BASIL READ

ANNUAL REPORT 2009

Milestones in time

Milestone in time:

Mbombela Stadium in Nelspruit is a benchmark and our contribution ahead of the 2010 FIFA World Cup.

Strategy

Our strategy was the driving force in rebuilding the group over the past five years. The discipline and determination with which we have applied this strategy have seen Basil Read placed first in the prestigious Sunday Times Business Times Top 100 Companies – for two consecutive years. The scale of key contracts we have been awarded in that time reinforces the skill and passion we bring to every project.

Precision

Milestones through the ages have been measured and marked by increasingly advanced timekeeping devices – clocks. At Basil Read, we measure our progress in the same way. In 2008, we reached a milestone in our company's history by delivering the highest return for shareholders per share of any listed company in South Africa. In 2010, we are aiming to reach our goal of turnover of R5 billion. And we'll pass another in 2013 when turnover is set to reach R10 billion.

Innovation

The same kind of innovative thinking that led to the invention of the abacus 5 000 years ago drives Basil Read today, allowing us to continually post earnings results above expectations. It took nearly six decades for our turnover to reach R5 billion; with innovative thinking, we'll reach R10 billion in just another three years.

Simplicity

The advent of the wheel inspired a range of groundbreaking creations across the known world around 7 000 years ago. The same kind of simple innovative thinking keeps us on track at Basil Read as we embark on an ambitious global expansion programme throughout Europe, the Middle East and Australasia that will make us a compelling global group and double turnover by 2013.

Milestones in time

Group at a glance

Construction

This division incorporates Basil Read's civil engineering, roads and building operations. Proven technical and financial engineering skills have reinforced the group's position among the leaders in this industry.

Basil Read undertakes major works for private and public sector clients covering a broad spectrum of civil engineering and road projects, including earthworks, bridges, pipelines, infrastructure, harbour and marine works, industrial plants, sports facilities, roads, highways, airports and other related industrial activities. The group also adds value through innovative packaging: build-operate-transfer (BOT) contracts, design and construct, and other alternative solutions tailored to meet client requirements.

Using a total quality approach to projects, the Basil Read building division adds value through unique turnkey solutions, innovative construction methods, effective cost control, design alternatives and financing options.

Revenue

R3,9 billion +46%

(2008: R2,7 billion)

Operating profit

R288,6 million +69%

(2008: R170,4 million)

Highlights

> Exceptional growth experienced in 2009

> Acquisition of Gerolemou/Mvela bolsters building division

> Basil Read completes the Mbombela Stadium, ahead of the 2010 deadline

Mining

Basil Read's mining division incorporates the group's opencast mining operations and drilling and blasting activities, housed in subsidiary Blasting & Excavating (Pty) Limited.

Basil Read Mining specialises in opencast contract mining; mine spoils rehabilitation; bulk earthmoving; thin, thick and multiple seam mining, hard-rock selective mining and materials handling. B&E provides drilling and blasting services to the southern African construction, quarrying and mining industries. It is the largest company of its kind and the major user of explosives in these industries in the region.

Basil Read Mining has operated medium- and long-term contracts for gold, platinum, nickel, iron, diamond and coal mining clients across Africa, using the latest operating equipment and innovative mining techniques to satisfy their evolving needs.

Revenue

R679,2 million -6%

(2008: R719,7 million)

Operating profit

R113,9 million -8%

(2008: R124,5 million)

Highlights

> Solid results in tough trading period

> Poised for future growth as commodity market stabilises

> Contracts secured during the year valued at R900 million

Developments

Basil Read's developments division is strategically significant to the broader group: while the philanthropic nature of many of the contracts undertaken is an integral part of our social licence to operate, the division also provides secondary work for group companies. From affordable housing developments to mixed-use residential estates and light industrial parks, Basil Read is working with national, provincial and local government, parastatals and non-governmental organisations to support national imperatives focused on improving the quality of life of South Africa's people.

Basil Read's flagship project in this sector to date is the Cosmo City development – already a vibrant community of over 9 000 families enjoying the comfort of affordable, quality homes surrounded by schools, churches, parks and, soon, shopping centres. By the end of 2010, Cosmo City will be home to some 70 000 residents. Similar projects are well under way in Doornkuil, south of Johannesburg and Cape Town.

Revenue

R68,3 million -12%

(2008: R77,4 million)

Operating profit

R6,2 million -54%

(2008: R13,5 million)

Highlights

> All approvals received for Savanna City at the Doornkuil site

> Phase I infrastructure completed for Klipriver Business Park

> Some R3 billion in work will be created for other divisions over the life of current projects

Engineering

Basil Read's engineering division complements the activities of the group's construction, mining and developments divisions, adding a wealth of specialised in-house expertise and experience. This will be augmented by the considerable pool of consulting expertise in the TWP group, following shareholder approval for this acquisition in November 2009.

Drawing on an 800-strong team of skilled professionals, TWP is a leading engineering project house with a track record of over US$20 billion in successfully completed projects for its global clients. TWP provides a full range of civil and structural engineering, project management and architectural services, as well as electrical and mechanical engineering solutions.

This newest division in the group will capitalise on increased demand for companies that offer turnkey services and specialist skills for construction projects.

Highlights

> TWP acquisition diversifies Basil Read's service offering

> Projects under management in excess of R60 billion

> Enlarged group equipped to offer a full service to the world's construction environment and mining sectors

Group

For well over half a century, Basil Read has been laying the foundations for the future of the country and all South Africans. Every South African has been touched by Basil Read at some point – from the home you live in, the clinic you are treated in, the roads you drive on or the school where your children are educated.

In just about every area of the construction industry in South Africa, Basil Read plays a leading role, be it building, civil engineering, road construction or opencast mining. The group's focus on value-for-money offerings that deliver uncompromising quality, even in the face of the tightest of deadlines, is the cornerstone of its business.

Basil Read's founding principles – hard work, team effort and integrity – are evident in every contract we undertake. A combination of innovative technology and unwavering attention to detail enables Basil Read to not only meet clients' requirements, but exceed them every time.

As South Africa grows and changes, Basil Read is ready to meet these new challenges head-on. From low-cost housing to a stadium for the 2010 FIFA World Cup or vital infrastructure development, you can be sure Basil Read will deliver.

Revenue

R4,7 billion +34%

(2008: R3,5 billion)

Operating profit

R408,8 million +33%

(2008: R308,4 million)

Highlights

> Basil Read wins the Sunday Times Business Times Top 100 Companies Survey – for second consecutive year

> Acquisitions add critical mass to the group

> International expansion well under way

Business overview

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Sustainability report

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Group timeline – five years

For a group founded in the 1950s, five years is not really a long period. However, the strength and consistency of Basil Read's growth in the past five years – amid arguably the most intense competition in its sector in history – proves the mettle of a group founded on family values and honed through good and bad economic cycles. A double winner of the prestigious Sunday Times Business Times Top 100 Companies award, Basil Read continues to target sustained growth and value for all stakeholders. Excerpts from annual reports over the past five years mark the development of a group that is now truly a formidable participant in its sector, and poised to move beyond South Africa's borders.

Revenue
R617 million

2005

The French company, Bouygues Travaux Publics SA sells 51,9% of its shareholding in Basil Read to two new empowerment shareholders, Amabubesi Investments (Pty) Limited and Metallon Ventures (Pty) Limited, making Basil Read the first truly black-empowered construction group in South Africa.

Basil Read returns to profitability and reports an order book of over R1 billion, providing the first indication of sustainable growth.

Revenue
R1,2 billion

2006

Basil Read raises R105,6 million in a rights offer to clients. The increased capital base allows the company to expand operations and initiate its strategy of growing the business organically and acquisitively.

The group announces its three-year plan to modernise and revitalise its asset base of plant and equipment.

Revenue
R2,0 billion

2007

The Basil Read group celebrates its 55th year in construction with the announcement that it has been awarded the contract to build the 2010 FIFA World Cup stadium, Mbombela Stadium, in Nelspruit, Mpumalanga.

Basil Read completes the acquisition of the Blasting & Excavating group, the largest contract drilling and blasting company and foremost user of explosives in the construction industry in South Africa.

Revenue
R3,5 billion

2008

Basil Read acquires Roadcrete Africa, a civil engineering contractor dealing primarily in township infrastructure and related bulk services. The acquisition is a valuable addition to the group and an undisputed asset to the roads and civils divisions.

The roads division is awarded its largest contract to date – packages D1 and D2 of the Gauteng Freeway Improvement Project commissioned by SANRAL as part of the 2010 Roads Improvement Project. Total contract value is R1,7 billion.

Basil Read wins the prestigious Sunday Times Business Times Top 100 Companies survey for 2008. This prestigious annual survey acknowledges listed companies that have earned the most wealth for shareholders over the past five years.

Revenue
R4,7 billion

September
2009

Basil Read acquires the Gerolemou/Mvela group for a total of R351,5 million. The acquisition will strengthen the buildings division and enable the enlarged group to aggressively pursue the many building opportunities currently on offer as public-private partnerships (PPP). The PPP model encompasses the design, construction and financing of major projects, which Basil Read has identified as a key growth area. The capacity and management skills acquired will allow us to undertake these larger, more technically challenging projects.

October
2009

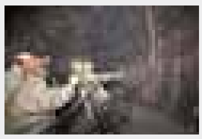
The handover of Mbombela Stadium in Nelspruit takes place at an elaborate function on 15 October 2009. A host of distinguished guests witnessed the official unveiling and handover to the executive mayor of Nelspruit, Lassy Chiwayo. Guests were visibly impressed by the stadium's remarkable form, spectacularly lit by its numerous floodlights.

October
2009

Basil Read wins the prestigious Sunday Times Business Times Top 100 Companies survey for 2009 – the second consecutive year. This places Basil Read in a select group of multiple winners since the inception of the survey. At 81% compound growth over the period, Basil Read was more than 13 percentage points ahead of the second-placed company and double the rate of the next best-performing construction company in arguably one of the worst global economic environments in decades.

December
2009

Basil Read successfully completes the acquisition of the TWP group for a total of R661,4 million. TWP's core business is engineering design, procurement and construction management, typically referred to as EPCM. Although Basil Read and TWP currently operate in two different spheres, the acquisition complements both businesses. With prospective clients, especially those outside the borders of South Africa, looking for a single point of contact for their projects, the enlarged group will be uniquely equipped to offer a full service to the world's construction environment and mining sectors.



Milestones in time

‘ **Tackling complex projects**

‘ **World-class standards**

‘ **Local design, successful partnerships**

Milestones in time

Basil Read will meet the technical challenge of completing road improvement projects through notorious dolomitic ground conditions on Gauteng's busiest freeways ahead of schedule

N1 Freeway

To the construction industry, these are known as the D1 and D2 GFIP packages. Translated, they involve improving the Brakfontein-Flying Saucer (R21) and Atterbury-Scientia (N4) interchanges as part of the Gauteng Freeway Improvement Project.

Securing this prestigious contract required an innovative approach to satisfy SANRAL's tender requirements that qualifying consortiums include large, medium and small contractors. Basil Read successfully partnered with subsidiary Roadcrete Africa, Dip Civils and Chavani to enhance its already-strong empowerment credentials.

The combined value of the two projects in this contract is around R1,7 billion. To accommodate the dramatic increase in daily traffic flow on one of Gauteng's busiest freeways, the work involves adding extra lanes to the existing median areas, substantially widening the existing shoulders, upgrading interchanges and bridges, including a number of new bridges and drainage structures, and general rehabilitation and upgrade of existing asphalt surfaces. Nine bridges are involved in these projects, two of which will be broken down and rebuilt, with several new bridges being constructed.

Apart from working on highways that really operate at peak traffic for most of the day, widening the N1 through this high-density area required constructing some 7km of high retaining walls and noise-barrier walls. The existing pipe and pedestrian bridges between Atterbury and Lynnwood roads had to be demolished and replaced by a new, longer, single-span steel arch-type bridge. This section of the highway also passes through an area of immense utility services, which involved relocating and rerouting a significant number of these utilities, particularly telecommunications services.

The N1 through Centurion also passes through notorious dolomitic ground conditions that make construction difficult and dangerous. This has required major foundation grouting and piling measures to provide stable founding conditions for the bridges.

Despite adverse weather and industry-wide labour disputes, work on both projects is progressing very well, and the work teams expect to reach their completion milestone well ahead of the May 2010 deadline.

The roads division has an established reputation in the industry and is seen by many as one of the leading contractors in this field. The division has maintained its visibility with a number of high-profile projects, particularly those that are part of the Gauteng Freeway Improvement Project.

Rössing – jewel of the Namib

Rössing lies 70km inland of Swakopmund in the world-renowned Namib Desert, amid the valleys of the Khan and Swakop River systems. Owned by global mining giant, Rio Tinto, Rössing is the largest open-pit uranium mine in the world and has operated since 1979.

In May 2006, Basil Read Mining was contracted to pioneer the north-western cutback of the existing Rössing open pit. This is essentially a greenfield operation in which Basil Read prepares new faces and mining areas. For the first contract, this involved stripping 6,5 million tonnes of rocky mountainous landscape, mixed waste and uranium ore. On successful completion of this project, Basil Read was awarded a contract extension to continue with the southern cutback.

This is a highly labour-intensive operation, using a dedicated team of almost 200 employees and contractors, working 24 hours a day, six days a week or 37 000 to 46 000 hours a month under some of the harshest climatic conditions in Africa.

Widely considered as one of the safest mines in Africa, the Basil Read team at Rössing has played an important role in maintaining this record. By ensuring the highest safety standards at all times, the team has achieved two million hours without a lost-time injury. This successful safety model is being replicated at other group operations.

The team has also been very closely involved with the local community in Arandis, donating and refurbishing a house for the pre-school, building a community centre with the local Miners Forum, sponsoring the local school's netball team and supporting computer literacy initiatives for staff.

The mining division reported solid results despite the difficult trading conditions as a result of the collapse of the commodities market. Importantly, the division was able to maintain its base of expertise through careful management of human resources, avoiding any retrenchments. This is a decided competitive advantage in an industry so affected by the shortage of specialist skills.

Working under some of the harshest climatic conditions in Africa, Basil Read has played an important role in maintaining Rössing mine's impressive safety record

Working in a confined space in a high-density zone while ensuring the quality of finishes for the upmarket Regent was achieved without a single lost-time injury in 29 months of construction

The Regent – really regal living

The Regent in Morningside, Sandton, is an upmarket apartment block comprising two parking basements, eight floors of apartments and a multi-storey ninth floor of high-end penthouses. Floors one to eight were handed over to owners in July 2009, and the penthouses completed in October.

The Regent was built on an elongated site on the outskirts of the high-density zone in Sandton. To maximise the surrounding views, the building has a gentle curve, providing side views as well as north views. Limited working space and curving walls – which meant complex brickwork facades – were just some of the challenges faced in the two-and-a-half-year construction period. The team also had to ensure that the required standard of finishes was maintained throughout 98 luxury apartments and 12 penthouses.

Despite these challenges, the team recorded 1,5 million hours without a lost-time injury – no small feat when there were over 900 Basil Read and contractor employees on site for 29 months.

Basil Read is bidding for a number of the private-public partnership (PPP) projects on offer, including government office blocks and mixed classified correctional centres which, if successful, could yield significant work for the buildings division.

Sustainability in action

For our group, the developments division is less about individual projects and more about an approach – an approach that balances business, community and environmental interests to become sustainable development in action.

A snapshot of the development division's current portfolio shows a range of projects: from pioneering integrated mixed-use residential estates that offer quality, affordable accommodation in a desirable setting, to light industrial parks that support the development of small businesses, to a level of environmental awareness that directly enhances quality of life while conserving environmental resources.

This approach is perhaps best illustrated by the fact that while Basil Read Developments awaits regulatory approval on certain projects, 500 000 trees are growing in its nursery – ready to play their part in greening the lives of families and entire communities enjoying the group's approach to quality affordable housing as a lifestyle.

While being the smallest of Basil Read's divisions, developments has the largest socio-economic impact of all the divisions with a direct investment of R21 billion, and a total economic impact of R68 billion between current projects and developments in the planning stages.

At Cosmo City, Basil Read Developments is balancing business, community and environmental interests to showcase sustainable development in action in an integrated mixed-use residential context

Mbombela Stadium is a convincing demonstration of Basil Read's ability to tackle large-scale projects on tight deadlines, work with international partners and to international standards

Mbombela Stadium – local design, world-class standards

In siSwati, mbombela means 'many people together in a small space'. This does not do justice to the world-class sporting facility that is Mbombela Stadium – which can seat 45 000 people and be evacuated in under eight minutes. The stadium will host four rounds of FIFA World Cup matches in 2010 and was constructed in 32 months by the joint venture between Basil Read and leading French group Bouygues Construction. Built to very high quality standards, Mbombela was completed eight months before the FIFA deadline.

Mbombela was the only one of five new stadiums erected that was designed by South African architects. Evenly spaced around the 81 000m^2 stadium are 18 giraffe, standing 48m high – these African icons are both an aesthetic feature and a critical part of the structure, supporting the stadium roof and bowl. The stadium roof itself was manufactured in South Africa and offers the best coverage of all new stadiums. The stadium's eco-friendly design will also see all water falling onto the pitch collected through a network of pipelines and ultimately ending up as hot water for the showers.

During construction, there were an average of 700 people on site each month, peaking at 1 650. Some 70% of these were locals from surrounding areas.

The stadium – the largest single investment in Mpumalanga province – will not only provide an attractive and uniquely South African experience to international soccer fans, but become an important asset to Nelspruit and surrounding areas where there were no multi-purpose sports facilities.

As a project, Mbombela Stadium has placed Basil Read firmly among the leaders in its industry – a convincing demonstration of the group's ability to tackle large-scale projects on tight deadlines, work with international partners (leading French group, Bouygues) and to international standards while complying with national requirements.

In the years ahead, the South African government is planning a R30 billion investment to upgrade and expand water infrastructure. Proposed energy investments include green energy, independent power plants, nuclear plans and power projects in sub-Saharan Africa. Overall the civils division is well placed to participate in this activity, given its expertise and track record.

Engineering landmarks

The merger of Basil Read with the renowned TWP Holdings brings some of the largest and most complex mining projects on the African continent into the group portfolio.

Konkola Copper Mine (KCM): In 2006, TWP was awarded the design of the headgear, shaft steelwork, and underground and shaft rock-handling systems for Vedanta's new 1,5km No 4 shaft. In addition, TWP is involved in designing the underground pumping and settling system, general electrical reticulation and control, as well as the project's associated instrumentation. The sinking portion of the permanent steel headgear was designed to South African standards and the contract for manufacture outsourced to South African suppliers with delivery beginning in 2007.

At the client's request, TWP designed the permanent portion of the steel headgear to Chinese 'GB' standards using Chinese-grade steel. The design of the permanent headgear was completed in 2007 and the contract to manufacture this portion of the headgear awarded to a Chinese supplier. Sourcing the permanent portion of the steel structure from China saved the client over 20% on the total cost of the headgear.

Modikwa Platinum Mine: This encompasses full EPCM (engineering design, procurement and construction management) with overall responsibility for constructing the mine from concept to full production. TWP's involvement spanned environmental management planning and reporting, mineral rights negotiations, local community liaison and commissioning.

The acquisition of TWP complements both businesses. With prospective clients, especially those outside the borders of South Africa, looking for a single point of contact for their projects, the enlarged group will be uniquely equipped to offer a full service to the world's construction environment and mining sectors.

The project involved roads, conveyors, compressors, pipelines, tailing dam, concentrators, four decline and two vertical shafts, mining development and equipment. From start on site to commissioning, the R1,8 billion project took 20 months and was completed without a fatality.

Assmang's Nchwaning Manganese Mine: part of Assmang's Black Rock mine operations in the Kalahari manganese field of the Northern Cape. TWP was initially contracted to design the plant in 2007 and later awarded the EPCM contract, with construction starting in October 2009. Final contract handover is scheduled for March 2010.

As the first manganese beneficiation plant undertaken by TWP, Nchwaning is a significant project and, in technical terms, represents the best of established practice worldwide.

Safety first

Building the future

Complementary skills, significant potential

The merger of Basil Read and TWP consolidates some of the largest and most complex mining projects on the African continent into the group portfolio

Five year review

for the year ended 31 December 2009

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
INCOME STATEMENT					
Revenue	**4 662 492**	3 474 831	2 010 559	1 162 198	617 332
Contracting	**4 421 007**	3 205 224	1 809 691	1 016 193	563 478
Other	**241 485**	269 607	200 868	146 005	53 854
Contracting and other costs	**(3 949 241)**	(2 939 421)	(1 674 055)	(1 016 810)	(530 955)
Gross profit	**713 251**	535 410	336 504	145 388	86 377
Admin and operating overheads	**(303 923)**	(225 176)	(166 206)	(93 488)	(50 451)
Other (expenses)/income	**(578)**	(1 844)	37	1 850	1 377
Operating profit	**408 750**	308 390	170 335	53 750	37 303
Net finance income/(costs)	**3 019**	(12 314)	(6 030)	3 479	(13 195)
Profit before share of associates	**411 769**	296 076	164 305	57 229	24 108
Share of profit from associates	**10**	85	15	–	158
Profit before taxation	**411 779**	296 161	164 320	57 229	24 266
Taxation	**(140 869)**	(90 319)	(46 678)	(2 269)	709
Net profit for the year	**270 910**	205 842	117 642	54 960	24 975
Net profit for the year attributable to:					
Equity shareholders of the company	**274 270**	204 516	117 788	54 103	24 975
Minority interests	**(3 360)**	1 326	(146)	857	–
Net profit for the year	**270 910**	205 842	117 642	54 960	24 975
STATISTICS					
Earnings per share (cents)	**317,15**	265,44	159,18	93,53	45,31
Diluted earnings per share (cents)	**316,49**	262,12	156,92	93,05	45,19
Headline earnings per share (cents)	**333,12**	267,04	158,54	89,62	42,71
Diluted headline earnings per share (cents)	**332,43**	263,71	156,29	89,15	42,60
Dividend paid per share (cents)	**58,00**	50,00	30,00	–	–
Interest cover (times)	**7,82**	6,57	7,20	10,58	5,24
Operating margin (%)	**8,77**	8,87	8,47	4,62	6,04

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
BALANCE SHEET					
Assets					
Non-current assets	**1 647 284**	960 792	587 074	215 007	106 933
Property, plant and equipment	**798 490**	761 470	489 021	176 438	82 293
Intangible assets	**723 174**	143 907	41 486	10 444	–
Other non-current assets	**125 620**	55 415	56 567	28 125	24 640
Current assets	**2 543 292**	1 515 927	732 682	415 941	159 896
Inventories	**24 928**	25 940	20 533	6 659	1 141
Development land	**280 718**	54 734	–	–	–
Contract debtors and retentions	**898 797**	448 967	243 210	120 069	64 762
Other current assets	**92 810**	42 529	31 812	18 695	2 744
Cash and cash equivalents	**1 246 039**	943 757	437 127	270 518	91 249
	4 190 576	2 476 719	1 319 756	630 948	266 829
Equity and liabilities					
Capital and reserves	**1 500 916**	789 552	355 863	193 231	33 385
Minority interests	**(1 212)**	2 521	2 060	6 232	–
Non-current liabilities	**515 947**	348 150	195 539	55 775	24 045
Interest-bearing borrowings	**350 852**	264 249	149 443	49 982	22 808
Other borrowings	**79 357**	38 811	27 432	–	–
Other non-current liabilities	**85 738**	45 090	18 664	5 793	1 237
Current liabilities	**2 174 925**	1 336 496	766 294	375 710	209 399
Trade and other payables	**997 740**	688 906	445 712	190 730	117 559
Amounts due to customers	**485 893**	335 894	87 410	91 114	38 643
Interest-bearing borrowings	**369 464**	135 936	94 620	32 996	23 539
Other current liabilities	**297 594**	175 760	136 196	56 789	29 658
Bank overdraft	**24 234**	–	2 356	4 081	–
	4 190 576	2 476 719	1 319 756	630 948	266 829
STATISTICS					
Number of shares in issue ('000)	**123 797**	86 472	75 588	70 720	55 304
Net asset value per share (cents)	**1 211,42**	915,99	473,52	282,05	60,37
Tangible net asset value per share (cents)	**627,26**	749,57	418,63	267,28	60,37
Current ratio (times)	**1,17**	1,13	0,96	1,11	0,76
Return on average shareholders' interests (%)	**23,95**	35,71	42,90	47,75	125,13
Return on total average tangible assets (%)	**14,09**	17,08	17,94	12,11	15,92
Average price per share (cents)	**1 465**	2 475	2 544	825	174
Debt equity ratio (times)*	**0,29**	0,38	0,49	0,25	0,68

** Debt equity ratio is calculated using total non-current borrowings.*

Board

1. Marius Lodewucus Heyns (50)

Chief Executive Officer, Managing Director

BSc Civ Eng, PR Eng, MSAICE

Marius has 31 years' experience in the construction industry across the full spectrum of activities. He has held various executive management positions for leading public and private companies in the sector and was reappointed at Basil Read on 19 October 2004 in his current position.

