through other comprehensive income; - equity instruments are measured at fair value through profit or loss.	New	01-Jan-18	The company's business model is to hold and collect and the group only collects capital and interest, therefore our financial instruments are unlikely to change.
	Classification and measurement of financial liabilities For liabilities measured at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in other comprehensive income. The remainder of the change in fair value is presented in profit and loss; and all other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.			No expected change as the company does not classify liabilities at fair value through profit and loss.

Notes to the financial statements (continued)

for the year ended 31 December 2016

Standards, amendments and interpretations to existing standards that are not yet effective

The company has chosen not to early adopt the following Standards and Interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2017 or later periods.

	Accounting Standard	Type	Effective date	Impact on the financial statements
IFRS 9	**FINANCIAL INSTRUMENTS**	New	01-Jan-18	
	Impairment			
	The impairment requirements are based on an expected credit loss (ECL) model. Entities are generally required to recognise 12-month ECL on initial recognition and thereafter, as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL.			Impairment requirement might result in earlier recognition of credit losses.
	Hedge accounting			
	Hedge effectiveness testing is prospective and depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedge item if the risk component is separately identifiable and reliably measurable. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.			The company does not apply hedge accounting, therefore no expected effect. Various additional disclosures are anticipated as a result of IFRS 9.
IFRS 15	**REVENUE FROM CONTRACTS WITH CUSTOMERS** New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	New	01-Jan-18	Expected to result in a restatement of revenue recognised may also change the pattern of revenue recognition affecting margins presented. Also expected to result in numerous additional disclosures.
IFRS 16	**LEASES** New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.	New	01-Jan-19	Expected to result in a restatement of our operating leases to recognising the "right of use assets" together with the related lease liabilities. Also expected to result in additional disclosures.

Construction contracts

Revenue and other income

		Includes	Recognition	Measurement
Contract revenue	Local	South Africa	Based on: - Fair value of consideration received or receivable - Including variations and claims - Excluding value-added tax	Percentage of completion 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 or where appropriate for the type of contract, physical completion based on surveys of worked performed.
	Foreign	Rest of Africa and St Helena		
Other revenue	Dividend income	Amounts both received or accrued	On right of receipt	Fair value
	Development revenue		When services are rendered	Fair value net of discounts, value-added tax and sales-related taxes
	Construction materials and services			

Contract assets and liabilities

	Measurement
Contract work in progress	Cost plus profit recognised to date less cash received or receivable
Contract income received in advance	The amount by which progress billings exceed costs incurred plus recognised profit less recognised losses.
Contract provisions	Estimates are made of the expected cash outflows relating to contracts from either warranty obligations or onerous contracts and provisions raised accordingly, refer to the Critical Estimates and judgements note for further details.

	Measurement	Impairment
Trade receivables from contract customers	Measured at progress billing certified less payments received	Provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original term of receivables.
Retention Debtors	Raised as part of debtors at same time as contract debtors are recognised	
Order Book	Included in the order book is future work relating to future projects as well as the remaining work on current projects that has been secured by the company.	

Net Finance Income / Expense

	Includes	Recognition	Measurement
Finance Income	Finance income is earned on positive cash balances.	Using the effective interest method	At the rate that exactly discounts the estimated future cash receipts through the expected life of the underlying financial instrument. Where the financial instrument has been impaired finance income continues to be recognised on the impaired value based on the original effective interest rate.
Finance Expense	Finance expense represents the interest charges on loans and borrowings, finance leases, the medium term note programme and non-deductible interest paid to SARS.		At the interest rate that exactly discounts the estimated future cash payments through the expected life of the underlying financial instrument.