2. Lungisa Brian Dyosi (39)

Non-executive director

BA Law (University of Cape Town), SEP (Wits and Harvard Business Schools)

Advocate of the High Court of South Africa

Lungisa was admitted as an attorney in 1997. He worked for the Bureau of Justice Assistance as a Senior Project Planner from 1997 to 1998. He then worked for the National Prosecuting Authority as a strategic and legal adviser to the National Director of Public Prosecutions for six years. In 2004 he joined Amabubesi Investments (Pty) Limited as a director. In 2006, he co-founded Vuwa Investments and was appointed as a director. He was appointed to the board on 1 February 2006.

3. Sango Siviwe Ntsaluba (49)

Non-executive director

BComm, BCompt (Hons) (Unisa), CA(SA), HDip Tax Law (UJ)

Sango has wide experience in various areas of business acquired over a period of more than 20 years. He is a founding member of SizweNtsaluba VSP, a successful firm of accountants and auditors, and Neotel, the second fixed line operator in South Africa. He serves on various public sector boards, including the National Energy Regulator of South Africa (NERSA) and National Housing Finance Corporation (NHFC). He is a founding member of Amabubesi Investments (Pty) Limited and has held the post of Chief Executive Officer since incorporation. He was appointed Executive Chairman of Amabubesi Investments (Pty) Limited in 2006 and was appointed to the board of Basil Read in July 2006.

4. Thabiso Alexander Tlelai (46)

Non-executive director

BComm (Memorial University of Newfoundland, Canada)

Thabiso is a founding member of Amabubesi Investments (Pty) Limited and has been a director of the company since incorporation. He is the Chief Executive Officer of The Don Group, having assumed the role in early 2000 following his acquisition of a significant shareholding. He has been involved in the hotel industry for more than 15 years. Besides his interest in The Don Group, he is a founder member and Chairman of the Tourism Business Council of South Africa (TBCSA). He was appointed to Basil Read's board in July 2006.

5. Charles Peter Davies (63)

Independent non-executive director

Charles began his career in the insurance industry, culminating in his appointment as Chief Executive Officer of Norwich Holdings, a post he held from their incorporation in 1995 until his retirement in 1999. He currently serves on various boards in a non-executive capacity. He was appointed to the board of Basil Read in 2006.

6. Sindile Lester Leslie Peteni (65)

Independent non-executive director, Chairman

BSc (Building Science) (University of Cape Town)

Lester has numerous years of experience in various roles at construction and property development companies. He is a founding member of Thebe Investment Corporation. He was appointed to the board in July 2006 and as Chairman on 7 May 2009.

7. Given Refilwe Sibiya (42)

Independent non-executive director

BComm, BAcc (Wits), CA(SA)

Given has 18 years of experience in the finance and consulting fields. After completing audit articles with KPMG, Given joined Anglo American as an internal auditor. She entered the consulting arena in 1996 with Ebony Financial Services and continued in this field with SizweNtsaluba VSP until 2007. Given is currently a director of Xabiso Chartered Accountants, a medium-sized firm offering services in internal audit, external audit, consulting and forensics and serves on the audit committee of the Media Development and Diversity Agency. She was appointed to the board of Basil Read on 1 July 2009.

8. Ntombekaya Yvonne September (44)

Independent non-executive director

BA (Fort Hare), MA (Development Studies) (University of Johannesburg). Management Advanced Programme (Wits)

Ntombekaya has many years of experience in the development field and has previously focused on providing infrastructure and municipal services to underdeveloped areas on behalf of various government institutions. After spending time in the USA lecturing at Georgia State University on Development Economics, she returned to South Africa and started Pamwe Consulting, a close corporation that focuses on development planning. She was appointed to the Basil Read board in October 2007.

9. Nigel Townshend (54)

Executive director

PrEng, BSc (Hons), MSAICE, FSAIMM, CEng, AMI, StructE, PCPM

Nigel emigrated to South Africa from the United Kingdom in 1978 with a degree in civil engineering from Loughborough University. In 1982, he founded TWP as a civil and structural firm, which is currently the biggest EPCM (engineering, procurement and construction management) organisation in Africa. Nigel holds the position of group Chief Executive Officer of TWP Holdings and following the acquisition of TWP by Basil Read in December 2009, was appointed to Basil Read's board on 1 January 2010.

10. Manuel Donnell Grota Gouveia (34)

Executive director

BCompt (Hons), CA(SA)

Donny has worked in finance for over 16 years, seven of which were in the auditing profession. He joined Basil Read in 2001 and is responsible for group financial reporting, taxation planning, and group treasury and finance. Donny was appointed as Chief Financial Officer in 2004 and as Financial Director on the board of Basil Read on 7 May 2009.

Management

1. Marius Lodewucus Heyns (50)

Chief Executive Officer, Managing Director

BSc Civ Eng, PR Eng, MSAICE

Marius has 30 years' experience in the construction industry across the full spectrum of activities. He has held various executive management positions for leading public and private companies in the sector and was reappointed at Basil Read on 19 October 2004 in his current position.

2. Manuel Donnell Grota Gouveia (34)

Financial director

BCompt (Hons), CA(SA)

Donny has worked in the finance field for 15 years, seven of which were in the auditing profession. He joined Basil Read in 2001 and is responsible for group financial reporting, taxation planning, group treasury and finance. Donny was appointed to his current position in 2004.

3. Nigel Townshend (54)

Executive director

PrEng, BSc (Hons), MSAICE, FSAIMM, CEng, AMI, StructE, PCPM

Nigel emigrated to South Africa from the United Kingdom in 1978 with a degree in civil engineering from Loughborough University. In 1982, he founded TWP as a civil and structural firm, which is currently the biggest EPCM (engineering, procurement and construction management) organisation in Africa. Nigel holds the position of group Chief Executive Officer of TWP Holdings and following the acquisition of TWP by Basil Read in December 2009, was appointed to Basil Read's board on 1 January 2010.

4. Marthinus Johannes Lombard (62)

*Deputy Chief Executive Officer**

ND Civil Eng, Pr Tech (Eng), PrCM

Martin has a wealth of experience in the construction industry which he has been involved in since 1971. He was Chief Executive Officer of Roadcrete Africa (Pty) Limited, which celebrated 20 years of being one of South Africa's most respected firms of civil engineering contractors in 2008. Following Basil Read's acquisition of Roadcrete Africa during 2008, Martin was appointed as Chairman of the roads division. He was appointed in his current role as Deputy Chief Executive Officer in December 2009.

5. Frans van Wyk (58)

*Executive director: mining**

BSc Civ Eng, ECSA registered professional engineer

Frans has worked in the civil engineering industry for over 30 years and has been the Managing Director of the Blasting and Excavating group since 1999. He joined Basil Read in 2007 following the acquisition of the Blasting and Excavating group by Basil Read. Frans was appointed to his current role during the year under review.

6. Kgomotso Bontle Sekgobela (29)

*Executive director: business development**

Kgomotso has extensive experience in marketing and communication implementation and has over six years' experience in relationship management, business development and client service. He has held various leadership roles throughout his career and was appointed to the position of Executive director: Business development during the 2009 financial year.

7. Tshiwo Sibane Yenana (33)

*Executive director: business development**

BSoc Sci, MCRP (UCT), PGDPDM (Wits), GEDP 2009 (GIBS)

Tshiwo has 10 years' experience in property development. He has worked in various public and private sector roles for the City of Cape Town, Gauteng Department of Housing, City of Johannesburg, Old Mutual Properties and the National Treasury. He joined the Basil Read developments division in February 2009 and was appointed as executive director: business development in July 2009.

8. Webster Mfebe (50)

*Executive director: stakeholder relations**

Diploma International Trade, IPM Diploma

Webster has a number of years' experience in stakeholder relations, having developed and implemented a stakeholder relations strategy during his tenure at the South African Broadcasting Corporation (SABC). Prior to his appointment at the SABC, Webster was the Free State Government's provincial minister responsible for Sport, Arts, Culture, Science and Technology. Webster was also a member of parliament serving on various committees including portfolio committees on minerals and energy and trade and industry. He was appointed by Basil Read in his current position in October 2009.

9. Vinayagam Kumarasamy Moodley (40)

*Group Cost Control Director**

Logan joined Basil Read in 1988 in the accounts department. In 1996, he was appointed as area cost controller overseeing KwaZulu-Natal. In 2003, he was appointed divisional cost control manager for the roads and civil engineering division. In 2007, he was appointed as Group Cost Control Director.

10. Bernard Melvin Johnson (42)

*Director: Human Resources**

Diploma: HR Management and IR/Labour Law

Bernard joined the group in 1988 as payroll administrator and assumed the role of remuneration manager during 2004. He is currently responsible for managing employee relations and good governance in terms of all employee matters. He is also actively involved in managing the group's employee benefits and all other aspects relating to human resources. He was appointed as a director in 2006.

*Appointments at subsidiary level

Group structure

Operations

Construction

Roads

- Earthworks
- Bridges
- Pipelines
- Roads and highways
- Airports
- Supply and spraying of bitumen and related products
- Township infrastructure

Civils

- Airports
- Bridges
- Harbour and marine works
- Stadiums
- Industrial plants

Buildings

- Retail and office complexes
- Residential housing
- Apartment blocks
- Educational facilities
- Hospitals
- Correctional facilities

Mining

Mining and B&E

- Opencast contract mining
- Mine spoils rehabilitation
- Bulk earthmoving
- Thin, thick and multiple seam mining
- Hard rock selective mining
- Materials handling
- Stone crushing
- Specialised drill and blast services

Developments

Developments

- Property development
- Housing schemes for low and middle-income earners
- Public-private partnerships

Engineering

Engineering

- Engineer, procure, construct (EPC)
- Engineer, procure, construct, manage (EPCM)
- Public-private partnerships
- Build, own, operate and transfer (BOOT)
- Plant, process and mine operation
- Architectural design

Support

Plant

- Group policies and procedures
- Plant acquisitions and disposals
- Plant maintenance

Commercial

- Group policies and procedures
- Legal
- Group insurance
- Group QSE
- Group commercial and risk

Business Development

- PPPs
- Special projects
- International contracts

Human Resources

- Group policies and procedures
- Shared services – payroll
- Bursary student management
- HIV/Aids management programme
- Employee relations
- Employee benefits
- Group training and development

Finance

- Group policies and procedures
- Group finance and treasury
- Shared services – finance
- Group tax
- Statutory reporting
- Investor relations and reporting
- Mergers and acquisitions

Chairman's statement

Lester Peteni

Strategic objectives

> Sustain steady organic and acquisitive growth

> Committed to being a responsible corporate citizen in the communities and environment in which we operate

> Continue to be a leading black-empowered construction group in South Africa.

WITH ALL ITS CHALLENGES, 2009 ALSO BROUGHT TRIUMPHS

With all its challenges, 2009 also brought triumphs. On balance, it has been a very positive year for the Basil Read group with highlights including the completion of the Mbombela Stadium and successful expansion through organic growth and acquisition as detailed by the chief executive officer.

This expansion process is a constructive move for the group and will contribute to an even better operating environment as we move towards bigger and more complex projects in future.

In June 2009, following the resignation of the previous chairman, I was elected independent non-executive chairman of the group, having served as a member of the board since July 2006. I regard this appointment as a very exciting and valuable opportunity, given my confidence in the future of this group and particularly as it begins its international expansion.

Business environment

The prevailing theme for 2009 was change, commencing with the elections in April that resulted in significant changes in parliament to the way the global recession has forced many people to transform their lifestyle. South Africa was no exception, and the country officially entered into a recession in May 2009. In our industry, this was evident in the decreased availability of work in the construction sector, and increased competition coupled with the accompanying pressure on margins across the board.

A solid order book and strong relationships with clients, suppliers and subcontractors enabled the Basil Read group to manage these conditions as effectively as possible.

Financial performance

Against this background, Basil Read's results for the year were solid with revenue growth of 34,2% which translated into earnings growth of 19,5%. The balance sheet of the group has grown substantially, largely driven by the incorporation of the two new acquisitions, the Gerolemou/Mvela and TWP groups. As a result of these acquisitions, Basil Read has established a critical mass which will allow the group to successfully pursue its strategy of international expansion and the undertaking of larger, more technical projects.

Leading the Top 100 companies – again

This stellar performance earned Basil Read its second win in the Sunday Times Business Times Top 100 Companies survey. This prestigious annual survey acknowledges listed companies that have achieved a significantly high increase in shareholder value over the past five years.

At 81% compounded growth over the period, Basil Read was more than 13 percentage points ahead of the second-placed company, and almost double the growth rate of the second-best performing construction company.

The share price increased from 88 cents at the start of the assessment period, 1 September 2004, to R15,80 on 31 August 2009. We have again convincingly disproved those critics who said in 2004 that our empowerment partners were making a bad investment. Today our empowerment partners, including some 2 000 employees, have reaped the benefits of the group's success.

Construction charter

The construction industry, considered by some to have a poor record of transformation and to be plagued by fronting, was the first sector to have its charter legislated. In June 2009, the Minister of Trade and Industry finally signed the Construction Code of Good Practice, making it an official code of good practice in terms of section 9 of the Broad-Based Black Economic Empowerment Act 53 of 2003 (BBBEE) with equal status to any other code. Basil Read has now formalised many of its long-standing practices and reports against the code's targets (page 83). Notably, the introduction of the code required very little change in the way this group conducts its business.

Broad-based black economic empowerment

Basil Read has maintained its rating as a level 4 BBBEE contributor, meaning that companies are entitled to recognise 100% of the amount spent with our group in calculating their procurement spend. We will continue to maintain this rating as we integrate our most recent acquisitions and ensure that the data is of high integrity. This may result in a delay in our intention of achieving level 3 status in 2010.

We still face some obstacles in the quest to attain our goals of real, sustainable economic empowerment, with specific emphasis on management control, employment equity and skills development. Several initiatives are under way to address these shortcomings.

Directorate and governance

The directors and senior managers of Basil Read endorse the principles of King II. Considering the group's size, we believe we do substantially comply with this code and the Listings Requirements of the JSE Limited ("JSE"). Regular review of our corporate governance policies and practices ensures continuous improvement. In addition, we have integrated these with our triple bottom-line approach to managing our business for the benefit of all stakeholders.

Donny Gouveia, the group chief financial officer, was appointed to the board as financial director. We welcome Donny and look forward to his input to our deliberations.

We further welcome Ms Given Refilwe Sibiya as an independent non-executive director. She is a qualified chartered accountant and in addition to her board responsibilities, her expertise will be put to good use through her appointment to the audit/risk committee. Following the acquisition of the TWP group, Nigel Townshend, chief executive officer of TWP, was appointed as an executive director. The board welcomes his experience and expertise.

Appreciation

The board has provided the leadership for a strategically focused organisation, which has proven its ability to deliver on its objectives. Today Basil Read houses an exceptional group of people, so capably led by Marius Heyns and his management teams, whose commitment makes all the challenges worthwhile. However, in today's business world, strategic focus is merely one element of a successful organisation; simultaneously, we need to ensure that all operations are above board and that our shareholders remain satisfied with our accomplishments. It is through the sheer hard work and dedication of this extraordinary team, and the constant support and counsel of my fellow board members, that this success will continue to be attainable.

Lester Peteni
Chairman

Chief executive officer's review

Marius Heyns

Strategic objectives

> Global expansion

> Larger, technically challenging projects

> Public-private partnerships (PPPs)

WE HAVE AN ORDER BOOK THAT WILL LEAD US THROUGH TO 2011

The year to 31 December 2009 entered the world's economic history books before it was halfway through. Our strategy of maximising organic growth and incorporating acquisitive growth proved a wise one. Despite the challenges of 2009, which have come thick and fast, Basil Read delivered a sterling performance for the review period. Importantly, we have an order book that will lead us through to 2011.

We have worked diligently from our precarious position in the market in 2004 to become a leading construction company in South Africa with a truly solid status in five years. We have often stated that our aim was not to be the biggest construction group in the country but one of the best and this is definitely now a goal we are nearing. Accepting **larger, more technically challenging projects** is one part of our three-pronged strategy and we have amply demonstrated our ability this year with projects such as the D1 and D2 road rehabilitation and improvement projects that form part of the Gauteng Freeway Improvement Project and the successful completion of the 2010 FIFA World Cup Mbombela Stadium. These milestones in our group are showcased earlier in the report.

In realising the second prong of our strategy, our **international prospects** are on track and senior executives spent much time abroad establishing operations for the group. Our approach to moving beyond southern Africa is, at all times, prudent and focused on markets where we can replicate our business model. Our hard work in this area recently paid off as the roads division was awarded its first cross-border contract in a number of years. The contract, in Namibia, with a total contract value of R400 million, will be executed in joint venture with a local partner, Genesis Mining and Engineering.

We have made significant strides in our endeavours to fulfil the third element of our strategy – developing **public-private partnerships**. The group has put together a committed team of competent professionals whose sole responsibility is compiling bids for the many projects on offer. We see this type of project becoming more commonplace in the local economy as the government grapples with budgetary constraints. Although the group has tendered on a number of significant public-sector projects, we await government's final decision on our tenders.

On the positive side, we successfully negotiated and finalised transactions with the Gerolemou/Mvela group and TWP (see section on strategic growth). These are significant achievements considering the time and deliberation involved with such a process. We welcome both companies to the Basil Read fold and trust that this will enhance both the construction solutions we offer and our reputation as a leading construction company with specialised capabilities.

Highlights

> The chairman has noted Basil Read's achievement in heading the annual Sunday Times Business Times Top 100 Companies survey for two consecutive years. We are one of only three companies to do so in the past 15 years, and one of nine in the last 33 years. Coming towards the end of an extremely difficult period, this recognition was a welcome reward for our people. More importantly, it is also an apt measure of our ability to sustain this performance for the next five years.

> I would also like to congratulate Basil Read's roads division on the successful completion of our first Gauteng Freeway Improvement Project contract at Atterbury. This project was technically challenging and, despite difficult circumstances, the team delivered an outstanding performance, notable for its professional execution.

> 2010 brings the single greatest sporting event in South Africa's recent history to our shores. As we welcome football fans from all over the world, it will be a proud moment for Basil Read, knowing that we played a significant role in the success of the FIFA 2010 World Cup. The successful completion of the Mbombela Stadium has undoubtedly been one of the greatest highlights for our group and I thank all those involved.

> All employees who were offered share options in Basil Read accepted the offer and are future shareholders of the group. This is an important vote of confidence in our future, and our ability to develop people to their fullest potential.

Performance review

Strategic growth

Basil Read's goal was to become a R5 billion plus group by 2010. With that goal firmly in sight, we have set a new target of becoming a global construction group with R10 billion in turnover by 2013.

Reaching this target will be aided by our well established relationships with international partners. These partnerships have served us well by limiting our risk exposure on larger, technically challenging projects while expanding our knowledge and skills, particularly in international standards and construction trends. One of these trends is increasing acceptance of the 'design-construct-finance' model that gives the client a complete service offering, from design to implementation.

A common misperception about the Basil Read group is that our progress in the past five years has been predominantly through acquisition. The opposite is true; since 2004 60% of our growth has been organic as we worked to create a strong balance sheet and build critical mass. However, acquisitions have played a role in this growth and we have demonstrated our ability to identify and extract synergies. Starting with small transactions (some R10 million) five years ago, our intention with acquisitions has consistently been to strengthen the group, enter complementary strategic markets and broaden the pool of management expertise.

In July 2007, we successfully completed the acquisition of the Blasting & Excavating (B&E) group. One of the leading drilling and blasting service providers in South Africa, the company has been extremely complementary to our mining division. Frans van Wyk, previously the managing director of B&E, was appointed as executive director of the Basil Read mining division and has done an excellent job of growing the division, with an order book of R1,4 billion.

In September 2008, we welcomed Roadcrete Africa into the Basil Read fold. Roadcrete Africa has proved an extremely valuable addition to the group and an undisputed asset to our roads and civils divisions. Martin Lombard, previous managing director of Roadcrete Africa, took charge of the Basil Read roads division and has more recently been appointed as deputy chief executive officer.

During the year, we completed two acquisitions, detailed below, for some R530 million in cash plus the issue of 37 million Basil Read shares. Together, these add R2,1 billion to the group's order book at 31 December 2009.

Gerolemou/Mvela group

Following approval from the competition authorities in August 2009, Basil Read shareholders approved the acquisition of the Gerolemou/Mvela group for R351,5 million. Some R225 million of the purchase price was funded through the group's domestic medium term note programme, with the balance due on fulfilment of warranted performance levels in 2010 and 2011.

This acquisition will strengthen Basil Read's buildings division and enable the enlarged group to aggressively pursue the many building opportunities currently on offer as public-private partnerships (PPP). The PPP model encompasses the design, construction and financing of major projects, which Basil Read has identified as a key growth area. The capacity and management skills acquired will allow us to undertake these larger, more technically challenging projects.

The Gerolemou/Mvela group, which has been in business for 28 years, operates from headquarters in Pretoria and encompasses all facets of the building industry. With a team of 90 permanent staff members, the Gerolemou/Mvela group has valuable experience in constructing hospitals and prisons. It is an established service provider to the South African government, and therefore well placed to participate in government's stated intention to improve and roll out new infrastructure projects. At March 2009, the Gerolemou/ Mvela group had an order book of R1,5 billion to December 2010. This is a cash-generative group with limited borrowings.

TWP Holdings Limited

Founded in 1982 and listed on the JSE's main board in November 2007, TWP's core business is engineering design, procurement and construction management, typically referred to as EPCM. TWP also accepts lump-sum turnkey projects. Although TWP is not a construction company in the true sense of the word, it employs these skills directly or on behalf of clients when necessary.

TWP provides a wide spectrum of services including resource identification, bankable feasibility studies, mine and production planning, process engineering, project execution, delivery and handover. TWP is involved in projects for most minerals including platinum, gold, diamonds, nickel, copper, chrome, cobalt and coal.

Although Basil Read and TWP currently operate in two different spheres, the acquisition complements both businesses. With prospective clients, especially those outside the borders of South Africa, looking for a single point of contact for their projects, the enlarged group will be uniquely equipped to offer a full service to the world's construction environment and mining sectors. While both Basil Read and TWP will continue to grow their core businesses in their respective sectors, the enlarged group will be able to accept a wider range of new projects encompassing:

- Public-private partnerships (PPPs) where funding is often part of the offering
- Build, own, operate and transfer (BOOT)
- Engineer, procure, construct (EPC)
- Plant, process and mine operation.

The enlarged group will have skills across the entire construction and design spectrum, facilitating the growth of professionals across all disciplines and contributing significantly to the advancement of engineering and construction in general. TWP's significant exposure to African and Australasian markets will be leveraged and costs reduced across the enlarged group by exploiting areas of synergy.

International

The primary intention of Basil Read's unfolding global strategy remains lessening the risk of geographic concentration. The events of 2009 underlined the importance of such diversification. While the group has not yet made an international acquisition, the TWP transaction will enable us to build a parallel business to Basil Read's core activities, providing an important balance between business cycles.

Backed by a solid understanding of the type of growth we believe will be in our group's best interests, we have also made excellent progress in securing work beyond South Africa; contracts worth R1,0 billion have been awarded in Botswana and Namibia.

Given the subdued outlook for global growth, we continue to pursue this strategy with due prudence and to mitigate risk by working with established international partners.

People

Basil Read's base of skills is unquestionably a key strength. Despite the widespread shortage of talent in the industry, our group's successful recruitment strategy has enabled us to meet current operational requirements while creating capacity for the challenging targets ahead. We have also increased our focus on bursaries, particularly in disciplines such as quantity surveying, civil engineering, foreman training and initiatives to attract more black women to our industry.

As noted earlier, a key consideration in identifying possible acquisitions is the calibre of management in the target company. To date, this has been a singularly successful approach with the former managing directors of the Blasting & Excavating group, Roadcrete, and now the Gerolemou/Mvela group, heading key Basil Read divisions.

Strengthening management resources

While the Basil Read group is financially stable, during the year we made a number of operational changes to ensure the group continues to prosper. In strengthening the management team to steer the company through its next phase of growth and consolidation, we underscore our growth targets and reinforce our commitment to make Basil Read a truly global construction group.

The business was restructured along operational lines with strong leadership, clear responsibilities and accountability in each division. Each divisional managing director now assumes responsibility for all facets of the business – from tendering to completion, backed by a divisional executive director who assists with overall strategic management and guidance.

In addition, drawing on the considerable pool of expertise within the enlarged group, we expanded resources at senior management level to ensure the group achieves its strategic objectives.

Outlook

Basil Read continues to actively pursue growth, both organic and acquisitive, to build a company of critical mass for shareholders. Despite these uncertain economic times the trend of development, particularly in sub-Saharan Africa, is expected to resume in the near future, even if the growth trajectory is flatter.

Although government has committed to continued infrastructural spend, a definite delay in rolling out projects is evident. Budgetary constraints in certain municipal areas create opportunities for the group to partner with municipalities in developing innovative solutions to finance future projects, particularly for our developments division.

The public-private partnership model continues to evolve and remains a feasible method of undertaking larger contracts. Given our long-standing and robust partnerships with international construction conglomerates and turnkey contractors, such as Bouygues, Sodexo and Alstom, we are well placed to bid on projects of this nature. Various PPP projects are in the pipeline, including government office blocks, mixed classification correctional centres and toll roads. Basil Read has pre-qualified for a number of these and submitted bids, in joint venture, where applicable. The combined construction value for the group's targeted PPPs is over R15 billion.

We expect significant water-supply projects to be offered for tender in the next few years. Some R30 billion worth of work is anticipated, specifically to supply water to power plants under construction. The government has also committed to upgrading water treatment and waste-water treatment plants to create much-needed capacity.

Internationally, the group is building a presence in the rest of Africa, in partnership with selected local contractors. Expansionary opportunities are also being explored elsewhere, particularly in the Middle East and Australia, where Basil Read has held discussions with local partners with established reputations in their respective construction industries. Opportunities for acquisition will continue to be cautiously explored.

On the back of a healthy balance sheet and effective management structure, Basil Read will adopt a prudent approach to managing the prevailing volatility to ensure the group continues to grow in a controlled and structured way.

Appreciation

While 2009 has been a challenging year, this was not the first time Basil Read has faced challenges. Whilst each year has presented its own obstacles the group has thrived and become even stronger. Each year still brings its own highlights, with some contracts just beginning while others near completion.

The unparalleled success that the group has experienced in recent years would not have been possible without the support and guidance of our senior executive team. Their commitment to Basil Read coupled with their passion and vision will continue to serve the group well as we look to the future.

To our staff, your continuous commitment and passion have contributed to these incredible achievements – milestones that are entrenching Basil Read among the leading construction companies in South Africa – and I thank every one of you for your role.

Lester Peteni, appointed as independent non-executive chairman in May 2009, has shown a level of diligence and involvement that bodes extremely well for his tenure at the helm of our board and at this important stage of our development. On behalf of my fellow executives, I also thank the other members of our board for their ongoing support and counsel.

We value our strong relationships with a range of suppliers and stakeholders in both the public and private sectors. We will continue to strengthen these bonds as we work towards common goals.

Marius Heyns
Chief executive officer


PERI

Construction

Despite recessionary conditions in South Africa for most of the year, growth in real value added by the construction sector remained firm over the period. Although demand for residential and non-residential buildings remained subdued, activity in the civil construction sector increased, albeit at a slower pace, due to ongoing infrastructure development projects.

Overall, the South African building industry faces difficult trading conditions. Slow economic growth and the impact of the global financial crisis led to tighter credit conditions in the local market, exacerbated by heightened competition for those tenders put out to market. By year end, prospects for the housing industry appeared better than those in the non-residential sector given the impact of lower interest rates that were now filtering through. Rising vacancies and lower company profits continue to act as a damper on developments in the non-residential sector.

However, infrastructural development – specifically roads, power and water – continues apace, although the rate may temporarily have slowed due to funding constraints.

The local civil engineering industry continues to be affected by the global economic downturn and poor commodities markets, resulting in certain projects being deferred or cancelled. In South Africa, the industry has benefited from government's expanded public works programme, with projects relating to power plants, railway expansions, port and harbour upgrades and water facilities.

Performance

The construction division is Basil Read's largest, contributing 84% of group revenue and 71% of group operating profit. For the review period, revenue increased by 46% to R3,9 billion (2008: R2,7 billion). Operating profit was R288,6 million (2008: R170,4 million) at an operating margin of 7,4% (2008: 6,4%).

The divisional order book at year end was R5,0 billion, split between roads (R3,2 billion), civils (R1,1 billion) and buildings (R0,7 billion).

Martin Lombard
Deputy chief executive officer


ATSU

Roads

Market conditions during the year were challenging, placing pressure on volumes and margins. The group however was awarded a number of road contracts valued at R1,8 billion, entrenching the broader roads division as a leader in this field. Apart from Basil Read Roads, this division includes group subsidiaries Roadcrete Africa, Newport Construction and Spray Pave.

The roads division has a full order book for 2010, stretching into 2011. In the current economic climate, this is tangible evidence of Basil Read's ability to compete cost effectively and to participate to the fullest in a multi-faceted road-building programme that stretches to 2018. The group is also well positioned to participate in major developments planned by transport, power and telecommunications parastatals.

Management

Deon de Jager, Greg Badenhorst, Paul Walker, Steven Single, Jimmy Strydom, Stix de Jager, Zybrand van Dyk, Morné van Schalkwyk, Dave Bennett

Employees **2 014**

Contribution to revenue **46,6%**

Atterbury

Deon de Jager
Managing director: Basil Read Roads

Basil Read Roads has an established reputation in the industry and is seen by many as one of the leading contractors in this field. The division has maintained its visibility with a number of high-profile projects, particularly those that are part of the Gauteng Freeway Improvement Project. The Basil Read Roads division will continue to focus on larger, more demanding projects.

N17 upgrade

In January 2009, the group was awarded another contract on the N17, between Trichardsfontein and Bethal in Mpumalanga. The 24-month contract is valued at R343 million and follows the earlier award of a 21km section of the N17 between Leandra and Leven station valued at R338 million.

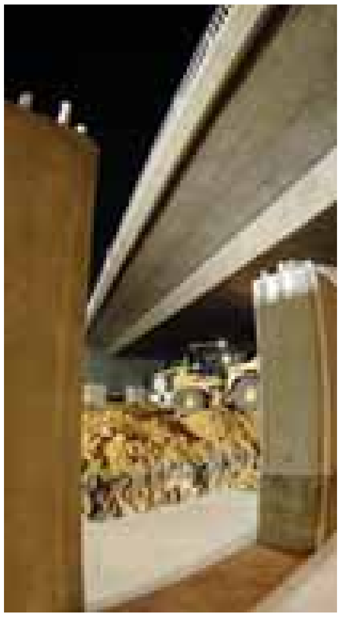
The group was also awarded the R103-million contract to upgrade the route from Leven to Trichardt.

Towards the end of the year, Basil Read secured the 24-month contract to construct three toll plazas (Leandra, Bethal and Ermelo) on the N17, valued at R175 million.

N12 upgrade

In June 2009, the group began work on the Gauteng Freeway Improvement Project package K. This project involves the improvement and rehabilitation of section 19 of the busy N12 highway in Gauteng, which runs from the R21 to the Tom Jones off-ramp. This section of highway is part of a dual carriage freeway that runs in an east-west direction and is a high traffic route linking the areas of Benoni, Brakpan, Boksburg and Germiston with Johannesburg to the west and Witbank to the east.

It also includes four interchanges, one of which is a system interchange with the other three being access interchanges. From west to east, the project consists of the Rietfontein, Rondebult, Atlas Road and Tom Jones interchanges. These busy interchanges carry traffic serving suburban, industrial and recreational areas.



Package D2 of the Gauteng Freeway Improvement Project

The contract is valued at R800 million and is expected to take 30 months to complete. Despite being slightly behind schedule at the reporting date, the group is aiming to accelerate this project to complete it ahead of the December 2011 deadline.

Packages D1 and D2 of the Gauteng Freeway Improvement Project

Work continued on the group's largest contract – packages D1 and D2 of the Gauteng Freeway Improvement Project – covering improvements between the Brakfontein and Flying Saucer interchanges, and the N4 interchanges from Atterbury to Scientia. Construction on this combined contract valued at some R1,7 billion is scheduled to be substantially complete before the first-half 2010 deadline. This project is being undertaken with Roadcrete Africa, together with other joint venture partners.

Atterbury

The R370-million contract to improve a section of the N1 between Pretoria's landmark flying saucer and the Atterbury interchange was successfully completed in the year under review and handed over to the client in November 2009. The project involved extensive design changes to several busy interchanges to accommodate rising traffic density.

Sasolburg

Basil Read was the lead partner in a joint venture rehabilitating and upgrading two sections of the R59 passing Sasolburg between the Vaal River and the N1 highway. This R225-million contract was the largest single size roads contract to be awarded by the Free State province and was completed in September 2009.

Winburg

The Winburg project with a total contract value of R248 million, which involved rehabilitating 25km of the existing N1 between Bloemfontein and Winburg, was completed in May 2009, six months ahead of schedule.

St Micheil's

Basil Read is currently involved in the design and construction of the St Micheil's International Leisure Estate, adjoining the N4 in Mpumalanga. Work on the 800ha estate and its 2 600m^2 north-facing stands began in 2007 and a significant portion of the estate will be left untouched, allowing for abundant space and privacy. The estate will also offer a 98-room luxury hotel, a signature golf course and club house, upmarket retail facilities, fly-fishing, an equestrian centre, and a spa and wellness centre. Work in the period centred around roads and infrastructure for phase 1.

Postmasburg railway line

Basil Read was awarded the contract for the civils and earthworks with associated roads and drainage structures for the 33km stretch of railway line near Postmasburg in the Northern Cape. The 14-month contract has a total contract value of R140 million.

Gobabis – Namibia

In line with the group's stated intention to expand further beyond South Africa's border, Roads Africa was established during the year and secured its first contract in Namibia in October 2009. This is a R381-million project, which will be fast-tracked over 18 months to upgrade 160km of gravel road to tar between Gobabis and Otjinandi. Investigations are well advanced in other countries in Africa.

www.basilread.co.za

Malibongwe Drive

Greg Badenhorst
Managing director: Roadcrete Africa

Roadcrete Africa was established in 1987 as a civil engineering contractor dealing primarily in township infrastructure and related bulk services. In the face of challenging trading conditions during the 1990s, Roadcrete Africa succeeded in building a strong brand identity as well as a sound reputation for being a low-cost, high-quality producer within the road infrastructure arena.

Acquired in the prior reporting period, Roadcrete Africa was successfully integrated into the Basil Read portfolio and is performing well. Roadcrete Africa was awarded contracts worth over R850 million during the year.

Malibongwe Drive

One of these is the R482-million upgrade of Malibongwe Drive between the N14 and Lanseria Airport, Gauteng. The first phase involved expanding the road into a dual carriageway between Cosmo City and the K29, and erecting the necessary bridges. This R108-million phase was completed on schedule by December 2009. Phase 2 continues the project to Lanseria Airport and should be substantially complete by 2011.

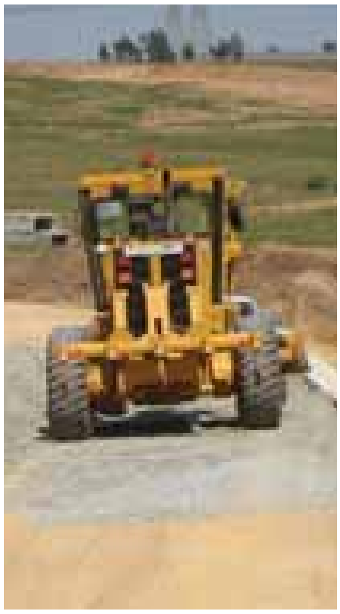
Glen Lyon to Brandfort

Another of these projects is a 22-month contract to reconstruct and rehabilitate 45km of the R30 between Glen Lyon and Brandfort, in the Free State province, into a new toll-road. All drainage structures on this road section form part of the site. All aggregates are being crushed on site and all surfacing is being done by Roadcrete Africa. The company will also be responsible for the nominated subcontractor building the toll plaza on this stretch of the project. This project is scheduled for completion by April 2011 and has a total contract value of R331 million.

N1 rehabilitation

A landmark project is the rehabilitation of the N1 (the main route between the southern and northern parts of South Africa) between

K60 in Sunninghill



the Orange River and Springfontein, awarded by SANRAL. The project, valued at R210 million, includes two interchanges and upgrading junction roads and was handed over on time to the client in November 2009.

Mattafin precinct around Mbombela Stadium

In joint venture with Basil Read Roads, Roadcrete Africa is busy with the construction of the Mattafin precinct access roads, transport rank and stadium boulevard for the Mbombela Stadium. Total contract value is R140 million and is expected to be completed by the end of March 2010.

Township infrastructure

Roadcrete Africa is currently involved with the provision of infrastructure for two of the developments division's projects, Cosmo City and Klipriver Business Park. The Cosmo City project involves the construction of civil engineering services for Cosmo City Extension 11 Phase 3. The company is providing all infrastructure relating to water, sewer, storm water and roads at the Klipriver Business Park. Phase 1 was completed during the year under review with Phase 2 expected to commence during 2010.

The company also provided the internal civil engineering services and bulk water supply pipelines for the Elawini Lifestyle Estate in Nelspruit, Mpumalanga. Internal civil engineering infrastructure comprised surfaced roads with associated stormwater drainage facilities, a water reticulation supplying water to each stand and a waterborne sewer system. The contract was completed in February 2010.

Roadcrete Africa is also busy with the design and construction of water and sewer networks systems and toilet structures for 1 058 stands in Etwatwa Extension 18 in Benoni, and expects to complete this project at the end of March 2010.

www.roadcrete.co.za

Coega River Bridges

Paul Walker
Managing director: Newport Construction

Since its inception in 2003, Newport Construction has built a formidable track record in the civil engineering and construction industry. Based in the Eastern Cape, the company was formed to compete with larger construction companies as a pioneer in successful empowerment, not only in equity but also in its management progression.

Newport Construction operates from its own premises in Markham, Industria, an industrial area adjacent to the Coega Industrial Development Zone (IDZ), 20km north of Port Elizabeth. The company boasts an experienced management team that has already completed a number of high-profile contracts in the Coega IDZ.

The Coega IDZ is situated adjacent to the Port of Ngqura, Africa's largest deepwater port and comprises 11 000ha of sector-specific zoned land with purpose-built infrastructure. Future infrastructure planned includes two power stations, a 2 400MW combined cycle gas turbine powered station and a 300MW Department of Minerals and Energy peaking power plant. Renewable energy sources are also being explored.

Basil Read increased its shareholding in Newport Construction in the year under review and currently holds 70% of the company. Newport Construction is constructing several bridges and related infrastructure in the Coega region at present, with a total value of over R500 million.

MR435

Newport Construction is currently busy with the upgrade of Main Road 435, in joint venture with Basil Read Roads. The existing MR435 is being upgraded from a single carriageway to a dual carriageway and is being constructed in two phases. The upgrade, covering 10km of road, has become necessary due to increased traffic flows in and out of the Coega IDZ. The contract, valued at R214 million, is expected to be completed by July 2010.



Coega River Bridges

Coega River Bridges

Work continued on the Coega River Bridges and approach roadworks. This is a 24-month contract valued at R206 million which is scheduled for completion in July 2010. The contract entails the realignment and upgrading of a 2,3km section of the existing N2 to a dual carriageway, thus forming an integral component of the N2 doubling between St George's Strand and Hougham Park. Two road bridges over the Coega River are also being constructed.

Other contracts

Newport Construction is also constructing the Hougham Park interchange bridge and intersection across the N2 highway as well as the Brickmakerskloof Bridge in Baakens Valley, Port Elizabeth.

www.basilread.co.za

Operational review continued

Bitumen distributors

Steven Single
Managing director: Spray Pave

Founded in 1981, Spray Pave became part of the Basil Read group of companies in 2006. Based in Gauteng, the company offers world-class technology and the most modern fleet of bitumen distributors to a large spectrum of clients based throughout sub-Saharan Africa.

Spray Pave boasts a fleet of seven distributors with technically advanced Spraybar systems, seven bitumen haulers, an emulsion plant with accompanying CSIR and SRT certification and a state-of-the-art weigh-bridge installed at its premises.

The company specialises in supplying and spraying top-quality bituminous products for Basil Read and other leading construction companies. Spray Pave currently has 47 projects under way in four provinces and is supplying products further into Africa, including Mozambique and Zambia.

Using the Spray Pave mobile decanting plants and static tanks, hot bitumen can be shipped to the most remote sites to supply projects with drummed bitumen. Spray Pave recognised that simply delivering the product to a customer was not the end of the service that would be needed and offers full training to customer employees at the decanting plant.

Using its fleet of modern tankers, Spray Pave supplies bulk product to projects that require the supply, delivery and spraying of primes, emulsions and road binders. These include:

> The supply delivery and spraying of primes and emulsions on the N3 toll road between Heidelberg and Cedara in South Africa's KwaZulu-Natal province.

> The supply, delivery and spraying of primes, emulsions and road binders on the Bakwena N4 toll route that runs from Lobatse in Botswana to Tshwane (Pretoria) in South Africa.

Bitumen distributor

> The supply of bitumen and primes for major projects on the EN1 in Mozambique.

> A three-year contract to supply and deliver bitumen to Mmila Projects, its associate company, to service its contract with the city of Tshwane (Pretoria) in Gauteng, South Africa.

In a world demanding cleaner industry at lower prices, Spray Pave is committed to ongoing research in replacing products traditionally used by the road surfacing industry. Spray Pave currently meets European guidelines and legislation. It is also a member of the Southern African Bitumen Association (SABITA), the main activities of which is "encouraging best practice in the use and application of bituminous materials; worker safety and environmental conservation; education and training and contact with government on the value of road provision and preservation."

www.spraypave.co.za

Civils

Basil Read's civil engineering division operates mainly in South Africa and neighbouring countries, working on a project basis. Worldwide, the division pursues projects where it has the required capacity and expertise. The range of activities includes concrete structures, water and fluid storage and transport, marine construction, and design.

This division recorded a successful year, despite the turbulent global economy.

Management

Eugene du Toit, Willem Meyer, Hugo Carlier, Glenn Jardine, Ron van Biljon

Employees **450**

Contribution to revenue **12,4%**

Mbombela Stadium

Eugene du Toit
Executive director: Basil Read Civils

Willem Meyer
Managing director: Basil Read Civils

Mbombela Stadium

One of the highlights of the review period was the completion of the Mbombela Stadium in Nelspruit, despite various setbacks, from widespread labour unrest to freak storms. Handed over well before the FIFA deadline, Mbombela was the second stadium completed in South Africa, and the first stadium in the group's portfolio. Basil Read is now completing external work around the stadium such as roads and parking.

Port of Durban

Basil Read has been extensively involved in transforming the old multi-purpose terminal at Pier One, Port of Durban, into a modern container terminal. Additional contracted work includes a parking area for the car terminal and truck staging.

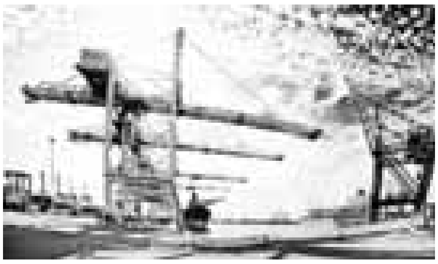
Subsequent to the Pier One contract, Basil Read was also awarded the R430-million project to provide complete infrastructure for Pier Two. Construction on this project began in April 2008 and is progressing well.

Within the Durban harbour complex, during the year Basil Read continued construction of a R130-million container vehicle repair and straddle carrier workshop. This was a technically challenging project given that the workshop area for the straddle carrier is the size of a rugby field, and required specialised formwork, support and equipment. There were also significant safety and health considerations as the container vehicle repair site had been contaminated with asbestos. Appropriate preventive measures ensured no risks were posed to the health and safety of employees and contractors.

The division continued construction of the Khangela Bridge over the M4 south freeway to alleviate traffic congestion in and out of Durban harbour, with a joint venture partner.

Kusile Power Station

Work on the R2,9-billion Kusile power station contract began early in the reporting period. Located next to the existing Kendal power



Port of Durban

station in the Witbank area of Mpumalanga province, Kusile's expected capacity will be 4 800MW, with the first unit planned for commercial operation in 2012. This is a joint venture with three other construction companies and work during the year focused on planning, piling tests and soil investigation.

Ohlanga

During December 2009, Basil Read was awarded the contract for the Ohlanga outfall sewer, pumpstation and rising main, on site between Umhlanga Rocks and Umdloti in KwaZulu-Natal. The scope of works includes the construction of concrete chambers and minor road works. The 24-month contract has a total value of R95 million and work commenced in January 2010.

Water infrastructure

In the years ahead, the South African government is planning a R30-billion investment to upgrade and expand water infrastructure. Proposed energy investments, both public and private sector, include green energy, independent power plants, nuclear plants and power projects in sub-Saharan Africa. Once conditions normalise in the mining sector, a resurgence is expected in process plants and infrastructure as mining companies activate deferred projects. Overall the division is well placed to participate in this activity, given its expertise and track record.

www.basilread.co.za

Buildings

The buildings division is fully operational in Gauteng, Western Cape and KwaZulu-Natal. Included among its high-profile contracts are shopping mall developments in areas that will benefit from the economic boost. In a difficult year for this sub-sector across the board, the division successfully tendered for and negotiated additional work on existing contacts, ensuring it was able to retain its skills workforce.

Boosted by the acquisition of the Gerolemou/Mvela group, the division's order book for the year ahead is satisfactory and it is actively participating in a more buoyant tender market while maintaining the balance between competitive pricing and reasonable margins.

Management

Peter Gerolemou, Reinoud Oranje, George de Sousa, Gerry Hanna, Louise Cornelessen

Employees 1 151

Contribution to revenue 24,9%

Chris Hani/Baragwanath

Peter Gerolemou
Executive director: Buildings

Basil Read Buildings

Galleria Shopping Centre

In KwaZulu-Natal, Basil Read is the lead contractor on the Galleria Shopping Centre, a R670-million project south of Durban on the N2 freeway and close to the city's airport. Original plans for this 97 000m^2 centre were amended to include additional cinemas and a third-floor ice rink. Although progress was affected by unprecedented weather conditions, construction of the Galleria Shopping Centre was completed in November 2009. The shopping centre will be a welcome addition to the rapidly growing south coast area.

West Coast Mall

The R365-million West Coast Mall, between Vredenburg and Saldanha, was completed in only 17 months (March 2009) despite extreme weather conditions. This is the largest shopping centre in the area, spanning four rugby fields with over 100 shops on two levels, and is already providing significant employment opportunities for residents from the west coast surrounding areas.

Paarl Hospital

In the Western Cape, work continued on the Paarl Hospital after Basil Read was awarded further on-site projects as part of the R315-million upgrade now scheduled for completion in December 2010.

Chris Hani/Baragwanath

In Gauteng, work valued at R420 million at Chris Hani/Baragwanath Hospital was completed in October 2009.

Gautrain projects

Basil Read was appointed to construct the Park Station box and car park for the Gautrain, part of a holistic and integrated transport plan for Gauteng province. Situated next to the existing Park Station in Braamfontein, Johannesburg, the underground station box measures around 200m x 17m x 17m, while the car park is seven storeys high.

New contracts awarded during the period include four stations as part of the Gautrain project – OR Tambo, Rhodesfield, Marlboro and Hatfield – valued at R100 million. This takes the total value of Gautrain projects awarded to the group to R340 million. Work on all four stations and related infrastructure is progressing well ahead of the 2010 deadlines.

Reinoud Oranje
Managing director: Buildings

Riverwalk Office Park

Cosmo City

In the second half of the year, work on 281 apartments in the Cosmo City complex was completed on time for the client Johannesburg Housing Company. Aimed at low to middle-income earners, the units are split between one- and two-bedroom configurations. Importantly, the project focused on maximising the use of local construction teams and meeting the client's quality standards.

The Regent

The upmarket Regent apartment block was completed in October 2009, adding over 100 luxury apartments and penthouses to the pool of accommodation in the sought-after high-density area of Morningside, Sandton.

Gerolemou/Mvela group

The Gerolemou/Mvela group, comprising P Gerolemou Construction (Pty) Limited, Mvela Phanda Construction (Pty) Limited and Contract Plumbing and Sanitation (Pty) Limited, has been in business for 28 years and operates out of its headquarters in Pretoria. It has valuable experience in all facets of the building industry, particularly hospitals and prisons.

The integration of the Gerolemou/Mvela group was completed by the end of the review period, adding critical mass to the group's ability to target larger projects in South Africa and across borders.

Natalspruit Hospital

This ongoing R1,5-billion project involving a 760-bed facility for the Department of Public Works is scheduled for completion in November 2011.

Germiston Hospital

This 300-bed facility for the Department of Public Works, with an estimated completion date of November 2010, has progressed to finishes and mechanical and electrical installations.

Skilpadhek border post

Located between Botswana and South Africa's North West province, this project involves constructing the actual border post and all ancillary buildings, roadworks, parking and fencing, as well as mentoring subcontractors. Expected completion is towards the end of 2010.

Waterkloof Air Force base

The rehabilitation and upgrade of the main runway and taxiways proved an intense technical challenge, given the presence of dolomite in the area. This meant that existing layer work to the runway had to be excavated and replaced. In all, an area of over 740 000m^3 was removed in rebuilding the runway. The high-profile project, completed in joint venture, was handed over and officially opened by President Jacob Zuma in October 2009.

In tandem with the upgrade of the runway, the Gerolemou/Mvela group successfully negotiated the contract to demolish the existing VIP building and construct a new one. The work was carried out in only six months and had a contract value of R40 million.