Notes to the financial statements (continued)
for the year ended 31 December 2016

Capital items
Included within capital items are the following:

	Description of movement included
IFRS 5 - Non-current assets held for sale and discontinued operations	- Discontinued operations: The post-tax gain or loss recognised on the measurement to fair value, less costs to sell. - Gains or losses on non-current assets or disposal groups (as a whole) held for sale (which include subsidiaries, joint ventures, joint operations and equity-accounted associates). - The impairment recognised where an asset or group of assets is no longer considered to be held for sale because there is a change in plan and there is no longer the intention to sell the asset or group of assets.
IAS 16 - Property, plant and equipment	- Impairment/subsequent reversal of impairment. - Disposal gains/losses. - Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up.
IAS 17 - Leases	- Operating leases: Profit or loss from the sale and operating leaseback transaction itself.
IAS 21 - The Effects of Changes in Foreign Exchange rates	- Translation of the net investment in a foreign operation and monetary assets/liabilities treated as part of the net investment accounted for in profit or Loss.
IAS 27 - Separate Financial Statements	- Gains/losses on the loss of control of the subsidiary.
IAS 28 - Investments in Associates and Joint Ventures	- Gains/losses on the disposal of the associate/joint venture.
IAS 36 - Impairment of assets	- Any impairment/subsequent reversal of an impairment covered in this standard.
IAS 38 - Intangible assets	- Impairment/subsequent reversal of impairment. - Disposal gains/losses. - Compensation from third parties for intangible assets that were impaired, lost or given up.
IAS 39 - Financial Instruments: Recognition and Measurement	- The reclassification of gains and losses on available-for-sale financial assets upon impairment or disposal and subsequent impairment losses - The reclassification of all other measurements from other comprehensive income to profit or loss

Employee benefits

	Short term employee benefits
Includes	Salaries and Wages, paid vacation leave, sick leave, bonuses, as well as non-monetary benefits such as medical care.
Accounting treatment	These benefits are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. Accruals are raised for the estimated liability for annual leave and long-service leave as a result of services rendered by employees. Provisions are raised for bonus payments to employees.

Termination benefits
Termination benefits are recognised when it is demonstrably committed to either terminate the employment or 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.

Post-employment benefits

	Defined Contribution Plan
Includes	The Basil Read Limited Provident Fund and the Construction Industry Retirement Benefit Plan covers permanent employees of the company and its subsidiary companies.
Accounting treatment	Obligations for contributions to defined contribution pension plans are recognised as an expense in staff costs in profit or loss as incurred in the periods during which services are rendered by employees.

Subsidiaries

Recognition and measurement
Investments in subsidiaries are initially recognised at cost and are subsequently measured at cost less any accumulated impairment.

Joint Arrangements

Associates and joint ventures	Joint operations
Initial recognition and measurement	
Associates and joint ventures are accounted for using the equity method. Interest in equity-accounted investees are initially recognised at cost. Goodwill recognised on the acquisition of a joint venture as well as an associate company is included in the carrying amount of the investment.	Results of joint operations are included when two or more parties combine their operations, resources and expertise in order to manufacture or build a particular product.
Derecognition	
On the date that the equity-accounted investments are disposed of, the entity ceased to equity account the investments.	When the combined operation ceases, the groups' share of the assets and liabilities held jointly as well as its share of profits or losses is derecognised.
Subsequent measurement	
Subsequent to initial recognition, the company recognises its share of the profit or loss and other comprehensive income until the date on which joint control ceases.	The company has rights to the assets and obligations for its liabilities in a joint operation and therefore recognises in relation to its interest in a joint operation the following: a) its assets, including its share of assets held jointly; b) its liabilities, including its share of any liabilities incurred jointly; c) its share of the revenue from the sale of the output by the joint operation; and d) its expenses, including its share of any expenses incurred jointly

Impairment

The company assesses whether there is any indication that an equity-accounted investee may be impaired at each reporting date. An impairment is recognised when there is objective evidence that the equity-accounted investment is impaired. Impairment losses are deducted from the carrying amount of these investments. Any impairment is calculated after application of the equity method. Losses resulting from transactions with equity-accounted investees are recognised only to the extent of unrelated investor interests in the equity-accounted investees.

Unrealised gains and losses

Unrealised gains or losses on transactions between divisions and its associates and joint ventures are eliminated to the extent of the company's interest in them, except where unrealised losses provide evidence of an impairment of the asset. When the company's share of losses in an associate or joint venture equals or exceeds its interest therein, the company does not recognise further losses, unless the company has incurred obligations or made payments on behalf of the associates or joint ventures.