Riverwalk Office Park

Constructed for clients, the Government Employees Pension Fund and PIC, this high-profile office park consists of three separate office blocks, each with three basement levels and four upper levels, and ancillary external works. Situated at the bottom of Atterbury Road in Pretoria, the office park has road frontage on the N1 highway. It was completed against stringent deadlines by November 2009.

University of South Africa

Work continued on the R110 million contract to construct a new entrance building for the University of South Africa. The five-storey multi-purpose building will house offices, student gathering facilities and galleries.

www.basilread.co.za


984
Litronic

Mining

The global financial crisis that began in 2008 rapidly worsened in 2009 into an economic meltdown not seen since the early decades of the 20th century. The impact on the South African economy and the country's mining sector was severe. South Africa was officially declared in recession after gross domestic product shrank by more than 6% in the first quarter of 2009.

The mining industry, already suffering from three consecutive years of declining output (1,6% in 2006, 0,8% in 2007 and 7% in 2008), saw output drop 9% in the first half of the review period. This was accompanied by a drop in the prices of most commodities traditionally sold in the global marketplace as demand dried up in major developed markets. Platinum group metals were particularly affected due to the dramatic decrease in vehicle sales, while the gold and diamond mining sectors suffered from an equally dramatic decrease in consumers' disposable income, with luxury goods first affected.

By year end, stability appeared to be returning to financial markets, and international stock exchanges were showing signs of recovery. For the mining industry, the significant recovery unfolding in key economies is a welcome precursor to improved demand.

Performance

The mining division delivered a commendable performance for the review period, reporting revenue of R679,2 million (2008: R719,7 million). Operating profit was R113,9 million (2008: R124,5 million) at a margin of 16,8%, slightly down from the prior year operating margin of 17,3%. These results reflect the heightened focus on productivity and cost containment during the year, despite the difficult trading conditions as a result of the collapse of the commodities market. With an order book of R1,4 billion (2008: R685 million), the division is well placed to improve its performance in 2010.

Management

Frans van Wyk, Antonie Fourie, Paul Merifield, Francois Stock, Derek Leatherbarrow, Danny Stopforth, Charles Schloesser, Eppo Broos, Trevor Moldenhauer, Stephen Marx

Employees **993**

Contribution to revenue **14,6%**

Rössing Mine

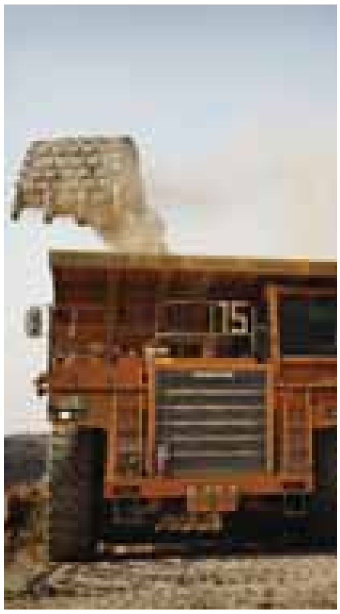
Frans van Wyk
Executive director: Mining

Antonie Fourie
Managing director: Mining

Basil Read Mining

Importantly, in arguably the worst conditions in the mining industry for decades, the division was able to maintain its base of expertise through careful management of human resources, thus avoiding any retrenchments. This is a decided competitive advantage in an industry so affected by the shortage of specialist skills.

Although the division is protected to an extent in the prevailing economic climate by long-term contractual agreements, the cancellation of a major Debswana contract early in the reporting period required immediate action, both to replace lost income and preserve a long-standing relationship with this client. An amicable settlement was agreed and the division has successfully tendered for other contracts for Debswana. The cancelled contract was replaced by a two-year contract on a local magnetite mine which began in August 2009 and is valued at R180 million.



Rössing Mine

Rössing Mine

During the year, work continued at the Rössing uranium mine in Namibia for owner Rio Tinto, one of the world's largest mining houses. This is part of a contract extension awarded in the prior period, with significant progress made during the year.

Following capital expenditure of around R130 million in the prior period, in support of the capital-intensive nature of this business, levels dropped to R12 million in the review period. Capital expenditure is expected to increase again in 2010, reflecting ongoing investment in new plant and equipment.

There was a welcome improvement in industry activity levels from August, with several tenders issued or under negotiation.

To date, the division has secured contracts valued at R900 million for the next two years, including one offshore project. Negotiations for several other tenders are well advanced.

www.basilread.co.za

BLASTING & EXCAVATING

Drilling and blasting operations at Rössing Mine

Charles Schloesser
Contracts director

Blasting and Excavating (B&E) offers specialised services in drilling, blasting, hauling, crushing, screening, plant hire and blast monitoring. It is the foremost user of explosives in the South African construction industry, with a strong presence in the contract mining and civil engineering sectors.

While the dramatic downturn in the aggregates market in 2009 was in stark contrast to buoyant conditions in the prior year, both years were anomalies that misrepresent the long-term sustainability of the market. Given potential activity levels from pending water-supply and power projects, we believe this market has sustainable steady-state levels.

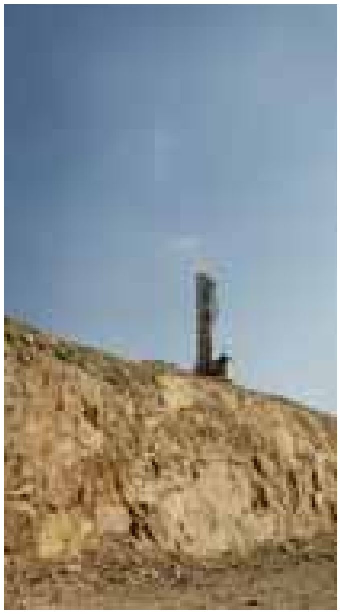
The level of synergy between the group's blasting and excavating activities and its mining activities is growing. Equally, this division has strong alliances with external clients. Together, these provide a sustainable base of long-term contracts that will be enhanced by the global potential of TWP's consulting activities.

DeBeers Venetia Mine

B&E continues to work at Venetia diamond mine, near Musina in Limpopo Province, for owner DeBeers, the world's leading diamond company. The R138-million contract for the mine's percussion drilling project began in October 2008 and is expected to be complete in September 2011. Major works include drilling 165mm and 127mm percussion holes at this open-pit mine.

Paul Merifield
Financial director: Mining

Peninsula Blast



Prospects

A measure of stability is expected to return to major commodity markets in the coming year: steel is expected to revert to steady state; the uranium sector should maintain volumes and the diamond market is expected to return to normal. By focusing on the group's proven expertise in hard-rock mining, we expect to penetrate the coal industry in the near future.

We will continue to build strategic relationships with local partners in the countries in which we operate, while exploring opportunities further afield.

The combination of improving commodity markets, strong partnerships and a solid track record is expected to underpin improved performance in the year ahead.

www.blasting.co.za

Developments

The review period was arguably one of the worst for the residential market in recent memory. Given the protracted effect of the National Credit Act and dearth of mortgage finance in the wake of global economic turmoil, lower interest rates had almost no effect on the housing market. In the last months of the year, the housing market started to improve as banks relaxed their lending criteria and consumers began to feel the pressure on disposable income lessen. Government has reaffirmed its commitment to eradicating informal settlements, with a concomitant effect on job creation and poverty reduction.

Performance

Given the long lead times for development projects in general, the division recorded acceptable performance for the review period. Revenue was R68,3 million (2008: R77,4 million), with operating profit of R6,2 million (2008: R13,5 million). Operating margins dropped to 9,1% (2008: 17,5%). This contraction of margins is largely due to professional fees paid to technical advisors for work performed relating to existing developments that are yet to break ground. Preliminary expenses are typical to this type of project due to the long lead times to bring the project to fruition.

While being the smallest of Basil Read's divisions it has the largest socio-economic impact of all the divisions with a direct investment of R21 billion, and a total economic impact of R68 billion between current projects and developments in the planning stages. It is strategically significant given the focus on sustainable development and the secondary work the division creates for the group. Some R3 billion in work, which is not yet included in the group's order book, will be created for other Basil Read divisions over the life of current projects.

Management

Des Hughes, Brian Mulherron, Tshiwo Yenana

Employees **19**

Contribution to revenue **1,5%**

Operational review continued

BASIL READ DEVELOPMENTS

Cosmo City Apartments

Des Hughes
Managing director: Developments

Cosmo City

At Cosmo City, in Johannesburg's northern suburbs, 9 000 of the 12 500 homes have been occupied. Six schools, including a hotel school, and various churches are fully operational. Construction is under way on the first shopping centre. A private medical clinic was opened by the Minister of Health in January 2010. Importantly, Cosmo City has created 21 000 direct and indirect jobs during construction, with estimates of a further 95 000 jobs post construction each year.

The second phase of Cosmo City is aiming to break ground during the second half of 2010, but this may be delayed until early 2011 due to budgetary constraints. This phase will accommodate the informal settlement of Itsoseng on the northern boundary of Cosmo City and involve constructing over 5 000 residential units as well as a school, churches, parks and commercial facilities.

Savanna City

The development of the Doornkuil site, south of Johannesburg and recently named Savanna City, will break ground in April 2010 after all approvals were received late in the review period. Savanna City is being developed in partnership with the Old Mutual group, which is providing funding, and has the full support of the Midvaal Municipality. This planned development, a R9-billion project, will be larger than Cosmo City.

Cape Town

In Cape Town, Basil Read is developing another integrated mixed-use residential area in partnership with Garden Cities, the largest private land owner in Cape Town and a non-profit group with an established track record of 90 years of providing affordable housing. Garden City New Town, a 700-hectare property has been identified for low-cost, middle-income and bonded housing. Similar to Cosmo City, the R9,7-billion project will include schools, community centres, clinics, churches, parks, commercial and light industrial areas. Regulatory approvals are beginning to flow and good relationships are being built with stakeholders, including municipalities, government bodies and communities.

Klipriver Business Park

Klipriver Business Park

Site development of the 230ha Klipriver Business Park, a pivotal spine between Johannesburg, Meyerton and Ekurhuleni, is progressing well. Phase 1 infrastructure, including roads and services, was completed in December 2009. The development is being marketed by a professional third party, and although initial response has been good, sales are expected to improve significantly once the economic recovery gains traction.

Prospects

Basil Read plans to continue creating developments aligned to government's Breaking New Ground initiative, given the equal importance of housing provision, local job creation and the development of community associations.

www.brdevelopments.co.za

Engineering

In 2009, Basil Read revived its engineering division to meet demand both from the infrastructural upgrade by local governments across the country, and for companies that offer the full spectrum of services for construction projects. The group has now brought key skills in-house and concluded a merger with the multi-disciplinary engineering firm, TWP Holdings, to offer clients a comprehensive range of specialist services.

Given the significant synergies between Basil Read and TWP, the merger creates an enlarged group uniquely equipped to offer a full service to the world's building environment and mining sectors, particularly in the EPC (engineering, procurement and construction) arena.

With a team of some 800 engineers and architects, TWP provides a wide spectrum of services including resource identification, bankable feasibility studies, mine and production planning, process engineering, project execution, delivery and handover.

The scale of these complementary activities will support Basil Read's stated intention to tender for larger contracts, pursue international acquisitions and compete globally – a development that has been positively received by clients globally.

With Basil Read already geared to take on more complex projects after 2010, particularly where it has identified deficiencies in local infrastructure, TWP will play a key role in the group's ability to serve clients across a much broader spectrum with a fast-track turnkey offering.

Management

Nigel Townshend, Steve Dewsbery, Digby Glover, Franco Pellegrini, Dean Cunningham, Chris Erasmus

Employees **768**

Operational review continued

PP Rust Potgietersrust

Nigel Townshend
Chief executive officer: TWP Holdings

Digby Glover
Managing director: TWP Projects

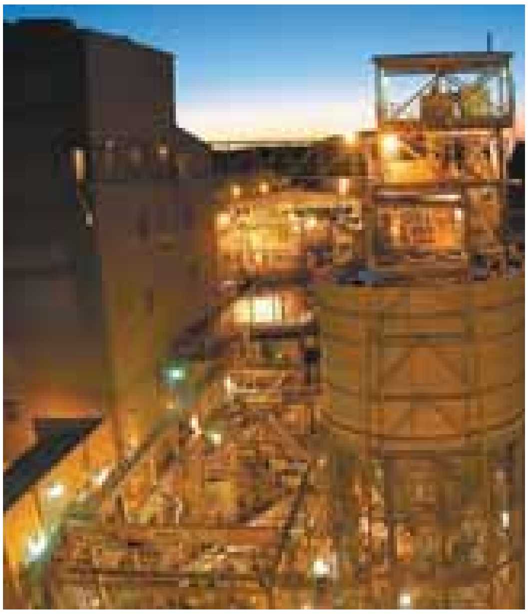
Founded in 1982, TWP is acknowledged as a leading engineering consultancy, with particular expertise in the mining industry. TWP is well known for offering clients all the resources traditionally held in-house by mining houses, and its employees across the spectrum of mining disciplines have been involved with some of the largest and most challenging projects in the world.

The value of projects currently under TWP management exceeds R60 billion and parts of its project pipeline extend beyond 2016. With its core business still based in engineering design, procurement and construction management, the union of Basil Read and TWP will see more work conducted in the EPC arena.

Headquartered in Melrose Arch in Johannesburg, the TWP group has offices in Australia and Zambia, as well as regional offices in Rustenburg and Polokwane. TWP will extend its footprint into Peru, Zimbabwe and Abu Dhabi in 2010. From its South African base, TWP has exported mining and process technical expertise to North and South America, Australasia and other parts of Africa, while its track record in southern Africa includes some of the largest and most complex mining projects on the continent. Although TWP has been involved in projects for most minerals, it is particularly strong in the platinum sector and recent contracts include the new concentrator at Anglo Platinum's Mogalakwena mine, Anglo Platinum's Styldrift and Twickenham projects, and a number of deep shafts such as Impala's 20 and 17 shafts, and Anglo Platinum's Paardekraal shaft. In copper, TWP is involved in the Zambian Copperbelt.

The scope of the TWP group most relevant to Basil Read's operations is summarised below. For further information, copies of the October 2009 circular to shareholders are available on request (see inside back cover) or on www.twp.co.za.

TWP Projects is uniquely positioned to offer clients a complete solution – from concept, safety, risk management, environmental definition, design, and project management to execution, operation and closure. It is the largest EPCM service provider in southern Africa and largest subsidiary in the TWP group. TWP Projects comprises three



Bafokeng Rasimone Platinum Mine

primary divisions, with a current order book valued at more than R80 billion:

> *TWP Mining*
> *TWP Process:* offers clients a unique engineering capability focused on mineral processing plants, base and precious metal refinery projects, chemical and water treatment plants. Its track record includes successful greenfield and brownfield projects, detailed evaluations of existing beneficiation plants for expansion or upgrading, full audits of current installations and implementation of tailings retreatment facilities.
> *TWP Energy:* provides electrical power and alternative energy solutions to companies and organisations across Africa and the Middle East. It is also active in the build-own-operate sector of the power-generation industry. Its comprehensive services include: energy master plans, conceptual studies, feasibility studies, bankable feasibility studies, basic development (control budget estimates), detail engineering design, execution (definitive cost estimates), commissioning and start-up.

Wholly owned subsidiary Matomo is a process design and project execution company operating in southern Africa, and focused on executing small- and medium-sized process-based projects. Its services include process plant EPCM and commissioning capability. These services are based on Matomo's extensive process plant operational experience, years of practical implementation, and the skills of experienced engineering and project management staff.

Rounding out the spectrum of TWP services are civil and structural engineering; mechanical and piping engineering; electrical, control and instrumentation engineering; risk management; contract models; environmental services; shafts and infrastructure; and geology and mining engineering consulting.

Quality is pivotal to TWP's success and it has full ISO 9001:2000 accreditation from the German authority Dekra. This keen focus on skills, structure, process and service has resulted in a reputation for consistent delivery for the world's leading companies in the fields of infrastructure, mining and commercial development.

TWP recognises project management as a discipline in its own right. In addition to intensive development programmes for its engineers and project managers, TWP uses proprietary software that allows project managers to take their projects from conception to handover using methodologies based on industry best practice. The TWP project risk management guideline incorporates all requirements in terms of PMBOK, ISO 14001 and OHSAS 18001, as well as the collective project risk lessons accumulated over 27 years of capital project experience and housed in a proprietary knowledge base.

TWP Projects' SHE department has a wealth of experience and skills in establishing, integrating and managing risk-based SHE management systems in both a project management and general industry environment. This ensures clients meet corporate governance and other compliance requirements, and adds business value in line with stakeholder expectations. Each phase of a project, from concept to handover, is associated with specific SHE deliverables, from high-level and project execution risk assessments to closure reports.

www.twp.co.za

Operational review continued

The Place at 1 Sandton Drive

Franco Pellegrini
Managing director: TPS.P Architects

TPS.P Architects, a wholly owned subsidiary of TWP, is a company of professionals dedicated to excellence in architecture and quality service. Its portfolio includes multiple national and international projects in commercial, industrial and residential buildings, hotels and leisure facilities, as well as many projects for the mining industry.

In mining and industrial projects the company's role ranges from building design, to the design of complete towns or projects. TPS.P's broad range of expertise and skills allows them to successfully complete turnkey projects, including organisational studies, design and execution of building projects and contemporary interior design.

The company's approach to designing office buildings seeks to achieve the client's objective to maximise the rentable area from the available bulk, by optimising development efficiencies with design solutions that will remain flexible to the future requirements of both client and occupant. Where required, TPS.P utilises its interior team – Facets Interiors – to undertake organisational studies to determine the organisational structure of the user and to deliver the most appropriate building design solution. The design process thus allows the company to cross-check for suitability of purpose.

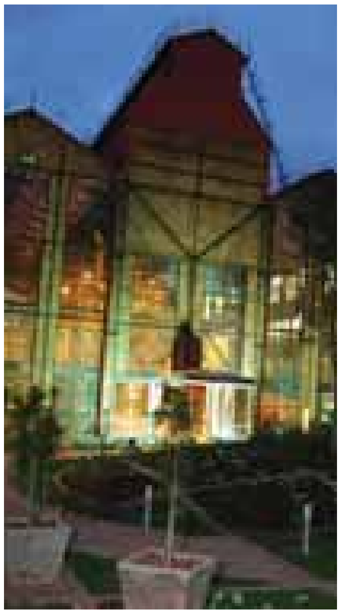
TPS.P's designers work on local and regional projects throughout Africa from its head office in Johannesburg, or reside on location. The company's offices in Maputo, Mozambique, are used as a base to pursue commercial and industrial projects in Mozambique as well as in Angola, with a possibility of extending the company's African footprint further afield into Nigeria and Ghana.

Services

TPS.P offers a comprehensive range of services, including:

> Project evaluation
> Feasibility studies
> Space and organisational planning
> Conceptual and detailed architectural design

Zurich Insurance head office



> Building consultants
> Acting as principal agents to a team of consultants
> Contract administration
> Site supervision and quality control
> Interior design.

Commercial projects

As designers, TPS.P strives to remain at the forefront of building technology, which enables it to deliver design solutions which are environmentally sensitive, energy efficient, with a consistent focus on "buildability", tolerance control and minimising maintenance service in future.

Some of the company's larger recently completed projects include the new Johannesburg Securities Exchange Building in Sandton, the Dimension Data Campus in Bryanston, AngloGold Ashanti, the new Domestic Terminal at OR Tambo International Airport and The Place at 1 Sandton Drive.

TPS.P's experience in commercial buildings extends to:

> Hotels and leisure developments
> Airports and transportation infrastructure
> Office developments
> Restaurants
> Mixed-use developments
> Housing
> Industrial and retail projects
> Community and education infrastructure
> Mining projects.

Interior design and space planning

Interior design team Facets Interiors is on hand to advise on base building and tenant interior work, ranging from the design of public areas such as lift lobbies and toilets, to the design of tenant-specific areas such as the general office space, including space planning.

Facets offers an interior design service on a consulting basis. This includes organisational studies, space planning, selection of finishes, specialised joinery, procuring furniture and soft furnishings. All costs are reported on a transparent basis, and mark-ups are passed on to the developer as savings.

Information technology

All architects and technicians work with AutoCAD or Revitt and other software on the most up-to-date computer equipment available, which includes state-of-the-art colour plotters and in-house printing facilities. The company uses electronic visualisation and presentation tools such as CorelDraw, DrawCad, Microstation, Accurender and the top-of-the-range 3D Studio Max for walk-through presentations.

www.tpsp.co.za

Financial director's report

Donny Gouveia

Strategic objectives

> Financial discipline in all operations

> Effective internal control structure

> Accurate and timeous communication to all stakeholders

FINANCIAL DISCIPLINE REMAINS A KEY OBJECTIVE

The current reporting period was another exciting year in Basil Read's history, not least because the group acquired two sizeable acquisitions, the Gerolemou/Mvela and TWP groups, and raised R225 million through our domestic medium-term note programme. All of this corporate activity meant a significant amount of additional work for the finance team in a year already challenging due to the prevailing financial environment. As we continue the process of bedding down the enlarged group, financial discipline remains a key objective.

Financial results

The group reported steady growth with revenue up by 34% and an increase in net profit before tax of 39%. While operating margins remained fairly consistent, divisional results were mixed, with healthy margin increases in the roads and opencast mining divisions and the remaining divisions reporting tighter margins. We remain optimistic about the foreseeable future of the construction industry but given the inherent uncertainty in global financial markets and the resultant effect on most industries, our focus in the coming months will be on cost control and containment.

The results of the group were adversely affected by a higher tax charge, largely as a result of non-taxable items which contributed to the increased effective tax rate of 34%. Secondary taxation on companies and tax paid in foreign countries at higher tax rates made up the remaining difference. In the coming year, we will be looking at ways to optimise the group's tax rate to ensure that it more closely approximates the promulgated company tax rate of 28%.

Higher cash balances and a greater emphasis on cash management led to net interest received of R3 million compared to net finance costs of R12,3 million in the prior reporting period. In the current low interest rate environment, the group will continue to look for ways to maximise returns generated by cash holdings, while managing the increased risk in financial markets due to liquidity constraints.

The balance sheet grew significantly, bolstered by the acquisitions of the Gerolemou/Mvela and TWP groups, with total assets increasing by 69% to R4,2 billion. The group has made a sizeable investment in development land due to its ongoing property developments at the Klipriver Business Park in the south of Johannesburg and the St Micheil's International Leisure Estate outside Dullstroom in Mpumalanga. Sales at these developments have been adversely affected by the downturn in the economy but are expected to gain momentum as the recovery of the economy gains traction.

Cash on hand currently stands at R1,2 billion and the group's net gearing ratio is 0%. Included in cash balances are advance payments totalling R485,9 million. Cash flow from operating activities was satisfactory and was adversely affected by the increased investment in working capital, specifically debtors and development land, and a sizeable amount of taxation paid. The increase in tax paid is due to the utilisation of tax losses in prior years and the change in legislation relating to provisional taxes.

Corporate activity

On 1 March 2009, the group acquired the remaining 66,67% of Sunset Bay Trading 282 (Pty) Limited, thereby increasing its effective holding to 100%. Sunset Bay is responsible for the development of the St Micheil's International Leisure Estate outside Dullstroom in Mpumalanga. Previously disclosed as an associate, Sunset Bay has been consolidated from date of acquisition. The acquisition gave rise to the recognition of a contract-based intangible asset of R8,6 million, of which R0,7 million was amortised in the review period.

On 1 July 2009, the group bought out one of its empowerment partners in Newport Construction (Pty) Limited, thereby increasing its stake to 70% (2008: 55%). The transaction resulted in the recognition of a loss on transactions with minorities of R0,1 million. If a suitable additional empowerment partner is found, the group may consider increasing the empowerment shareholding in the company.

The acquisition of the Gerolemou/Mvela group, comprising P Gerolemou Construction (Pty) Limited, Mvela Phanda Construction (Pty) Limited and Contract Plumbing and Sanitation (Pty) Limited, was successfully completed during the 2009 financial year and their results have been consolidated from 1 September 2009. The total purchase consideration of R351,5 million was settled through a cash payment of R245,7 million and the recognition of a deferred payment liability of R105,8 million. The acquisition gave rise to the recognition of a contract-based intangible asset of R32,2 million and goodwill of R170,0 million. An amount of R10,8 million relating to the amortisation of the intangible asset was recognised in the income statement in the year under review.

The deferred payment liability will be settled in two equal instalments of R60 million each, payable on 1 July 2010 and 1 July 2011. R25,8 million of each instalment is conditional on the company meeting certain profit warranties. The deferred payment liability has been discounted at 10% per annum to reflect its fair value of R105,8 million. Notional interest of R3,4 million has been recognised in the income statement in the 2009 financial year.

The group completed the acquisition of the TWP group on 21 December 2009 and has consolidated from that date. The total purchase consideration of R721,3 million is payable in two instalments. The first instalment was settled on 21 December 2009 through the issue of 37,3 million shares and a cash payment of R178,9 million. The remaining R59,9 million is conditional on the TWP group meeting its profit warranty for the financial year ended 31 December 2010 and if met, is expected to be paid during the first half of 2011. Due to the high level of uncertainty surrounding TWP's results for the 2010 financial year, this deferred payment has not been provided for. Management will reassess this position throughout the coming year and may provide for this liability in the 2010 financial year.

The acquisition gave rise to the recognition of intangible assets totalling R68,4 million and goodwill of R320,6 million. The trading results of TWP had no effect on the trading results of Basil Read for the year to December 2009.

To aid with our transformation goals, the group disposed of 80% of BR-Tsima Construction (Pty) Limited to two emerging contractors for no consideration, effective from 1 January 2009. The loss on the transaction was R0,1 million and has been included in the results to December 2009. Basil Read will continue to exercise significant influence over the operations of BR-Tsima, through management support and mentoring to ensure that the black-owned entity will be successful.

The performance of Stone and Allied Industries Limited, an operator in the aggregate business with static crushers erected on mine dumps mainly in the Free State and North West provinces, remained disappointing and Basil Read disposed of the loss-making operation on 1 July 2009. Impairments relating to the disposal amount to R11,5 million in the period under review, with no further loss on disposal reported.

Domestic medium-term note programme

Basil Read listed a R1 billion domestic medium-term note programme on the Bond Exchange of South Africa in the prior year. During the 2009 financial year, the group raised R225 million through this programme to fund the first instalment due for the Gerolemou/Mvela group.

On 6 August 2009, the group raised R125 million under this programme. The note was listed on the Bond Exchange of South Africa on 12 August 2009 and bears interest at the three-month ZAR-JIBAR-SAFEX rate plus 3%. Interest is payable quarterly and the capital sum is payable on 11 February 2011. The interest rate applicable at year end was 10,154%.

On 7 August 2009, the group raised R100 million under this programme. The note was listed on the Bond Exchange of South Africa on 13 August 2009 and bears interest at the three-month ZAR-JIBAR-SAFEX rate plus 2,9%. Interest is payable quarterly and the capital sum is payable on 12 August 2010. The interest rate applicable at year end was 10,046%.

Share-based payment

During the year under review the group expensed R9,7 million relating to costs pertaining to the employee share scheme under IFRS 2. A further 1,7 million options were issued during the year and the remaining charge relating to all issued options amounts to R7,2 million. This charge will be amortised over the next four years according to the options' respective vesting periods.

Dividends

The group is currently investigating an appropriate formal policy with respect to dividends which will take cognisance of shareholders' expectations, industry trends and the group's growth targets. The dividend declared in respect of the current year of 42 cents per share appears conservative at a level of 7,6 times when compared to the group's earnings of 317,15 cents per share. However, given that the group issued 37,3 million shares at the end of the review period, the total dividend to be paid amounts to R52 million, which results in dividend cover of 5,3 times when compared to earnings. Dividend cover is reviewed annually and an appropriate level decided on once all factors have been taken into account.

In closing

2009 was a year of significant corporate activity for Basil Read and I wish to thank the members of the finance and accounting teams for their support and input into the acquisitive process. While no significant corporate activity is planned for the coming financial year, the hard work of bedding down the recent acquisitions will continue.

On a more personal note, I would like to thank Lester, Marius and the rest of the board for their guidance and support as I formally assume the responsibility of financial custodian of the group.

As part of our continuous improvement project with regards to communication and disclosure to all stakeholders, we would welcome your views and suggestions. Feedback can be sent to communications@basilread.co.za.

Donny Gouveia
Financial director

Risk and opportunity management

Norman Milne

OPPORTUNITY IS THE UPSIDE OF UNCERTAINTY

The global financial crisis has caused companies to critically examine their risk management practices. The world's finance and insurance houses – with their sophisticated systems, mathematical models and layers of approval – considered themselves impregnable to disasters. However, if institutions such as Lehman Brothers can go bankrupt, with others such as AIG and Royal Bank of Scotland needing huge cash injections from government to survive, it is apparent that even the most advanced risk management systems are subject to human frailty.

It is no longer sufficient to ensure employers have the funding for a project and that we obtain financial guarantees from our subcontractors. What happens if our insurance company collapses during the project? Or the financial institution that provides our bonds closes its doors? In both instances, we would be in breach of contract and considerably out of pocket. More than ever we need to examine all facets of our business and ensure we have appropriate risk mitigation measures in place.

The year ahead will require us to conduct such a critical examination. The King III Code of Conduct comes into effect in March and we anticipate the new Companies Act will be legislated sometime later in the year.

Basil Read endorses the principles set out in King III. Each chapter has been allocated a responsible executive to champion the principles contained in the code. King III workshops will be held in the first half of 2010 to brief management on the code and how Basil Read intends achieving compliance.

Although signed into law on 8 April 2009, the Companies Act No 71 of 2008 has still to come into force, anticipated to be around 1 July 2010. We have taken cognisance of the provisions in the act which impact on the way we will function as a business in future and are amending our policies and practices to ensure compliance.

Two major acquisitions were made in 2009; the Gerolemou/Mvela group and TWP Holdings Limited. TWP is a significant departure from Basil Read's traditional business model since its niche expertise is in the field of design – civil, structural, architectural and process. While this provides the group with strong design build capability, it also brings both new forms of risk and opportunity into our business and operational risk management plans.

In line with the group's growth strategy, Basil Read has established locally registered entities in Nigeria, Uganda and in Abu Dhabi in the United Arab Emirates. Comprehensive risk reviews have been undertaken on contracting in these areas. We are mindful of the problems experienced by construction companies operating in these territories in the past and have created a template of acceptable commercial terms and conditions against which each opportunity is critically evaluated.

Basil Read continues to engage Grant Thornton to carry out the internal audit function. Areas for audit are identified from the company risk register, which is reviewed three times a year and re-evaluated from first principles annually. Audits were carried out in 2009 on tendering and estimating, sales and debtors, subcontractor management and the effectiveness of the company's disaster recovery plan. All shortcomings have been addressed and recommendations implemented where necessary. The extraordinary growth in the number of employees has highlighted the need to familiarise new recruits with our policies and procedures.

Basil Read uses Marsh (Pty) Limited as both its placing and servicing broker. Marsh is the world's leading insurance broker and risk advisor and gives Basil Read access to global professional services. Insurances are renewed annually on 1 January each year. We continually review our insurance portfolio against the group's growth, changing risk profile and global best practice. We are satisfied that our level of cover is commensurate with corporate good governance and the expectations of our shareholders.

Tip-offs Anonymous provides a service for our stakeholders to report possible incidents of fraud or corruption without fear of retribution. In 2009, 18 calls were received, six of which required further investigation. Only one of these required disciplinary action. We have reviewed and re-issued our business conduct policy and guidelines to reinforce acceptable and unacceptable behaviour.

The risk and audit committee meets four times a year and continues to provide leadership and guidance in risk management and governance to the operations of the group.

Marsh conducted a risk-bearing capacity analysis on Basil Read in August 2009. This analysis is defined as the ability of a company to absorb additional risk-based volatility in its operational results without detrimental effect to key plans and strategies in operational status and financial resources in any given year over approximately a three-year static time horizon. Marsh was comfortable with the level achieved, commenting: "Although this level breaches some of the critical parameter results, the breaches are negligible and viewed in the context of the balance sheet, cash flow statement and other ancillary information such as anticipated growth, this level can be seen as sufficiently prudent."

Basil Read has renewed its membership of the Engineering and Construction Risk Institute (ECRI), an initiative started by the World Economic Forum. ECRI provides a platform to share risk management best practices across the engineering and construction industry. Through ECRI, we are able to share in the lessons learnt by global giants such as Fluor Daniel, Bechtel and Technip.

In the 2008 annual report we provided detail on our current risk management practices. While we continually fine-tune these practices, we are satisfied they provide an effective risk management system and adequately address risk management needs within Basil Read.

Goals for 2010

> Current risk identification, evaluation, monitoring and reporting is done via simple spreadsheets. We have investigated a number of enterprise risk management software programs and will select and roll out such a system in the first half of 2010.
> Given the size of the group and the nature of our activities, we will appoint a dedicated risk manager.
> We will continue our risk-training seminars – aligning our procedures with ISO 31000.
> King III workshops will take place in the first half of 2010.

Norman Milne
Commercial director

Corporate governance

Enna Kruger

COMMITTED TO
BEING A RESPONSIBLE
CORPORATE CITIZEN

Basil Read endorses the value of good corporate governance and standards as recommended in the Code of Corporate Practices and Conduct in King II, as well as the Listings Requirements of the JSE Limited. Corporate governance remains a permanent item on the board's agenda, and the board believes the group complies with JSE requirements.

The group's corporate philosophy is consistent with the principles of King II in that:
> The roles of the chairman and chief executive officer are separate
> An independent non-executive director is elected as chairman
> The remuneration and audit/risk committees are chaired by independent non-executive directors who act independently.

The group is currently formalising a detailed plan to ensure compliance with King III and the new Companies Act. As an initial measure, an independent third party is being contracted to perform a compliance audit to highlight any shortcomings in the group's governance practices and policies. An implementation team, led by the financial director and monitored by the audit/risk committee, will manage the process to ensure a seamless transition in complying with the new legislation.

Board of directors

Basil Read has a unitary board structure, which comprises three executive directors, an independent non-executive chairman, three non-executive directors and three independent non-executive directors.

New directors are appointed depending on board requirements, including the need for specific skills and expertise, or shareholding changes. Any member of the board may nominate an individual for appointment to the board, and directors are appointed by unanimous resolution at board meetings.

The board's key responsibilities are to:
> review and approve corporate strategy
> approve all acquisitions and major investment decisions
> identify and monitor key risk areas
> safeguard group assets
> monitor operational performance

- review and approve annual budgets and business plans
- oversee the group's reporting and communication process
- approve the nomination of directors and appointment of the chief executive officer
- oversee succession planning

The appointment of new directors to the board is done according to approved procedures and guidelines. All appointments are subject to confirmation by shareholders at the annual general meeting. Every member of the board has equal standing and voting rights, thus ensuring the balance of power within the board.

The roles of chairman and chief executive officer are separate. The board meets at least once every quarter and details of attendance in the review period are shown below.

Date meeting held	Director's name	Attended	Apologies
26 February 2009	BT Ngcuka (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	LB Dyosi	✓	
	SS Ntsaluba	✓	
	SLL Peteni	✓	
	NY September	✓	
	AT Tlelai	✓	
07 May 2009 Annual general meeting	BT Ngcuka (chairman)	✓	
	ML Heyns	✓	
	CP Davies	✓	
	LB Dyosi	✓	
	SS Ntsaluba	✓	
	SLL Peteni	✓	
	NY September	✓	
	AT Tlelai	✓	
27 August 2009	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	CP Davies	✓	
	LB Dyosi	✓	
	SS Ntsaluba	✓	
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai	✓	
18 November 2009	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	CP Davies	✓	
	LB Dyosi	✓	
	SS Ntsaluba	✓	
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai	✓	
11 February 2010	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	LB Dyosi	✓	
	SS Ntsaluba	✓	
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai	✓	
11 March 2010	SLL Peteni (chairman)	✓	
	ML Heyns	✓	
	MDG Gouveia	✓	
	NJ Townshend	✓	
	CP Davies	✓	
	LB Dyosi		✓
	SS Ntsaluba	✓	
	NY September	✓	
	GR Sibiya	✓	
	AT Tlelai	✓	

No director has a service contract with the group. Three directors retire each year by rotation with reappointment subject to shareholder approval at the annual general meeting. No restraint-of-trade payments are made to directors.

The board retains effective control over the group and monitors the implementation of strategies and policies by the executive management team through various committees and processes. The information provided to the board is sufficient to enable the directors to consider decisions on material matters.

The group operates according to a business plan, compiled by the executive management team and approved by the board of directors.

All directors have access to the advice and services of the company secretary, and unrestricted access to all records, assets and employees of the group, as well as to each committee and its chairman.

Board committees

The board has established two formal committees to assist in discharging its duties and responsibilities, namely the audit/risk committee and the remuneration committee.

Audit/risk committee

Members:

CP Davies

SLL Peteni (resigned 7 May 2009)

NY September (appointed as chairman 21 October 2009)

GR Sibiya (appointed 26 August 2009)

The audit/risk committee comprises three independent non-executive directors.

The committee meets periodically throughout the year to review the financial statements, the scope of internal and external audit functions, risk management and the effectiveness of management information, internal controls and corporate governance procedures. It reports to the board on its findings. Details of attendance at meetings are shown below.

Date meeting held	Member's name	Attended	Apologies
25 February 2009	SLL Peteni (acting chairman)	✓	
	CP Davies	✓	
	NY September	✓	
26 August 2009	CP Davies (interim chairman)	✓	
	NY September	✓	
	GR Sibiya	✓	
21 October 2009	NY September (chairman)	✓	
	CP Davies	✓	
	GR Sibiya	✓	
10 March 2010	NY September (chairman)	✓	
	CP Davies	✓	
	GR Sibiya	✓	

The committee is also responsible for reviewing the group's accounting policies and statutory compliance and recommending changes, where appropriate.

The committee also sets the principles for recommending the use of the external auditors for non-audit services.

For the annual reporting process, the committee is responsible for considering the appointment of the external auditor and the review of the nature and scope of the external audit.

The audit/risk committee considered the competence, skills and experience of the financial director in terms of section 3.84(h) of the JSE Listings Requirements on appointment and is satisfied that Donny Gouveia meets all the requirements to fulfil the role of financial director of Basil Read.

The board is satisfied that the audit/risk committee has fulfilled its responsibilities under its terms of reference.

Refer to page 80 for the audit/risk committee's report for the year ended 31 December 2009.

Remuneration committee

Members:

CP Davies (chairman)
AT Tlelai
OJP Giot
BM Johnson
LB Dyosi

The remuneration committee, which comprises three non-executive directors, one of whom is independent, and two members of management, meets periodically throughout the year. Details of attendance are shown below.

Date meeting held	Member's name	Attended	Apologies
04 February 2009	CP Davies (chairman)	✓	
	LB Dyosi	✓	
	AT Tlelai	✓	
	OJP Giot		✓
	BM Johnson	✓	
22 July 2009	CP Davies (chairman)	✓	
	LB Dyosi	✓	
	AT Tlelai	✓	
	OJP Giot	✓	
	BM Johnson	✓	
07 October 2009	CP Davies (chairman)	✓	
	LB Dyosi	✓	
	AT Tlelai	✓	
	OJP Giot	✓	
	BM Johnson	✓	
03 February 2010	CP Davies (chairman)	✓	
	LB Dyosi	✓	
	AT Tlelai	✓	
	OJP Giot		✓
	BM Johnson	✓	

The committee's objectives are to assist the board in determining conditions of employment and to review and approve remuneration policies and practices for executive directors and senior management. The committee is also responsible for establishing the policy for, and operation of, the group's share incentive scheme. The committee is satisfied that executive directors are remunerated in line with their responsibilities and performance, and in line with the market.

Remuneration philosophy

Basil Read's philosophy is to encourage sustainable long-term performance. The purpose of remuneration is to attract, retain, motivate and reward staff to achieve the group's objectives. Remuneration is reviewed at appropriate intervals to motivate staff to perform to a required standard and to retain their services by offering and maintaining at least market-related remuneration in line with their performance and outputs for particular jobs.

Remuneration increases are granted for all staff annually in March, considering individual performance and output and appropriate market increases.

Non-executive directors

The committee considers and recommends fees for non-executive directors after taking into account duties performed and market trends. Non-executive directors receive a fixed remuneration for their services based on their participation in board meetings and other committees. Non-executive directors do not receive incentive bonus payments nor do they participate in the group's share incentive scheme. Details of fees earned by non-executive directors in the year under review are provided on page 104.

Executive directors

The objective of the remuneration policy is to attract and retain high-calibre directors and executive management, while balancing the group's primary objective of sustainable growth. Remuneration structures are designed to create an environment that motivates and supports high levels of individual and team performance.

The annual performance bonus, coupled with the share incentive scheme, is structured to encourage sustainable, enhanced earnings growth and aid in aligning long-term director remuneration directly to growth in shareholder wealth.

The annual performance bonus plan offers incentives to executives and management, based on group performance levels. A bonus pool is created only if certain criteria or financial standards are met, and its size is a function of productivity and improved performance in real terms. Executive directors and management are allocated bonuses from the organisational pool based on:

> divisional performance
> individual performance.

Details of the remuneration of executive directors appear on page 103.

Share incentive scheme

The share incentive scheme for employees and directors was launched in 1998 to reward participants for the group's performance and to support retention strategies.

In April 2009, 1 678 000 options were awarded to all levels of employees. The number of options awarded to each employee was based on certain qualifying criteria. In terms of the award, 50% of options vest one year after the award date, 25% two years after the award date and the remaining 25% three years after the award date.

Details of options awarded to executive directors during the 2009 financial year appear on page 105.

Risk management

Basil Read has identified two broad sources of risk:

- risks emanating from the group's general operations, encompassing many departments and disciplines
- those arising at a project level and which can be of a general nature, in that they apply to many projects, or unique to that project.

Basil Read's risk management report is detailed on page 72.

Code of ethics

At Basil Read, we place trust in our employees and believe that, inherently, each one knows and understands the difference between right and wrong. As such, we do not see the need for detailed policies and procedures on all acceptable and unacceptable ethical behaviour. We believe this complicates matters and creates grey areas where someone may believe it is appropriate to engage in a form of unethical behaviour simply because it was overlooked or omitted from a list.

For appropriate behaviour to be entrenched in a company, senior management must consistently demonstrate ethical behaviour and practices in all their dealings. Basil Read has therefore adopted a code of business conduct to which all senior managers have pledged their commitment. This will be renewed annually.

Financial statements

The directors are responsible for preparing financial statements which fairly present the state of affairs of the group at the end of each financial period.

The board ensures the consistent use of appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The board recognises its responsibility for complying with International Financial Reporting Standards (IFRS) and has prepared the financial statements set out in the annual report accordingly.

Auditing

External audit

The primary responsibility of the group's external auditors is to express an opinion on whether the financial statements are fairly presented. The external auditors were also formally engaged by the board to perform other services on behalf of the group. Fees paid for these services are disclosed in note 9 to the financial statements and include:

- advice on various tax issues including transfer pricing, VAT and capital gains taxation
- factual findings reports for tender documentation
- due diligence investigations on acquisition targets
- other advisory services on certain acquisition targets.

The external independent auditors have also reviewed the non-financial aspects of this annual report to ensure consistency with their knowledge of the business, particularly those aspects embodied in King II. They do not, however, express an opinion on these aspects.

Unless otherwise stated, the non-financial aspects of this financial report have not been subject to external validation.

Internal audit

The board has established controls and procedures to provide a high standard, but not absolute assurance, on the accuracy and integrity of the group's financial information.

These controls are designed to safeguard, verify and maintain accountability of the group's assets and to detect and minimise fraud, liability and loss or unauthorised use. All joint ventures, associates and partnerships are subject to the same risk profile procedure as any other project undertaken by the group.

Grant Thornton is the group's appointed internal audit service provider to provide a more comprehensive internal audit function and ensure that the controls and procedures in place are adequate and operating as intended.

Through Deloittes, Basil Read runs a round-the-clock dedicated tip-off service where employees can anonymously, and without fear of retribution, report any perceived unethical behaviour. This service has been in operation since 1 August 2008. Each tip-off is investigated and results fed back to the audit/risk committee.

Pilferage and theft on site is an ongoing problem across our industry. To address this, Basil Read has engaged a specialist security company to provide forensic investigation and prosecutorial services when the need arises.

The Basil Read group does not engage in anti-competitive or cartel behaviour, including price-fixing, market sharing or collusive tendering. We fully support the tenets of the Competition Act and the Competition Amendment Bill.

Basil Read endorses the principles on ethical practices and organisational integrity set out in King II, and will do all that is necessary to ensure it operates in line with these principles.

Company secretary and professional advice

The company secretary is appointed by the board with duties that include providing guidance to directors on their duties and ensuring awareness of all relevant legislation and statutory requirements. The company secretary's statement of compliance is set out on page 100 of the financial statements.

The company secretary is suitably qualified and experienced and is responsible for, among others, the duties stipulated in section 268G of the Companies Act and for the certificate to be signed in terms of subsection (d).

All directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed.

All directors are entitled to seek independent professional advice about the affairs of the group at the group's expense.

Going concern

The board of directors confirms that the group has adequate resources to continue to operate for the foreseeable future and will remain a going concern in the year ahead.

Share dealings

Basil Read operates two closed periods from 31 December and 30 June each year until the publication of its year end and interim results, respectively. To ensure that dealings are not carried out at a time when other price-sensitive information may be known, directors and named officers must at all times obtain permission from the chairman before dealing in the shares of the company. Dealings in company shares by directors and named officers are, as required, disclosed to the JSE and published on SENS.

Stakeholders

The directors recognise the importance of strong relationships with all stakeholders whose needs are balanced against the group's accountability to its shareholders. The group subscribes to a policy of open and timely communication in accordance with the JSE Listings Requirements.

Corporate responsibility

Basil Read is resolutely committed to being a responsible corporate citizen in the communities and environment in which it operates. The group is equally focused on maintaining positive relationships with all stakeholders, the wellbeing of the environment and upholding universal human rights.

We understand that our continued success is not just a factor of economic performance, but also relates to our investment in corporate, social and environmental sustainability.

Code of business conduct

In all our dealings with employers, suppliers, subcontractors, stakeholders and among ourselves, we at Basil Read are committed to upholding the principles of:

- **Respect for human dignity, human rights and social justice**
- **Non-discrimination**
- **Transparency**
- **Honesty**
- **Fairness**
- **Accountability and responsibility**

Accordingly, we undertake to:

- **Respect and uphold the laws of the countries in which we operate. Unethical payments, business dealings or participation in fraudulent acts such as bribery or asset misappropriation will not be tolerated.**
- **Avoid any potential conflict of interest in all our dealings. We will perform our duties diligently and to the best of our ability, in the best interests of the company and all stakeholders.**
- **Refrain from deriving any personal advantage from our dealings. We will not accept gifts, hospitality or other favours which could be considered inappropriate or unwise, and which could be perceived as placing the recipient or the company under some kind of obligation.**
- **Only use company funds, property and assets for legitimate business purposes. Improper use of the company's electronic communication systems – computer systems, email and internet access – will not be tolerated.**
- **Respect the dignity of all employees, their right to freedom of association, to be rewarded fairly and to realise their full potential. Harassment of any kind, particularly sexual harassment, will be severely dealt with.**

Audit/risk committee report

for the year ended 31 December 2009

Background

The committee is pleased to present our report for the financial year ended 31 December 2009 as recommended by the Corporate Laws Amendment Act No 24 of 2006.

The committee's operation is guided by a formal detailed charter that is in line with the Act and is approved by the board as and when it is amended. The committee has discharged all its responsibilities as contained in the charter.

Objective and scope

The overall objectives of the committee are:

> To assist the board in discharging its duties relating to safeguarding of assets, the operation of adequate systems and controls.

> The control of reporting processes and the preparation of accurate reporting of the financial statements in compliance with the applicable legal requirements and accounting standards.

> To provide a forum for discussing business risk and control issues and developing recommendations for consideration by the board.

> To oversee the activities of internal and external audit.

> To perform duties that are attributed to it by the Act, the JSE and King III.

The committee performed the following activities:

> Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes.

> Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management.

> Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings.

> Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence.

> Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:

- The annual report for the year ended 31 December 2009
- The interim results for the six months ended 30 June 2009.

> Considered the effectiveness of internal audit, approved the one year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan.

The audit/risk committee is of the opinion that the objectives of the committee were met during the year under review. Where weaknesses in specific controls had been identified, management undertook to implement appropriate corrective actions to mitigate the weakness identified.

Memberships

During the course of the year, the membership of the committee comprised solely independent non-executive directors. Details of membership to the committee can be found on page 75.

External audit

The committee has satisfied itself through enquiry that the auditor of Basil Read Holdings Limited is independent as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2009 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 9 to the financial statements.

A formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement letter for such work is reviewed by the committee in advance, has been incorporated during the 2010 financial year.

Meetings were held with the auditor where management was not present, and no matters of concern were raised.

The committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, PricewaterhouseCoopers Inc as the external auditor for the 2010 financial year, with Mr JP van Staden as the designated auditor. In terms of the rotation requirements of the Act this will be his final year as designated auditor of the company.

Financial director review

The committee has reviewed the performance, appropriateness and expertise of the chief financial officer, Mr MDG Gouveia, and confirms his suitability for appointment as financial director in terms of the JSE Listings Requirements.

Annual financial statements

The audit/risk committee has evaluated the annual report for the year ended 31 December 2009 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements as set out on pages 102 to 168 for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Ntombekaya September
Chairman of the audit/risk committee
11 March 2010

Sustainable development

Making a difference

DRC School Project and Community Centre

Statement from CEO

The ever-growing Basil Read group is making steady progress towards our goal of extending our corporate social responsibility way beyond building the roads, bridges and power stations that form the framework of our economy and our society. We readily embrace our duty to enhance the quality of life of those we employ and the people touched by our operations across all our businesses, in our conduct and in our strategic plans for growth.