Translation of foreign operations

Procedures followed to translate to presentation currency

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into rand at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into rand at the exchange rates at the dates of the transactions.

The difference in translation between these rates is recognised in the profit and loss.

Property, plant and equipment

Categories	Initial Measurement	Subsequent measurement	Depreciation method	Impairment
Land and buildings Plant and equipment Furniture and Fittings	Cost	Cost less accumulated depreciation and impairment	Land is not depreciated. All other assets are depreciated on a straight-line basis over their useful lives	Assets that are subject to depreciation are reviewed for impairment at the end of each reporting period when event indicate that the carrying amount may not be recoverable. Assets are considered to be impaired when the higher of the assets fair value less cost to sell or value in use is less than the carrying amount. An impairment loss is recognised for in profit or loss within non-trading and capital items.

Leases

Finance Lease

Initial Measurement	Subsequent	Depreciation
Assets leased under a finance lease are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, is lower, the present value of the future minimum payments.	Assets are depreciated, Liabilities are measured at amortised cost	Depreciated over the expected useful lives on the same basis as owned assets, or, where shorter, the term of the lease

Operating Lease

Rentals payable and receivable under operating leases are recognised in the profit loss on a straight line basis over the term of the relevant lease.

Inventory

Spares, Consumables and finished goods	Inventories consist of spares, consumables and finished goods. These inventories will be used in the normal operating cycle. Cost is determined on a weighted average basis. Inventories are subsequently measured at the lower of cost or net realisable value.

Financial Instruments

Financial assets, financial liabilities and equity instruments are recognised in the companys' statement of financial position when the company becomes a party to the controlled provisions of the instrument.

Financial Assets

Classification	Instruments included in the classification	Initial measurement	Subsequent measurement
Fair value through profit or loss	Unlisted investments	Fair value	Fair value through profit or loss
Loans and receivables	Trade receivables and cash and cash equivalents	Fair value plus direct transaction costs	Amortised cost using the effective interest rate method, less impairment
Available-for-sale	Listed Investments	Fair value plus direct transaction costs	Fair value through other comprehensive income

Cash and cash equivalent

Cash and cash equivalents comprises of cash on hand, demand deposits and cash equivalents which are highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

Impairment

Criteria the entity uses to determine that there is objective evidence that an impairment loss has occurred (including measurements)	**Loans and receivables: Trade and other receivables** An estimate of any impairment is made to an allowance account on individual receivables. Objective evidence that the collection of the full amount under the original terms of the invoice is no longer probable would include indicators such as probable insolvency or significant difficulties in the debtor. Impaired debts are derecognised when they are assessed as uncollectible. The impairment allowance raised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition less the value of any collateral held. Management assesses the need for impairment of these receivables when there is evidence that a loss may be incurred. This considerations used by management are the repayment ability and performance of the counterparty as well as relevant prior history of the counterparty. The impairment calculation recognises an allowance, measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. To minimise the risks related to contract receivables, management may, at its discretion, request collateral in the form of payment guarantees and builders' liens for such receivables. The impairment calculation takes into account the existence of any collateral held against contract receivables, where applicable. **Loans to group companies** Significant financial difficulties, probability that the company will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence of impairment.

Financial liabilities

Classification	Instruments included in the classification	Initial measurement	Subsequent measurement
Loans and borrowings and payables	Borrowings, loans from group companies, trade and other payables and bank overdrafts	Fair value plus direct transaction costs	Amortised cost using the effective interest rate method

Capital and reserves

Share capital

Share capital issued by the company is recorded at the proceeds received, net of issue costs

Reserves

Retained earnings comprises of accumulated profits or losses from prior years less dividends to equity holders. Dividends are included in the statement of changes in equity in the year in which they are declared.

Fair value adjustment reserve comprises of movements in fair value classified through other comprehensive income

27 Post-balance sheet events

Subsequent to year end, the business continues to trade under difficult conditions, as a result of this the board of directors has resolved to review the business with a view to undertaking significant restructuring of the company to preserve shareholder value, and has engaged the services of a corporate finance advisory firm to assist the company in this process.