For nearly six decades, Basil Read has operated as a family business and these values continue to guide our group today. Four years ago, we aligned those family values with the triple bottom-line approach to reporting to stakeholders by integrating our economic, social and environmental performance in our annual report.

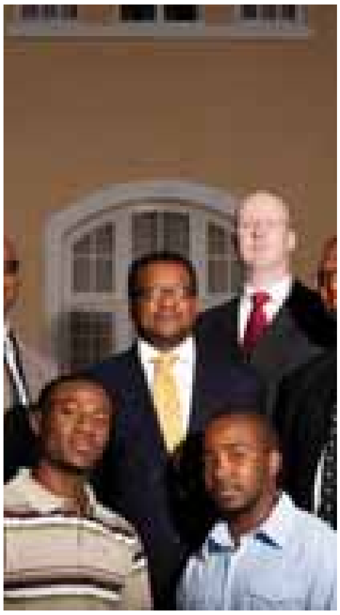
This integrated annual report is guided by the recommendations of King II, the Global Reporting Initiative and the United Nations Global Compact. We have also considered the expanded scope of the recently published King III. In many areas of sustainability reporting, we have made significant progress such as creating an equitable working environment for our people and developing their full potential. In the past two years, we have committed ourselves to the green-building approach in striving to optimise energy efficiency and reduce carbon footprints. These initiatives are detailed on page 92 and 93.

We are committed to taking our role in South Africa's transformation well beyond legislative compliance, and to entrenching global standards into our corporate governance. This approach guides our corporate social investment initiatives as well – elevating corporate philanthropy into making a sustainable difference by empowering communities.

Given the group's very strong growth in recent years, it is taking time to integrate acquisitions, standardise systems and platforms and, most importantly, get to know the new stakeholders who are now part of the Basil Read family. This includes thousands of new employees, communities in new geographic regions with different needs and priorities, and new local and provincial governments with different integrated development plans. Considering the sterling work being done in bedding down the larger group, we believe we will be ready by the next financial year end to formally declare a GRI application level and take our place alongside the growing number of global companies as we embed sustainability into every facet of our business en route to making Basil Read a truly global construction group.

Marius Heyns
Chief executive officer

Chris Hani/Baragwanath



Construction sector scorecard

The codes of good practice on broad-based black economic empowerment for the construction sector were promulgated in June 2009 after intensive and extensive consultation between government and the industry.

As a sector, we believe the implementation of the construction charter with its attendant codes of good practice will address inequalities in the sector, unlock potential and enhance growth – for the ultimate benefit of the entire South African nation.

The code provides a framework for the construction sector to address broad-based transformation, enhance capacity and increase productivity to meet global best practice standards. Its implementation will be monitored by the construction charter council, which will act with executive capacity and provide the necessary links to government institutions.

Scorecard

		Targets as per the code			
Indicator		Year 0 – 4	Year 5 – 7	Actual 2009	Progress
Ownership					
Voting rights	Exercisable voting rights in hands of black people	27,5%	30%	31,44%	The group is in the process of investigating proposals for prospective shareholders.
	Exercisable voting rights in hands of black women	10%	10%	0,38%	
Economic interest	Of black people	27,5%	30%	31,44%	
	Of black women	10%		0,38%	
	Of black natural people				
	contractors	10%		0%	
	built environment professionals (BEPs)	5%			
	black designated groups				
	black participants in employee ownership schemes				
	black beneficiaries of broad-based ownership schemes				
	black participants in co-operatives				
Management control					
Board participation	Exercisable voting rights of black board members	40%	40%	55,11%	The group will maintain its level of black board members. Developing or employing black senior top management is more challenging. The group is addressing this issue through the development of internal staff through management development programmes and through active recruitment of suitable candidates. This process is expected to take some time however.
Top management	Black senior top management	25%	40%	8,23%	

Indicator		Targets as per the code Year 0 – 4	Targets as per the code Year 5 – 7	Actual 2009	Progress
Employment equity					
Contractors	Black employees in senior management	35%	60%	6,48%	Through internal development programmes the group is aiming to fast-track the progress of identified candidates. Recruitment policies take cognisance of these requirements and the group is comfortable with the steady progress being made.
	Black employees in middle management	45%	75%	19,43%	
	Black employees in junior management	68%	80%	44,25%	
	Black disabled employees	2%	3%	0%	
Skills development					
Expenditure	On all employees as percentage of leviable amount	1,5%	1,5%	2,81%	The group has made significant progress in this category and will look to maintain and improve these levels. The group recently completed construction of a state-of-the art training facility at its head office building to facilitate internal training and development. The group is currently putting an approved and verified mentorship programme in place.
	Black employees	70%	70%	51,3%	
	Black employees in management categories	25%	25%	11,43%	
Learnerships	Number of learners (learnerships, category B, C and D programmes) as percentage of total employees	2,5%	2,5%	3,04%	
	Black participants in learnerships	70%	70%	80,33%	
	Black people with disabilities in learnerships	5%	5%	0%	
Bursaries	Scholarship/bursary expenditure on black students (of leviable amount)	0,3%	0,3%	0,34%	
Mentorship	Implementation of **approved** and **verified** programme			No	
Preferential procurement					
BBBEE procurement	% of total procurement	50%	70%	39,63%	The group maintains a database of approved suppliers and subcontractors and regularly updates its records with regard their BEE status. As empowerment throughout the industry improves, the group expects these levels to improve. Of key importance is ensuring that suppliers and subcontractors are obtaining their BEE certification.
	% from qualifying small enterprises or exempted micro enterprises	10%	15%	12,96%	
	% from suppliers that are 50% black-owned	9%	12%	10,36%	
	suppliers that are 30% black women-owned	6%	8%	2,26%	
Enterprise development					
Enterprise development programme	Compliance with requirements and guidelines for enterprise development programme				The group scores well in this category and has implemented further measures to ensure this is maintained. The group is in the process of increasing the number of enterprise development relationships it currently has.
Contributions	Average annual value as a % of net profit after tax/leviable amount	3%	3%	>3%	
Socio-economic development					
	Average annual value as a % of net profit after tax/leviable amount	1%	1%	1,01%	A committee has been formed to ensure that the minimum requirement in this category is met each year. Certain identified organisations are supported on an ongoing basis.

Scope of report

Basil Read's 2009 annual report includes the group's sustainable development performance, integrating our economic, social and environmental results for the year for a group-wide understanding. It also sets out the challenges and opportunities that lie ahead.

Although the group is 57 years old, it has expanded at an unprecedented pace in the past five years, both organically and acquisitively. This makes data comparability quite challenging in some areas. Throughout these processes, however, the group's earlier adoption of triple bottom-line reporting has remained a cornerstone of our commitment to sustainable development and of our determination to entrench global best practices in all operations. Basil Read therefore reports against the 2006 guidelines of the Global Reporting Initiative (G3), and the content of this report has been mostly aligned with GRI beginner level C ahead of the formal declaration of an application level in the next financial year.

Social performance

Our people

Basil Read is making significant process in creating an equitable working environment for its people and developing their full potential. The group is committed to playing a role in South Africa's transformation beyond legislative compliance, and this commitment guides our corporate social investment initiatives as we embed sustainable development into every facet of our business.

Individual development, equality and performance-based advancement are the cornerstones of our approach to employing and maintaining a balanced and highly skilled workforce. Accelerated opportunities for talented people are steadily eradicating past inequalities and ensuring a pool of skills for the continued growth of the group.

High-performance culture

Given the enormous growth of Basil Read in recent years – with a staff complement rising from 600 to over 5 000 since 2005 – a performance enhancement programme was introduced during the year to continue building the sense of pride and passion that characterises this group.

Capitalising on the football fever that will mark 2010, the strategic focus of this League of Champions programme is to instil a high-performance culture through teamwork across the group. Working from established benchmarks, teams set goals for November 2009 and then new targets for March 2010. Winning scores are based on elements such as performance improvement, meeting deadlines and team spirit – all of which will be rewarded. The purpose is to align the broader group's vision and instil an even greater pride in the Basil Read brand.

Training and development

Based on the long-standing approach that continuous development unlocks individual potential, numerous opportunities are extended to every member of our group. Diverse, quality training by accredited providers covers a broad range:

- Management development
- Learnerships
- Foreman development
- Adult basic education and training
- Other opportunities for personal development include mentorship programmes, on-site technical training, and international exposure.

Basil Read has one of the best plant teams in the field and this reputation is protected by closely monitoring the comprehensive training programmes in place for all mechanics and plant operators.

Collectively Basil Read spent 2,81% of the leviable amount as defined by the construction sector scorecard on training and development, well above the requirement of 1,5%. In meeting our responsibility to transform the workplace, the group aims to spend over 70% of our annual budget on developing the skills of employees from previously disadvantaged backgrounds.

In addition to formal training programmes, the group often undertakes informal training in local communities near our various sites in skills such as bricklaying and carpentry. In Nelspruit, where the Mbombela Stadium was being constructed, some 70 locals were trained as bricklayers, carpenters and shutter hands. This included 30 women who were trained as bricklayers.

Skills development in Cosmo City

During the review period, Basil Read Developments took the initiative by contracting a professional training company to develop the skills of 20 candidates from Cosmo City. This is in line with the need and desire to use local skills wherever possible.

Training was conducted in five modules:

- Introduction to the world of construction contracting (completed in September).
- Health and safety (completed in September).
- Quality and productivity on a construction site (completed in November).

The remaining modules were completed in January and February 2010.

Bursary programme

In addition, the Basil Read bursary programme supports a number of students entering our fields of activity each year. Candidates can choose from a range of disciplines including civil engineering, quantity surveying, building and financial management.

Sustainable development continued

In 2009, 44 young people enrolled at tertiary institutions received assistance with tuition, registration and accommodation.

Quantity surveyors play an extremely important role in this industry, but they are becoming a very scarce commodity. While the quantity surveying industry seems to attract a large number of black women, the challenge appears to be long-term retention of these candidates. Basil Read is taking steps to encourage people in this direction through its bursary programme, raising awareness and on-site training to encourage people within the company to become quantity surveyors.

Basil Read takes an active interest in the candidates' progress, arranging help if required, and providing vacation work to enable students to gain practical experience while studying theory. On completion, graduates are guaranteed positions in the group, which ensures that the skills base is constantly replenished with new talent.

Field of study	Male	Female
BEng Civil Engineering	19	3
BTech Civil Engineering	6	–
BSc Civil Engineering	2	–
BTech Construction Management	2	1
BSc Construction Management	1	2
BTech QS	1	1
BSc QS	–	1
BSc Construction Studies	–	1
BSc Property Studies	–	1
BSos Psychology	1	–
BCom Financial Management	1	–
NDip Building	1	–
Total	34	10

Developing foremen

Our programme for developing foremen provides specialised education for learners who have passed grade 12. While addressing the shortage of middle managers in our industry, this course also empowers learners in other fields. The first two-year programme was completed in 2009, giving Basil Read 12 new foremen with the appropriate skills to deploy on various sites. The next intake began in February 2010 with 15 participants.

In an attempt to uplift educational standards, representatives from the construction industry met with the Department of Education to examine ways of addressing skills shortages in the construction sector. The industry pledged its involvement in the country's Further Education and Training (FET) Colleges.

As part of this commitment, Basil Read became involved with the Tshwane South College in Atteridgeville, Pretoria in support of their three year National Certificate (Vocational) course, which comprises classroom work, as well as practical, on-site training. The complete three year course carries a National Qualifications Framework (NQF) level 4 certification, which is the approximate equivalent of a junior foreman. Each successful year of study is equivalent to one NQF level.

Basil Read provided funding for 10 students to start this course and takes a group of students each year for the practical component of the course. Each student is assigned to a Basil Read site to gain a better understanding of how the theoretical knowledge they are acquiring is practically applied.

Going beyond the bursary

During the year, Basil Read extended its corporate team-building approach and activities to its bursars. The group of over 40 students attended a three-day team-building trip at the Vaal River, learning to interact and form stronger relationships while having a great deal of fun.

This team-building event follows the December road trip when the students were taken to sites that best illustrated Basil Read's range of activities – Chris Hani/Baragwanath Hospital, Mbombela Stadium and the Atterbury road site. The purpose was also to encourage and motivate the students to take full advantage of the opportunities available and emphasise the importance of studies and day-to-day learning on the job.

To emphasise that Basil Read is not just a funder for tertiary studies, but a participant in lifelong learning, students received feedback on psychological assessments conducted earlier in the year. Each student has also been assigned a mentor, which will go a long way in their further career development at Basil Read.

Building and civil engineering learnerships

More than 150 technical high school graduates from in and around KwaZulu-Natal have been specifically selected by Basil Read to enrol in a Building and Civil Engineering learnership with the

Training Force Construction Academy in Pietermaritzburg and Durban. The first intake will commence with their studies in 2010.

To test the suitability of candidates, Training Force teamed up with School Trade, an adopt-a-school programme. As a minimum, applicants were required to have successfully completed Mathematics, Science, Engineering Graphic Design and a Workshop related subject at matric level. Technical high schools in the area were also approached to recommend suitable candidates.

Through this learnership, the group hopes to prove that technical high schools continue to play a pivotal role in the development and nurturing of future tradesmen and women and assist in addressing the shortage of qualified artisans in South Africa.

Adult basic education and training

In 2007, Basil Read implemented formal ABET (adult basic education and training) courses. Working with accredited providers, employees acquire communication, numeracy and life skills to prepare them for learnerships and further education and training courses. The courses are proving their worth to people with little formal primary or secondary schooling as well as those who have been out of the educational environment for some time.

Through training provider Triple E, the group selected 40 unemployed previously disadvantaged women from the community to commence with ABET level one courses. The two-month programme started in October 2009. Additional levels are expected to be undertaken in 2010.

The group also has four ABET programmes running at various sites for employees. These programmes began in September 2009 and will continue through 2010.

Industrial relations

Basil Read enjoys sound labour relations. At all levels of management, our people ensure they understand the company's industrial relations policies and procedures, and implement them fairly and correctly.

Basil Read has strengthened its internal resources to effectively manage industrial relations by forming a dedicated employee relations wing. During the review period, this team has focused on creating awareness of the responsibilities and rights of both employer and employee on site, and disseminating information about current trends and practices in the field to management. This has been supplemented by formal courses on industrial relations developments and legislation to encourage line managers to assume greater, but informed, responsibility for these issues at site level.

Black economic empowerment and employment equity

Black economic empowerment remains a key focus area for Basil Read, reflecting the group's support for the objectives of the Broad-Based Black Economic Empowerment Act and associated Codes of Good Practice.

As the group is already black-empowered at ownership level, we are concentrating on the other elements that make up true broad-based economic empowerment, with immediate focus on management control and skills development. As the construction industry scorecard has now replaced the current dti scorecard for procurement on construction projects, Basil Read's targets have been aligned to the former and our progress reported in the 2009 financial year.

Basil Read became the first truly black-empowered construction company in South Africa in 2005, when 51,9% of the company was acquired by a consortium of Amabubesi Investments and Metallon. Although Metallon has since sold its stake, the latest shareholding analysis shows that over 30% of the group is held by black shareholders with unrestricted voting rights.

Basil Read has been fully committed to meeting its BBBEE objectives since the inception of the dti scorecard, which preceded the newly promulgated construction sector scorecard. After a concerted effort to have our suppliers and subcontractors certified, in May 2008 we achieved level 4 to become a 100% contributor. This was well ahead of our target of achieving level 5 status by early 2009. Following significant acquisitions during the review period, the focus has been on consolidating and standardising processes to ensure that our level 4 status is sustainable before aiming for a higher level.

As a level 4 contributor, Basil Read is well placed to participate in large contracts for major parastatals and state-owned entities.

We understand, however, that broad-based black economic empowerment is a journey, not an event. While Basil Read scores well in the areas of ownership, preferential procurement, enterprise and socio-economic development, we continue to face challenges in management control, employment equity and skills development. Our interaction with other construction companies shows they face identical challenges, yet these are the very areas on which the transformation of the local construction industry rests. We trust that the promulgation of the construction charter as a legislated sector scorecard will facilitate an industry-wide effort to accelerate this process.

Specific and ongoing interventions are in place to ensure our group plays a significant role in empowerment:

> A comprehensive employment equity and skills development programme was implemented in 2009.

> More black directors were appointed at operational level in 2009, with the first appointment taking effect in March 2009.

> 34% of bursary students employed in 2009 are from historically disadvantaged population groups.

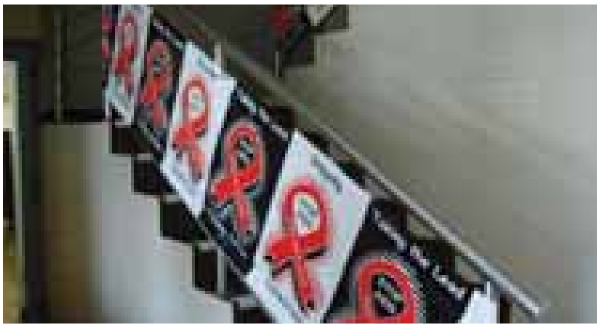
> Of 12 employees who graduated from our internal accredited management development programme, five were black.

HIV/Aids

This year marks the 21st anniversary of World Aids Day – and in South Africa the response to Aids has 'come of age', with government fully committed to reducing the spread of this pandemic and providing effective treatment to those infected. While many of these changes are positive, the fact that two decades have passed highlights how much more still needs to be done.

Acknowledging the seriousness of HIV/Aids in South Africa and the workplace, the Basil Read group continues to work towards being a model in the marketplace and to positively influence customers, suppliers and competitors in their response to this challenge.

Each year, Basil Read participates in the Aids Week Bannerthon with banners enveloping head office, Mbombela Stadium, Chris Hani/Baragwanath and Paarl Hospital in Cape Town. The bannerthon concept enjoys ongoing support from South African businesses that want to be involved in a meaningful challenge to address the real threat of Aids to business and the economy. It creates visibility and awareness during the annual international Aids Week while raising funds for selected Aids orphan homes.



Enterprise development

Building on a proven approach of identifying and developing suitable companies through assistance and mentoring, Basil Read is making steady progress with initiatives focused on enterprise development.

BR-Tsima offers quality construction services to the North West, Mpumalanga and Limpopo provinces. Previously 100% owned by Basil Read, the group transferred 80% of BR-Tsima to a BEE consortium to facilitate the genuine and sustainable transfer of skills and knowledge. Basil Read also contributed an interest-free loan of R1,2 million for BR-Tsima to continue operations while securing further contracts and a 50% share in a R50 million contract.

The group is helping Bokhomo Mpha (Pty) Limited become a sustainable stand-alone enterprise in the civil engineering and building market. This addresses all aspects of the knowledge and skills required to operate a construction company, including financial mentoring, management, estimating and project delivery. By focusing on the genuine transfer of skills and knowledge we will, over time, build sustainability and hopefully create a wholly black-owned civil engineering construction company, able to compete equally with the larger players in this market.

Safety, health, environment, risk management and quality

Highlights of 2009

> Basil Read's Park Station site was the first to receive a safety award from the Gautrain's Bombela Construction joint venture for achieving one million hours without a lost-time injury.

> In the buildings division, the Regent team achieved 1,5 million hours without a lost-time injury, while the Cosmo City team building residential flats recorded 500 000 hours without a lost-time injury.

> At the OR Tambo International Airport site, zero incidents have been reported in the past 11 months – not even for first aid.

> Several Basil Read SHE managers upgraded their professional qualifications, with two receiving Registered Occupational Safety Professional (ROSprof) status from the Institute of Safety Management. Two have also been accepted as members of the Institute of Risk Management South Africa and as auditors: quality management systems – ISO 9001:2000.

Integrated approach

In recent years, much attention has been given to integrating the disparate systems that existed across a group recording rapid organic and acquisitive growth. The group's robust safety/health/environment/quality system is both a guide and measurement tool to achieving set standards in each of these areas. We continue to believe that the adequacy, suitability and effectiveness of any management system is judged by how successfully it helps us achieve our objectives, operate efficiently and fulfil our purpose and mission – no benefit is gained from simply focusing on one aspect of performance when a combination of factors is needed to deliver superior performance.

Accordingly, during the year, we incorporated risk management into the safety, health and environment division, aligning our governance processes with the recommendations of King III and reinforcing our commitment to an integrated approach focused on zero harm.

BASIL READ

SHEQ POLICY STATEMENT

(Safety, Health, Environment and Quality)

Basil Read is building the future offering clients in the construction industry a comprehensive range of services spanning buildings, roads and civil engineering.

OUR DEFINITION:

The Oxford English Dictionary defines quality as a "degree of excellence".

At Basil Read, our degree of excellence is defined in our ISO 9001 Quality, OHSAS 18001 Occupational Health and Safety and ISO 14001 Environmental implementation.

OUR AIM:

Our SHEQ system serves as an on-going measurement tool to ensure effective management of the priority items identified through our assessments.

OUR OBJECTIVES:

Safety and Health (SH)

- To proactively reduce the frequency and severity of injuries.
- Awareness of risk-.
- To promote an environment where all employees accept responsibility for their own Health and Safety and the Health and Safety of everyone engaged in our core business.
- Ensure we comply with the OHS Act, relevant legal and other requirements.

Environment: (E)

- Prevent Pollution
- Legal compliance with the relevant Environmental Legislation and other requirements.
- Continual Improvement of monitoring to ensure an effective management system.

Quality: (Q)

- In our company, quality standards are achieved when our joint effort in delivering a service or product meets or exceeds ours client's specified requirements.
- We value and nurture our client relationships.
- We carefully evaluate and select our suppliers, sub-contractors and partners, striving for mutually beneficial relationships.
- We promote learning, increasing knowledge and transferring skills according to an identified programme.

OUR APPROACH:

At all levels in the company, managers implement a clear system of Safety and Health, Environmental and Quality checks by:

- Identifying aspects, impacts, hazards and risks.
- Determining priorities.
- Setting SHEQ objectives.
- Formulating action plans.
- Measuring progress regularly and analysing the results by specialists.

By being focused on SHEQ, we control risks and enhance efficiency.

OUR COMMITMENT:

At EXCO level we are personally committed to achieving excellence and we commit all employees to achieve their SHEQ objectives.

IMPROVEMENT:

At Basil Read, we implement an Annual Plan for Improvement. The Improvement Plan is consistent with our business strategy, and ensures continuous improvement of the SHEQ System.

YOUR ASSURANCE:

Our implementation of OHSAS 18001 Occupational Health and Safety, ISO 14001 Environment and ISO 9001 Quality assures successful identification of priorities for effective management.

FROM THE MD'S OFFICE

14 January 2010

OHSAS 18001 Registered | ISO 14001 Registered | ISO 9001 Registered

Sustainable development continued

Our formal risk management process supports our quality, safety, health and environmental policies. All controls and procedures are formalised in line with a comprehensive quality and safety management system, and certified under the following international and national accreditations: ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2007.

Basil Read believes that clear and distinct designation of responsibility and authority is essential. Accordingly, our risk management process incorporates:

> Clearly defined responsibilities embedded into the system of corporate governance.
> Clear communication of the group's philosophy, strategy, objectives and values to all employees.
> Clear, written policies and procedures.
> The empowerment and incentivisation of staff according to the group's long-term objectives.

Basil Read applies a *do it right first time* principle on every project, with the SHERQ system functioning as the procedural tool during project management. As such, Basil Read fully complies with the requirements of the International Standards Organisation (ISO) and the relevant SHE legislation i.e. OHS Act, MHS Act, NEMA etc.

Safety

Safety, health, environment, risk management and quality (SHERQ) is the cornerstone of Basil Read's operations – the driving force behind project delivery, teamwork, operational discipline and overall business excellence.

During the review period, there has been a strong drive by project managers, divisional managers and executive directors to reduce the number of incidents and accidents, coupled with continuous training and the industrial theatre roadshow (page 91). This commitment has paid off in a disabling-injury frequency rate (DIFR) of 0,58, just below the group's 2009 objective of 0,6. The target DIFR for 2010 has been set at 0,3.

Given that 92% of all accidents are caused by human behaviour, decreasing at-risk behaviour is key to Basil Read. We believe behaviour-based safety is not a programme, it is a process. If we are serious about continually reducing work-related injuries, we need to make safety a way of life.

Behaviour-based safety focuses on observing what people do, analysing why they do it, and then acting to increase and support safe behaviour and reduce unsafe behaviour. There is also a strong focus on positive consequences to improve attitudes. Continuous feedback reinforces the required standards and helps people more fully consider the risk of injury. It also triggers self-observation and gives employees accurate information on work practices.

The behaviour-based safety approach calls for a systematic change in attitude that puts safety at the forefront of every employee's mind. This has been accomplished through peer support and evaluation, and by the appointment of a full-time behaviour-based safety champion to ensure a smooth roll out of the programme. In addition, full-time SHERQ practitioners are part of the management team in each division, assuring Basil Read clients of the highest levels of quality and professionalism on each project.

Basil Read's zero-harm approach is promoted both from the top down and bottom up throughout the company. Wherever possible, safer practices are continually adopted and lessons learnt shared across the group.

Early results from this long-term programme are most encouraging:

> The buildings division reduced its DIFR from 0,53 to 0,28 in the last 15 months, with only six lost-time injuries with very low severities.
> At Mbombela Stadium, Nelspruit, we achieved 5,3 million hours without a fatality. The team also recorded three million injury-free hours with a DIFR of 0,26 – well below the corporate objective of 0,6.
> The Basil Read roads division floating trophy for the safest project from start to finish was won by subsidiary Newport Construction for completing the 12-month N2 phase 3 project without a single accident.

The zero-harm approach extends to our subcontractors. During the year, we reviewed and refined the relevant processes to ensure that all subcontractor documents and competencies are thoroughly vetted before contracts are awarded. At all times, subcontractors are expected to uphold the group's standards.

Tragically, the group recorded five fatalities at road sites during the year. In the first, Ngwatha Thomas Raphahlele, a subcontractor employee, was killed when a reversing tipper truck struck him on the Atterbury site. A similar incident on the Leandra site led to the death of subcontractor employee Pieter Gerhardus Pretorius. Risenga Michael Maluleke, employed as a subcontractor on the East London Industrial Development Zone platform site, was fatally wounded when he became caught between the flywheel and walkway of a jaw crusher while effecting repairs. Alfred Nyalamotse Nonyane, employed on the Tom Jones site, died in a road accident when a truck, whose brakes had failed, entered the lane closure. The final incident involved Lwanda Tyali who died while assisting traffic control at the D1/D2 site and was struck by a milling machine. The loss of even a single life is unacceptable and zero remains the only target.

In each case, a full enquiry was conducted, a portfolio of evidence collected and a full report lodged with the Department of Labour. Where required, risk assessments were amended and new processes introduced. Group sessions were held to communicate results to employees and to share lessons learnt. To support this level of communication, the SHERQ department now issues news flashes:

> Incident – a serious injury has occurred on a Basil Read site.
> Safety alert – a minor injury/incident/near-miss has occurred.
> Good news flash – highlighting achievements.

Compliance

Statutory and internal compliance is monitored monthly through legal compliance audits, internal and group audits. Against a target of 85% compliance, the group audits recorded an average of 84,6%, and legal compliance audits an average of 87%. The target for 2010 has been set at 90% for group audits and 100% for legal compliance audits.

Basil Read's history of compliance underscores our commitment to a working environment that does no harm:

> In 1998, we were one of the first local construction companies to be certified to ISO 9001:1994.
> In 2003, Basil Read was the first local construction company to achieve ISO 9001:2000 certification.
> Also in 2003, we were assessed and certified as meeting the requirements of OHSAS 18001:1999.
> In 2009, Basil Read successfully completed its reassessment on ISO 9001:2008 and OHSAS 18001:2007 certification with NQA, an international certification body.
> Also in 2009, Basil Read successfully obtained ISO 14001:2007 certification. This international environmental standard ensures that global best practices are in place at Basil Read.

As part of a process of continuous improvement, resident engineer and employer questionnaires are completed for all sites. The responses received coupled with the results from internal and external group audits reinforce the benefits of an integrated system and group-wide commitment to implementing the SHERQ system.

Safety training

Induction and training into the SHERQ management system is ongoing, to ensure that all employees, particularly new employees, understand and can deliver on their responsibilities.

During the year, the group used the effective tool of industrial theatre to take the *do it right first time* principle to employees on site. Spanning two months, the industrial theatre proved very popular on every Basil Read site and those of group subsidiaries. Although the show with its football theme was fun and interactive, the point was vital – health and safety is the responsibility of each and every employee. The various safety messages conveyed through industrial theatre included:

> Safe use of scaffolding.
> Plant and equipment use.
> Unsafe acts on sites.
> Correct use of personal protective equipment.
> Pride in your work and working safely at all times.

An induction DVD is distributed to all sites. This greatly reduces time spent on the induction process and frees our safety personnel to focus on areas where they can add more value.

Health

Since 2006, Basil Read has had a health monitoring programme in place to ensure that all employees are fit and healthy for their specific roles and responsibilities. A professional third party conducts regular medicals on all site employees to ensure no one is exposed to any harm.

During the year, we expanded entry and exit medicals for all group and subcontractor employees. These have enabled us to develop a clear understanding of the key occupational health risks faced by our group, which include:

> Noise-induced hearing loss.
> Vibrating equipment.
> Dust.
> Substance abuse.
> Vision impairment (particularly stress related).
> Fatigue.

Specific programmes are in place to address these risks, from enforced rest periods to counter the effects of fatigue to six-week suspension periods with counselling before retesting in the case of identified substance abuse.

During the year, a gym was added to the head office building, complementing the healthy nutrition provided by outsourced service providers and encouraging overall employee wellness. Given the distance of the group's head office from retail facilities, this is an important and convenient wellness benefit.

Objectives in 2010

> Ongoing maintenance and improvement of the SHERQ management system.
> Compliance with the Basil Read safety and environmental legal audit results of a minimum 100%.
> Compliance with the Basil Read SHERQ management system group audit results of a minimum 90%.
> Resident engineer assessments – minimum 90% per site.
> Client assessment – average 90% per site.
> Entrench behaviour based safety on a minimum of 15 sites.
> A safety DIFR of less than 0,3%.
> Improvement of subcontractor compliance with Basil Read's health, safety and environmental requirements.

The implementation of the annual SHERQ plan for the group is closely monitored through a monthly feedback system to the CEO and directors. Any identified shortcomings are immediately addressed and incorporated as goals for continual improvement.

Environment

Highlights

> One of the first construction groups to become a member of the Green Building Council of South Africa.
> Group environmental officer awarded Green Star Accredited Professional status.
> First group internal environmental audits introduced, with subsequent audits showing steady progress.

We keenly understand the direct and indirect impact of construction activities on our environment. In the prior year, an experienced conservationist was appointed to spearhead the group's environmental initiatives, including documenting significant risks and developing plans to address these.

Excellent progress was made in environmental management during the review period.

In the first half Basil Read completed the first of a rigorous two-part audit by external evaluators for its ISO 14001:2007 certification, the latest version of this international standard. This was the culmination of an 18-month project to update processes within the group and the external evaluators commended the group for its progress towards certification. They identified only seven minor issues in the first phase; six of these were rapidly addressed and the seventh by year end.

The final phase was completed in November. At the closing meeting, lead auditor Professor JC Engelbrecht commended Basil Read for having one of the best SHERQ management systems.

The first group internal environmental audits were conducted during the year. Results are indeed encouraging from two perspectives: firstly, issues identified as requiring attention were predominantly minor and easily addressed. Secondly, sites recorded steady improvements in subsequent audits, reflecting widespread commitment at all levels to meeting and exceeding environmental responsibilities. These audits are integrated with safety, health and risk issues to provide holistic assessments.

In recent years, environmental considerations have become far more important in planning projects. While Basil Read's clients are responsible for completing the mandatory environmental impact assessments and developing an appropriate environmental management plan, we supplement the client's plan with our own stringent framework to ensure the best possible environmental practices on each site.

Basil Read has also proactively developed an environmental checklist, based on ISO and OHSAS standards, for all tenders. We have our own environmental management plans for specific Basil Read developments such as St Micheil's.

To reinforce our commitment to reducing our environmental footprint, solar panels were installed at head office to supplement our daily electricity use. This is apparently one of the largest commercial installations in the southern hemisphere and is contributing 50kWh towards our daily consumption of 250kWh (20%) while reducing monthly costs.

During the year, Basil Read received no fines for non-compliance in any of its operations. No major spills were recorded at any of our sites.

Objectives in 2010

> Continue monitoring water, electricity, waste oil, waste paper and e-waste (such as printing cartridges and redundant equipment) with the objective of developing group-wide targets in the near future. This is a complex process for a company in a high-growth phase as disparate systems need to be integrated and employees trained to a common standard.
> Determine the group's carbon footprint to establish a benchmark and to determine tangible and measurable interventions to reduce this footprint.

Quality

Group audits were conducted on the Basil Read QA system based on the new requirements of ISO 9001:2008. To ensure accurate results, these audits were conducted throughout the year.

Based on collated results, the elements that are well managed are:

> Management of resources.
> Planning and monitoring of financial resources.
> Process planning.
> Control and calibration of inspection, measuring and testing equipment.
> Document and data control.

The elements that require further attention are as follows:

> Competency of personnel.
> Management commitment to the SHERQ system.
> Control of product non-conformance.

Corporate social investment

Basil Read remains committed to enhancing the quality of life of both the people we employ and those living in communities touched by our operations. We believe that for corporate social investment (CSI) to be truly effective and make an ongoing and meaningful difference to the lives of underprivileged people and to the overall economic well-being of the country, it needs to be well-managed and underpinned by the principle of sustainability. To ensure our various contributions fulfil real needs, a dedicated committee identifies initiatives that are both sustainable and reflect the values of our group.

Green projects make a difference to quality of life

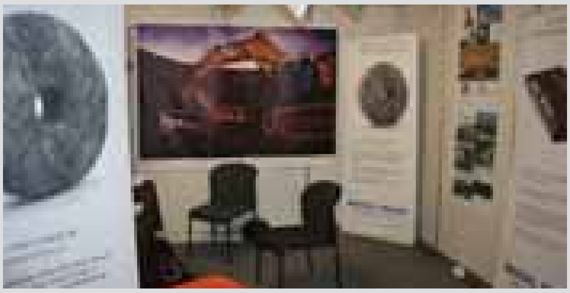
In February 2009, Basil Read was one of the first construction groups to become a member of the Green Building Council of South Africa (GBC). The current membership base spans the property and construction industries, including developers, owners, professionals, consultants, investors, manufacturers, suppliers, academia, NGOs, utilities, contractors and various levels of government.

Traditionally, the building sector has been viewed as a significant consumer of raw materials and non-renewable resources. In addition, construction is a material contributor to carbon dioxide emissions and consumer of energy during the building process.

Encouragingly, there is now growing support from South Africa's broader construction sector for environmental sustainability while enhancing the country's competitiveness through innovation and diversification.

The council's new green-building rating tool is prompting building material suppliers to introduce a range of green products to the industry. According to the council, a green building is energy efficient, resource efficient, and environmentally responsible – elements that Basil Read incorporated in constructing its new head office building. The same principles are being applied by Basil Read Developments in the housing sector.

The group was present at the third Green Building Conference in July 2009, showcasing its own environmentally responsible operations while gaining valuable information on global best practices and solutions on how the built environment and humans can ease their combined impact on the planet.



Although the green building movement is only just beginning to emerge in South Africa, Basil Read is already among the frontrunners.

Embracing renewable energy

Basil Read recently had 85% of its new workshop building roof in the head office complex covered with solar panels.

According to the Department of Energy solar energy, like all other renewable energies, is very safe and environmentally friendly. Unlike coal-fired power stations, solar energy has zero emissions. Given South Africa's high average levels of sunshine per year, solar energy is the most readily accessible resource in South Africa. Solar energy lends itself to a number of potential uses and the country's solar-equipment industry is developing rapidly.

This is a significant step for the group in using more renewable energy resources. With an initial investment of R2,3 million to install the solar panels, the resulting power cost saving will deliver a significant return on investment within the next three to five years. Basil Read is displaying a panel at its head office to show the energy saving achieved over time.

Sustainable development continued

The group is actively involved in a number of corporate social initiatives around the country, partnering with Greater Good South Africa. This organisation spends much time researching the corporate social investment environment in specific market sectors to facilitate the most effective investments for South African companies, including Basil Read.

In partnership with Greater Good SA, Basil Read focuses on sustainable projects through enterprise development, particularly for previously disadvantaged communities and individuals. Some of these are detailed in this report, along with initiatives in which we are directly involved.

Irene Homes

In 2009 Basil Read became involved in the Irene Homes ceramic project to raise funds for people with mental disabilities. Irene Homes is a non-profit organisation providing quality life-long residential care for women with mental disabilities. A total of 74 residents are accommodated in seven 'home-from-home' houses, cared for by qualified nursing staff and house mothers.

Centre for the Advancement of Science and Mathematics Education

Basil Read is working with the centre (known as CASME) on a project that provides specialist training, support and resources for teachers. This will in turn boost the performance of learners in these crucial subjects, improving opportunities for post-school study and employment.

Autism South Africa

Autism SA supports all services for individuals with autism spectrum disorder (ASD) to maintain an approved quality of service delivery. The programme also evaluates and promotes specialist knowledge in understanding the nature of ASD, and strategies to meet the needs of people with ASD effectively and appropriately.

Centre for Language and Hearing-impaired Children

The centre uses a multidisciplinary framework to identify and manage specific speech, language and hearing impairments in pre-school children. This includes assessment, therapy and teaching in a small, nurturing, language-rich classroom environment with strong parental involvement. There are also outreach programmes to disadvantaged communities, a resource facility for external professionals and opportunities for student training.

Hospice

Hospice provides care to meet the physical, emotional, social and spiritual needs of patients and families facing life-threatening illness. Basil Read supports the Hospice group providing these and other services in the greater Johannesburg and Soweto areas.

Hosanna Community Centre

The centre provides a number of essential services that make a real difference in the lives of underprivileged people, including soup kitchens.

Institute for the Blind

The institute concentrates on empowering people who are blind, partially sighted or deaf-blind – and those with additional disabilities – through education, training, development and care.

Sparrow Ministries

Sparrow provides aid and comfort to adults and children infected or affected by HIV/Aids. Sparrow Village is both a hospice for the terminally ill and home to children who have lost one or both parents to the pandemic. It currently cares for 225 children and 80 adults.

Margate Roundtable

Margate Roundtable has completed a number of successful social programmes and activities that greatly benefit the community. One of these was Kids to the Sea, which Basil Read supported in 2009.

Ambassadors in Sport

Basil Read is a partner in *Match for a Day*, an annual 24-hour soccer event developed by Ambassadors In Sport South Africa (AIS-SA) with key partners from the worlds of football, business and media. Several high-profile football stars have offered their support for these events.

The broader programme has a dual objective: holistic development of young people through sport, particularly those from disadvantaged communities, and raising funds to assist with AIS-SA's community programmes.

AIS-SA is part of Ambassadors In Sport International and was founded in Cape Town in 2001 to 'bring hope through soccer'. As a faith-based, non-profit, public-benefit organisation, AIS-SA endeavours to partner with church groups and other NGOs in communities across South Africa and into Africa, helping them to develop the world of soccer from grassroots through to professional ranks.

AIS-SA has pioneered several models of soccer programmes to help young people develop holistically. Through these programmes, AIS-SA seeks to counter crime, gangsterism, drugs and alcohol and teach players of all ages how to make a difference in their communities.

The AIS-SA flagship programme is its Hope Academy and the intention is to have 10 academies running across South Africa by 2011. These academies will not just be soccer driven, but will provide education, life skills development and instil moral values in South Africa's next generation.

AIS-SA is also working closely with the South African Department of Correctional Services to set up associated Hope Academies in prison. The academy selects players based on behaviour and soccer ability, and runs an intensive one-year programme. Through these Hope Academies, AIS-SA aims to eradicate the gangsterism, hopelessness, violence and abuse that characterise the lives of many prisoners.

Roadcrete Africa joins Greater Good

Roadcrete Africa supports the Child Welfare Keep Me Safe Home in Boksburg with monthly contributions that help cover the cost of nutrition. Roadcrete has recently partnered with Greater Good South Africa to expand its CSI activities, including support for the Nyeleti Children's Home.

Cycling for the children

The CHOC Cows have done a phenomenal job in raising donations for CHOC (Childhood Cancer Foundation). What started as a dare to ride the 94.7 Cycle Challenge in a cow suit for charity resulted in an outstanding fundraising drive for CHOC and is fast becoming an annual event at this landmark event on the cycling calendar. This year Roadcrete Africa joined the action and donated a significant amount towards the CHOC Cows.

The funds collected will help build a safe and comfortable house next to the Chris Hani/Baragwanath hospital for children recovering from cancer treatment. In 2009, there were 140 cyclists riding in cow suits for the cause, eventually raising an incredible R2 million from their various sponsors.

Into the desert

Company policy at Basil Read Mining Namibia mandates development in a dual approach: a formal and co-ordinated CSI programme focused on uplifting nearby communities by supporting sustainable initiatives, and on-site training and education to develop its own people. Some of these initiatives are detailed below:

> Genesis Mining and Engineering Services: Basil Read assisted and empowered local citizens to form a company wholly owned by Namibians. Basil Read covered all establishment costs and committed to a cash funding injection and will, in future, jointly tender with Genesis for mining and civil work in Namibia.

> Small-scale Miners Stakeholders Forum: established in 2005, the forum encourages the use of best practice for small-scale mining and reliable access to international markets. Seven groups (with 800 members) are currently operating in rural parts of the Erongo region. Initiatives driven by Basil Read include the supply of protective clothing, transportation and mentorship.

> Polytechnic of Namibia: Basil Read has awarded three bursaries to students at this science and technology institution, and the practical component will be completed on site at Basil Read.

> Namibia Institute of Mining and Technology: Basil Read Mining offers students practical training opportunities, while B&E is taking in apprentices in its drilling and blasting division to address an identified skills shortage.

> DRC: The DRC School Project and Community Centre meets the needs of an impoverished community in the Swakopmund municipal district by providing services including basic education, health information and a cultural forum. Basil Read donated funds to replace the roof and fencing of the school, and is investigating opportunities to assist the community centre.

Nelson Mandela Day

Inspired by the inaugural Nelson Mandela Day that called for members of the public to donate 67 minutes of their time to a worthy cause, Basil Read's estimating and procurement departments collaborated with two Boksburg charities, New Beginnings Shelter and Strelitzia Care Centre. All the clothing, food and money collected were divided equally between these charities.

The New Beginnings Shelter is open to all, particularly street- and orphaned children, rehabilitated substance abusers, abused women and children, destitute or dysfunctional individuals, sex-workers and parolees who have either been rejected by society or left homeless by their circumstances. With over 500 people accommodated in the shelter, and needs ranging from a safe haven to rehabilitation or medical treatment for life-threatening diseases, all donations are welcomed.

Strelitzia is a care centre for the elderly. Residents run a thrift shop to fund kitchen costs and regular church fairs where they sell costume jewellery and cakes to supplement the centre's income – hard hit by reduced government subsidies.

Taking time to make a difference

Staff from Basil Read Developments recently visited three crèches in Cosmo City to donate toys, colouring books, crayons and candy. The children's smiles told the story.

The Sigodiphola Secondary School in Cosmo City, also known as the Hotel School, has started a Dress a Child initiative, where individuals or companies can make a difference sponsoring the school uniform of a child in need. Basil Read Developments participated by supporting a grade 10-pupil.

Basil Read Shavathon 2009

The first Basil Read corporate Shavathon in March 2009 raised R4 000 for CANSA, amid much fun and goodwill.

CANSA Shavathon is one of South Africa's best-loved charitable events, where members of the public show their solidarity with cancer survivors. It also raises awareness and funds in the fight against cancer as all money generated goes towards CANSA prevention programmes and patient-care services.

Although the funds generated by an event like this are important, we believe there is an equally important message for any company's people: every single individual can and should make a difference. This is also an important component in our volunteerism initiatives.

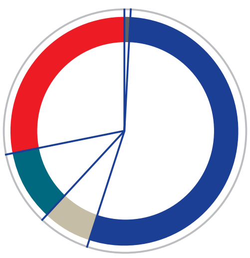
Value added statement

for the year ended 31 December 2009

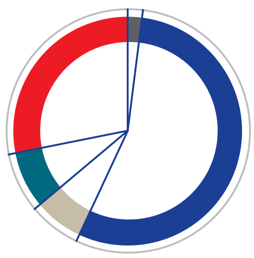
The value added statement measures performance in terms of value added by the group through the collective efforts of management employees and the providers of capital. The statement shows how value added has been distributed to those contributing to its creation.

	2009 R'000	%	2008 R'000	%
VALUE ADDED DURING THE YEAR				
Total revenue	**4 662 492**		3 474 831	
Contract revenue	**4 421 007**		3 205 224	
Other revenue	**241 485**		269 607	
Cost of materials, subcontractors and other services	**(3 270 302)**		(2 370 841)	
Value added from trading operations	**1 392 190**	**95,52**	1 103 990	97,55
Interest income	**65 269**	**4,48**	27 774	2,45
Total value added	**1 457 459**	**100,00**	1 131 764	100,00
DISTRIBUTIONS DURING THE YEAR				
Management				
Salaries, retirement and other benefits	**18 154**	**1,25**	17 074	1,51
Employees				
Salaries, retirement and other benefits	**792 028**	**54,33**	626 522	55,36
Providers of capital				
Interest on borrowings and dividends paid	**102 449**	**7,03**	84 789	7,49
Government				
Taxation	**140 869**	**9,67**	90 319	7,98
Total distributions	**1 053 500**	**72,28**	818 704	72,34
Retained for reinvestment	**403 959**	**27,72**	313 060	27,66
Depreciation	**183 197**		145 038	
Income retained in the business	**220 762**		168 022	
Total distributions	**1 457 459**	**100,00**	1 131 764	100,00
NOTES				
Income retained in the business				
Breakdown of income retained in the business is as follows:				
Controlled income from operations	**224 112**		166 611	
Share of profit of associates after taxation	**10**		85	
Minority interests	**(3 360)**		1 326	
	220 762		168 022	

2009



2008



Annual financial statements

Contents

Directors' responsibility statement

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Basil Read Holdings Limited and its subsidiaries. The financial statements presented on pages 102 to 168 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and include amounts based upon judgements and estimates made by management.

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

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

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

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

The group's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 101.

The financial statements were approved by the board of directors on 11 March 2010 and are signed on their behalf by:

SLL Peteni
Chairman

11 March 2010

ML Heyns
Chief executive officer

11 March 2010

MDG Gouveia
Financial director

11 March 2010

Certificate by company secretary

I certify that the requirements as stated in section 268G(d) of the Companies Act 61 of 1973, as amended, have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been submitted to the Registrar of Companies and that such returns are true, correct and up to date.

E Kruger
Company secretary

11 March 2010

Report of the independent auditors

TO THE MEMBERS OF BASIL READ HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Basil Read Holdings Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2009, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 102 to 168.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Basil Read Holdings Limited as at 31 December 2009, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: JP van Staden
Registered Auditor

Johannesburg
11 March 2010

Directors' report

for the year ended 31 December 2009

The directors present their twenty-fifth annual report, which forms part of the audited financial statements of the company and of the group for the year ended 31 December 2009.

NATURE OF BUSINESS

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

DIVIDENDS

A dividend of 58 cents per share was declared and paid during the year under review, in respect of the year ended 31 December 2008. On 11 March 2010, the directors declared a final dividend of 42 cents per share in respect of the year ended 31 December 2009. This will result in a dividend paid of R52 000 638 and a secondary taxation on companies tax charge of R5 200 064 being recognised in the 2010 financial year.

SHARE CAPITAL

During the year under review, the company issued 37 318 140 shares at R13,00 per share, to the shareholders of TWP Holdings Limited as part of the purchase consideration for the acquisition of the company.

OPERATING RESULTS

The financial position, results of operations and cash flows of the company and that of the group for the year ended 31 December 2009 are set out on pages 107 to 167.

The group made a profit after taxation of R271 million (2008: R206 million) during the year under review.

PROPERTY, PLANT AND EQUIPMENT

The group acquired property, plant and equipment to the amount of R171 million (2008: R388 million) during the year.

SUBSIDIARIES AND JOINT VENTURES

On 1 March 2009, the group increased its shareholding in Sunset Bay Trading 282 (Pty) Limited to 100% (2008: 33,33%) for RNil. The company is a property development company, currently responsible for the development of the St Micheil's golf and leisure estate, outside Dullstroom.

On 1 July 2009, the group increased its shareholding in Newport Construction (Pty) Limited to 70% (2008: 55%) for a purchase consideration of R977 442. The company is a roads and civil engineering construction company.

On 1 July 2009, the group disposed of 100% of its shareholding in Stone and Allied Industries Limited for a sale consideration of R20,8 million. The company is a stone crushing company.

On 1 September 2009, the group acquired 100% of the share capital of P. Gerolemou Construction (Pty) Limited, Mvela Phanda Construction (Pty) Limited and Contract Plumbing and Sanitation (Pty) Limited, collectively referred to as the Gerolemou/Mvela group, for R351,5 million. The company specialises in the construction of buildings.

On 21 December 2009, the group acquired 100% of the share capital of TWP Holdings Limited for a purchase consideration of R661,4 million. TWP Holdings Limited provides a full range of innovative engineering and project management solutions to the mining and minerals industries, and general industrial and commercial concerns.

The information relating to the company's financial interest in its subsidiaries and joint ventures is set out in notes 16, 39, 41, 42, 43 and 46 to the financial statements.

INVESTMENTS IN ASSOCIATES

On 1 January 2009, the group disposed of 80% of its shareholding in BR-Tsima Construction (Pty) Limited for RNil, as part of its commitment to enterprise development. As the group continues to exercise significant influence over the operations of BR-Tsima, it has been reclassified from a subsidiary to an associate. BR-Tsima Construction (Pty) Limited specialises in the construction of roads, civil engineering and buildings.

For more information on the group's investments in associates refer to notes 17, 40 and 43 to the financial statements.

OTHER INVESTMENTS

Through the acquisition of the Gerolemou/Mvela group, Basil Read acquired a 10,34% interest in Desbel Sewe (Pty) Limited, a hotel management company.

Through the acquisition of the TWP group, Basil Read acquired a 4,48% interest in African Eagle Resources plc, a UK-listed mineral exploration and development company.

BORROWINGS

Interest-bearing borrowings comprise bank borrowings, instalment sale agreements and a domestic medium-term note programme. Other borrowings comprise the amount due to former shareholders relating to companies the group has acquired over the last few years. During the year borrowings increased due to banking loans and new instalment sale agreements entered into to fund capital expenditure and property developments that the group is involved with. The group raised funding for the acquisition of the Gerolemou/Mvela group through the issuing of a domestic medium-term note programme. The increase in borrowings was partly offset by the repayment of banking loans and other instalment sale agreements.

For more information on the group's borrowings, refer to notes 27 and 28 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

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

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 168 of this report.

DIRECTORATE

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

Sindile Lester Leslie Peteni	Independent non-executive director, chairman	Appointed as chairman on 7 May 2009
Bulelani Thandabantu Ngcuka	Non-executive director, chairman	Resigned 7 May 2009
Marius Lodewucus Heyns	Chief executive officer, managing director	
Manuel Donnell Grota Gouveia	Chief financial officer, financial director	Appointed 7 May 2009
Nigel John Townshend	Executive director	Appointed 1 January 2010
Lungisa Brian Dyosi	Non-executive director	
Sango Siviwe Ntsaluba	Non-executive director	
Alexander Thabiso Tlelai	Non-executive director	
Charles Peter Davies	Independent non-executive director	
Ntombekaya Yvonne September	Independent non-executive director	
Given Refilwe Sibiya	Independent non-executive director	Appointed 1 July 2009

DIRECTORS' EMOLUMENTS

	Cash portion of package R	Benefits* R	Incentive bonus R	Gain on share options exercised R	Total R
Executive directors					
2009					
Paid by Basil Read (Pty) Limited					
Marius Lodewucus Heyns	**2 877 410**	**422 251**	**8 726 142**	**–**	**12 025 803**
Manuel Donnell Grota Gouveia†	**836 595**	**149 732**	**1 333 333**	**–**	**2 319 660**
	3 714 005	**571 983**	**10 059 475**	**–**	**14 345 463**

† *Appointed 7 May 2009*

2008					
Paid by Basil Read (Pty) Limited					
Marius Lodewucus Heyns	2 685 945	334 217	8 333 333	–	11 353 495

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

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

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

- Headline earnings per share increasing by at least a percentage equal to the spot rate as at 30 September of each year of the RSA Five Year Retail Bond rate plus 50%. The spot rate applicable to the 2009 results was 11,0%. The spot rate that applies to the 2010 financial year is 9,75%.
- Cash flow from operating activities to be cash generative in each year.
- The criteria will carry equal weight in the determination of the amount of the deferred bonus.
- Should the criteria not be met in any one financial year, the deferred bonus will be reduced by an amount equal to that year's tranche.
- The remuneration committee may recommend to the board and the board may, in their discretion, relax the criteria in any given year should they deem it necessary and appropriate.
- Mr Heyns must remain in the employ of the group for the five-year period covered by the deferred bonus. If he leaves, unless for reasons of ill health, at any time during this period, none of the deferred bonus becomes due and payable.

Mr Heyns met the criteria for the 2009 financial year and accordingly a provision of R10 million was created in the 2009 financial year for payment of this deferred bonus. This amount has not been included in the remuneration disclosed in the table above.

	Services as director R	**Total R**
Non-executive directors		
2009		
Sindile Lester Leslie Peteni	**533 500**	**533 500**
Bulelani Thandabantu Ngcuka[†*]	**319 000**	**319 000**
Lungisa Brian Dyosi[†]	**278 500**	**278 500**
Sango Siviwe Ntsaluba[†]	**190 000**	**190 000**
Alexander Thabiso Tlelai[†]	**261 000**	**261 000**
Charles Peter Davies	**557 500**	**557 500**
Ntombekaya Yvonne September[†]	**311 000**	**311 000**
Given Refilwe Sibiya	**134 000**	**134 000**
	2 584 500	**2 584 500**
2008		
Sindile Lester Leslie Peteni	252 750	252 750
Bulelani Thandabantu Ngcuka[†]	540 000	540 000
Lungisa Brian Dyosi[†]	215 000	215 000
Sango Siviwe Ntsaluba[†]	257 000	257 000
Alexander Thabiso Tlelai[†]	239 000	239 000
Charles Peter Davies	424 750	424 750
Ntombekaya Yvonne September[†]	248 000	248 000
	2 176 500	2 176 500

[*] *Resigned 7 May 2009.*

[†] *Paid to the companies that these directors represent.*

Directors' fees for the 2009 financial year were paid according to the following table:

With effect from 1 January 2009	**Member R**	**Chairman R**
Board – retainer	120 000	440 000
Board – per meeting	17 500	33 000
Audit/risk committee – retainer	50 000	110 000
Audit/risk committee – per meeting	7 000	14 000
Remuneration committee – retainer	50 000	110 000
Remuneration committee – per meeting	7 000	14 000
Ad hoc meetings – per day	17 500	–

Directors' fees are reviewed annually. It is proposed that directors' fees be increased as follows:

With effect from 1 January 2010	**Member R**	**Chairman R**
Board – retainer	140 000	500 000
Board – per meeting	17 500	33 000
Audit/risk committee – retainer	70 000	140 000
Audit/risk committee – per meeting	7 000	14 000
Remuneration committee – retainer	70 000	130 000
Remuneration committee – per meeting	7 000	14 000
Ad hoc meetings – per day	17 500	–

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

DIRECTORS' EQUITY-SETTLED INSTRUMENTS

The directors held the following equity-settled instruments at 31 December 2009:

	Number	**Average strike price**	**Average exercise price**
Marius Lodewucus Heyns			
Equity-settled instruments at 1 January 2009	**250 000**	**13,95**	**–**
Equity-settled instruments granted during the year	**130 000**	**13,95**	**–**
Equity-settled instruments exercised during the year	**–**	**–**	**–**
Equity-settled instruments at 31 December 2009	**380 000**	**13,95**	
Manuel Donnell Grota Gouveia			
Equity-settled instruments at 1 January 2009	**60 000**	**13,95**	**–**
Equity-settled instruments granted during the year	**45 000**	**13,95**	**–**
Equity-settled instruments exercised during the year	**–**	**–**	**–**
Equity-settled instruments at 31 December 2009	**105 000**	**13,95**	

The directors held the following equity-settled instruments at 31 December 2008:

	Number	**Average strike price**	**Average exercise price**
Marius Lodewucus Heyns			
Equity-settled instruments at 1 January 2008	250 000	13,95	–
Equity-settled instruments granted during the year	–	–	–
Equity-settled instruments exercised during the year	–	–	–
Equity-settled instruments at 31 December 2008	250 000	13,95	

The equity-settled instruments terms are detailed in note 36.

INTERESTS OF DIRECTORS AND OFFICERS IN SHARE CAPITAL

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

	Direct		Indirect	
	2009	2008	**2009**	2008
Beneficial				
Manuel Donnell Grota Gouveia	**32 070**	–	**–**	–
Nigel John Townshend	**–**	–	**9 096 580**	–
Sango Siviwe Ntsaluba	**6 986**	5 000	**3 068 760**	3 673 803
Alexander Thabiso Tlelai	**–**	–	**3 068 760**	3 673 803
Bulelani Thandabantu Ngcuka	**–**	–	**–**	500 978
Lungisa Brian Dyosi	**–**	–	**169 152**	166 993
	39 056	5 000	**15 403 252**	8 015 577
Non-beneficial	**–**	–	**–**	–
	39 056	5 000	**15 403 252**	8 015 577

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

INTERESTS OF DIRECTORS AND OFFICERS IN SHARE INCENTIVE SCHEME

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

	Number of unissued shares	% of unissued shares	% held once shares issued
2009			
Direct			
Marius Lodewucus Heyns	**380 000**	**18,25**	**0,31**
Manuel Donnell Grota Gouveia	**105 000**	**5,04**	**0,08**
Enna Kruger (company secretary)	**20 000**	**0,96**	**0,02**
2008			
Direct			
Marius Lodewucus Heyns	250 000	11,32	0,29
Enna Kruger (company secretary)	10 000	0,45	0,01

The right to the unissued shares are in terms of the Basil Read Share Incentive Scheme. For further details, refer to note 36(e).

AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

COMPANY SECRETARY

The company secretary is Enna Kruger.

REGISTERED OFFICE

7 Brook Road
Lilianton
Boksburg
1459

POSTAL ADDRESS

Private Bag X170
Bedfordview
2008

Consolidated income statement

for the year ended 31 December 2009

	Notes	2009 R'000	2008 R'000
Revenue		**4 662 492**	3 474 831
Contracting revenue		**4 421 007**	3 205 224
Other revenue – development fees		**68 084**	77 406
Other revenue – construction materials and services		**173 401**	192 201
Contracting and other costs		**(3 949 241)**	(2 939 421)
Gross profit		**713 251**	535 410
Admin and operating overheads		**(303 923)**	(225 176)
Other income	7	**–**	12
Other gains/(losses) – net	8	**(448)**	(1 856)
Loss on sale of subsidiaries	43	**(130)**	–
Operating profit	9	**408 750**	308 390
Interest received	10	**65 269**	27 774
Foreign exchange	10	**(9 949)**	6 881
Interest paid	10	**(52 301)**	(46 969)
Profit before share of profit from associates		**411 769**	296 076
Share of profit from associates	17	**10**	85
Profit before taxation		**411 779**	296 161
Taxation	11	**(140 869)**	(90 319)
Net profit for the year		**270 910**	205 842
Net profit for the year attributable to the following:			
Equity shareholders of the company		**274 270**	204 516
Minority interests		**(3 360)**	1 326
Net profit for the year		**270 910**	205 842
Earnings per share (cents)	12	**317,15**	265,44
Diluted earnings per share (cents)	12	**316,49**	262,12
Dividend paid per share (cents)	13	**58,00**	50,00
Dividend declared per share (cents)*	13	**42,00**	58,00

** Based on the year to which the dividend relates.*

Consolidated statement of comprehensive income

for the year ended 31 December 2009

	2009 R'000	2008 R'000
Net profit for the year	**270 910**	205 842
Other comprehensive income for the year, net of tax	**(4 125)**	3 803
Movement in foreign currency translation reserve	**(4 404)**	3 792
Movement in fair value adjustment reserve	**279**	(55)
Disposal of fair value adjustment reserve	**–**	66
Total comprehensive income for the year	**266 785**	209 645
Total comprehensive income for the year attributable to the following:		
Equity shareholders of the company	**269 495**	208 319
Minority interests	**(2 710)**	1 326
Total comprehensive income for the year	**266 785**	209 645

Consolidated statement of financial position

as at 31 December 2009

	Notes	2009 R'000	2008 R'000
ASSETS			
Non-current assets		**1 647 284**	960 792
Property, plant and equipment	14	**798 490**	761 470
Intangible assets	15	**723 174**	143 907
Investments in jointly controlled entities	16	**26 324**	12 001
Investments in associates	17	**1 383**	21 579
Deferred income tax assets	18	**72 499**	21 833
Available-for-sale financial assets	19	**25 414**	2
Current assets		**2 543 292**	1 515 927
Inventories	20	**24 928**	25 940
Development land	21	**280 718**	54 734
Contract and trade debtors	22	**898 797**	448 967
Receivables and prepayments	23	**81 781**	36 739
Investments in jointly controlled entities	16	**–**	705
Current income tax assets		**11 029**	5 085
Cash and cash equivalents	24	**1 246 039**	943 757
TOTAL ASSETS		**4 190 576**	2 476 719
EQUITY AND LIABILITIES			
Capital and reserves		**1 500 916**	789 552
Stated capital	25	**948 667**	466 134
Retained earnings		**549 213**	315 607
Other reserves		**3 036**	7 811
Minority interests	26	**(1 212)**	2 521
Total capital and reserves		**1 499 704**	792 073
Non-current liabilities		**515 947**	348 150
Interest-bearing borrowings	27	**350 852**	264 249
Other borrowings	28	**79 357**	38 811
Provisions for other liabilities and charges	29	**–**	5 405
Deferred income tax liabilities	18	**85 738**	39 685
Current liabilities		**2 174 925**	1 336 496
Trade and other payables	30	**1 483 633**	1 024 800
Current income tax liabilities		**76 905**	86 245
Current portion of interest-bearing borrowings	27	**369 464**	135 936
Current portion of other borrowings	28	**90 515**	19 710
Provisions for other liabilities and charges	29	**130 174**	69 805
Bank overdraft	24	**24 234**	–
TOTAL EQUITY AND LIABILITIES		**4 190 576**	2 476 719

Consolidated statement of changes in equity

for the year ended 31 December 2009

	Share capital R'000	Treasury shares R'000	Foreign currency translation reserve* R'000	Fair value adjustment reserve R'000	Equity-settled share-based payment reserve R'000	Retained earnings R'000	Minority interest R'000	Total R'000
Balance at 1 January 2008	234 026	(72)	4 019	(11)	–	117 901	2 060	357 923
Movement in shares held by the trust	–	42	–	–	–	–	–	42
Issue of shares in terms of acquisition of subsidiary	52 617	–	–	–	–	–	–	52 617
Costs relating to the issue of shares	(36)	–	–	–	–	–	–	(36)
Consideration received for issue of shares in terms of private placement	179 636	–	–	–	–	–	–	179 636
Costs relating to the private placement	(79)	–	–	–	–	–	–	(79)
Transactions with minorities (refer note 42)	–	–	–	–	–	517	(517)	–
Total comprehensive income for the year	–	–	3 792	11	–	204 516	1 326	209 645
Share-based payment	–	–	–	–	30 493	–	440	30 933
Reallocate equity-settled share-based payment	–	–	–	–	(30 493)	30 493	–	–
Dividends paid	–	–	–	–	–	(37 820)	(788)	(38 608)
Balance at 31 December 2008	466 164	(30)	7 811	–	–	315 607	2 521	792 073
Movement in shares held by the trust	**–**	**10**	**–**	**–**	**–**	**–**	**–**	**10**
Issue of shares in terms of acquisition of subsidiary	**485 136**	**–**	**–**	**–**	**–**	**–**	**–**	**485 136**
Costs relating to the issue of shares	**(2 613)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2 613)**
Formation of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**198**	**198**
Transactions with minorities (refer note 42)	**–**	**–**	**–**	**–**	**–**	**(128)**	**(849)**	**(977)**
Total comprehensive income for the year	**–**	**–**	**(5 054)**	**279**	**–**	**274 270**	**(2 710)**	**266 785**
Share-based payment	**–**	**–**	**–**	**–**	**9 612**	**–**	**78**	**9 690**
Reallocate equity-settled share-based payment	**–**	**–**	**–**	**–**	**(9 612)**	**9 612**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(50 148)**	**(450)**	**(50 598)**
Balance at 31 December 2009	**948 687**	**(20)**	**2 757**	**279**	**–**	**549 213**	**(1 212)**	**1 499 704**

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

Consolidated statement of cash flows

for the year ended 31 December 2009

	Notes	2009 R'000	2008 R'000
CASH FLOW FROM OPERATING ACTIVITIES		**251 638**	599 194
Cash generated by operating activities	31	**502 337**	702 090
Net finance income/(costs)	10	**3 019**	(12 314)
Dividends paid	32	**(50 623)**	(38 423)
Taxation paid	33	**(203 095)**	(52 159)
CASH FLOW FROM INVESTING ACTIVITIES		**(141 077)**	(171 681)
Acquisitions of property, plant and equipment		**(125 051)**	(182 850)
Proceeds on disposal of property, plant and equipment		**35 997**	23 100
Acquisition of subsidiaries	42	**(53 520)**	(18 944)
Formation of subsidiary		**198**	–
Disposal of subsidiaries	43	**14 873**	–
Advances (made to)/recovered from jointly controlled entities	16	**(585)**	6 775
Advances recovered from associates	17	**6 238**	87
Acquisition of available-for-sale financial asset	19	**(19 227)**	–
Proceeds on disposal of available-for-sale financial asset	19	**–**	151
CASH FLOW FROM FINANCING ACTIVITIES		**167 487**	81 473
Proceeds from/(repayments of) interest-bearing borrowings		**181 853**	(93 577)
Repayments of other borrowings		**(14 376)**	(4 513)
Proceeds from issue of shares – net of costs		**10**	179 563
MOVEMENT IN CASH AND CASH EQUIVALENTS		**278 048**	508 986
CASH AND CASH EQUIVALENTS – AT THE BEGINNING OF THE YEAR		**943 757**	434 771
CASH AND CASH EQUIVALENTS – AT THE END OF THE YEAR	24	**1 221 805**	943 757

Notes to the consolidated financial statements

for the year ended 31 December 2009

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

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

The accounting policies detailed below have been consistently applied to the company financial statements detailed on pages 161 to 167.

Standards, interpretations and amendments to published standards effective in 2009

During the financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the group:

- IFRS 7 (Amendment) – *Financial instruments: Disclosures*. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires the disclosure of fair value measurements by level of a fair value hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- IAS 1 (Revised) – *Presentation of financial statements*. The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes are presented in the statement of comprehensive income. Comparative information has been represented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- IAS 23 (Amendment) – *Borrowing costs*. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing these borrowing costs has been removed. The group has previously already capitalised these borrowing costs to the cost of the relevant asset, and therefore, this amendment has no impact on earnings per share.

Standards, interpretations, amendments and improvements to published standards effective in 2009 but not currently relevant

- IFRIC 15 – *Agreements for construction of real estates*
- IFRIC 16 – *Hedges of a net investment in a foreign operation*
- IFRS 1 – *First time adoption of International Financial Reporting Standards,* and IAS 27 – *Consolidated and separate financial statements*
- IFRS 2 (Amendment) – *Share-based payment*
- IAS 16 (Improvement) – *Property, plant and equipment* (and consequential amendment to IAS 7 – *Statement of cash flows*)
- IAS 19 (Improvement) – *Employee benefits*
- IAS 20 (Improvement) – *Accounting for government grants and disclosure of government assistance*
- IAS 27 (Improvement) – *Consolidated and separate financial statements*
- IAS 28 (Improvement) – *Investment in associates* (and consequential amendments to IAS 32 – *Financial instruments: Presentation*, and IFRS 7 – *Financial instruments: Disclosures*)
- IAS 29 (Improvement) – *Financial reporting in hyperinflationary economies*
- IAS 31 (Improvement) – *Interest in joint ventures* (and consequential amendments to IAS 32 – *Financial instruments: Presentation*, and IFRS 7 – *Financial instruments: Disclosures*)
- IAS 32 (Improvement) – *Financial instruments: Presentation* and IAS 1 (Amendment) – *Presentation of financial statements*
- IAS 36 (Improvement) – *Impairment of assets*
- IAS 38 (Improvement) – *Intangible assets*
- IAS 39 (Improvement) – *Financial instruments: Recognition and measurement*
- IAS 40 (Improvement) – *Investment property* (and consequential amendments to IAS 16 – *Property, plant and equipment*)
- IAS 41 (Improvement) – *Agriculture*

These standards, interpretations, amendments and improvements did not have a material effect on the group.

Standards, interpretations, amendments and improvements to published standards that are not yet effective and not adopted by the group

Certain new standards, amendments, interpretations and improvements to existing standards have been published that apply to the group's accounting periods beginning on 1 January 2010 or later periods but have not been early adopted by the group. These standards, amendments, interpretations and improvements are:

- IFRIC 9 (Amended) – *Reassessment of embedded derivatives* (effective for financial periods beginning on or after 1 July 2009)
- IFRIC 14, IAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction* (effective for financial periods beginning on or after 1 January 2011)
- IFRIC 16 (Amended) – *Hedges of a net investment in a foreign operation* (effective for financial periods beginning on or after 1 July 2009)

1. ACCOUNTING POLICIES *(continued)*

BASIS OF PREPARATION *(continued)*

Standards, interpretations, amendments and improvements to published standards that are not yet effective and not adopted by the group *(continued)*

- IFRIC 17 – *Distribution of non-cash assets to owners* (effective for financial periods beginning on or after 1 July 2009)
- IFRIC 18 – *Transfers of assets from customers* (effective for financial periods beginning on or after 1 July 2009)
- IFRIC 19 – *Extinguishing financial liabilities with equity investments* (effective for financial periods beginning on or after 1 July 2010)
- IFRS 1 (Revised) – *First time adoption of International Financial Reporting Standards* (effective for financial periods beginning on or after 1 July 2009)
- IFRS 1 (Amendment) – *First time adoption of International Financial Reporting Standards* (effective for financial periods beginning on or after 1 January 2010)
- IFRS 2 (Amendment) – *Share-based payment* (effective for financial periods beginning on or after 1 January 2010)
- IFRS 3 (Revised) – *Business combinations* (effective for financial periods beginning on or after 1 July 2009)
- IFRS 5 (Improvement) – *Non-current assets held-for-sale and discontinued operations* (effective for financial periods beginning on or after 1 July 2009)
- IFRS 8 (Improvement) – *Operating segments* (effective for financial periods beginning on or after 1 January 2010)
- IFRS 9 – *Financial instruments* (effective for financial periods beginning on or after 1 January 2013)
- IAS 1 (Improvement) – *Presentation of financial statements* (effective for financial periods beginning on or after 1 January 2010)
- IAS 7 (Improvement) – *Statement of cash flows* (effective for financial periods beginning on or after 1 January 2010)
- IAS 10 (Amendment) – *Events after the reporting period* (effective for financial periods beginning on or after 1 July 2009)
- IAS 17 (Improvement) – *Leases* (effective for financial periods beginning on or after 1 January 2010)
- IAS 24 – *Related party disclosures* (effective for financial periods beginning on or after 1 January 2011)
- IAS 27 (Revised) – *Consolidated and separate financial statements* (effective for financial periods beginning on or after 1 July 2009)
- IAS 28 (Amendment) – *Investments in associates* (effective for financial periods beginning on or after 1 July 2009)
- IAS 31 (Amendment) – *Interest in joint ventures* (effective for financial periods beginning on or after 1 July 2009)
- IAS 32 (Amendment) – *Financial instruments: Presentation* (effective for financial periods beginning on or after 1 February 2010)
- IAS 36 (Improvement) – *Impairment of assets* (effective for financial periods beginning on or after 1 January 2010)
- IAS 38 (Improvement) – *Intangible assets* (effective for financial periods beginning on or after 1 July 2009)
- IAS 39 (Amendment) – *Financial instruments: Recognition and measurement* (effective for financial periods beginning on or after 1 July 2009)
- IAS 39 (Improvement) – *Financial instruments: Recognition and measurement* (effective for financial periods beginning on or after 1 July 2010)
- AC 504, IAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment* (effective for financial periods beginning on or after 1 April 2009)

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

HOLDING COMPANY INVESTMENTS

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

GROUP ACCOUNTING

Subsidiaries

Subsidiaries, which are those entities (including the Share Incentive Trust) in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Goodwill is not amortised but tested for impairment annually. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

If a subsidiary uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Transactions and minority interests

The group applies a policy of treating transactions with minorities as transactions with equity owners of the group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

1. ACCOUNTING POLICIES *(continued)*

Associates

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

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

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

Jointly controlled entities

Investments in jointly controlled entities are accounted for by the equity method of accounting. Under this method the group's share of the post-acquisition profits or losses of jointly controlled entities is recognised in the income statement and its share of post-acquisition equity movements are adjusted against the cost of the investment. Unrealised gains or losses on transactions between the group and its jointly controlled entities are eliminated to the extent of the group's interest in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset.

Jointly controlled operations and assets

The group's interest in jointly controlled operations and assets is accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

Unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture, except where unrealised losses provide evidence of an impairment.

FOREIGN CURRENCIES

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

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

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

OTHER INVESTMENTS

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

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

1. ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

BORROWINGS

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

CAPITALISATION OF BORROWING COSTS

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

INVESTMENT PROPERTIES

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

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance.

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

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

Contract-based intangibles

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

Marketing-related intangibles

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

1. ACCOUNTING POLICIES *(continued)*

LEASED ASSETS

Finance leases

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

Operating leases

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

IMPAIRMENT

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

INVENTORIES

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

DEVELOPMENT LAND

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

LONG-TERM CONSTRUCTION CONTRACTS AND CONTRACT REVENUE RECOGNITION

Revenue and costs

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

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

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

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

Contract debtors

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

OTHER REVENUE RECOGNITION

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

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

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

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

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

1. ACCOUNTING POLICIES *(continued)*

DEFERRED TAXATION

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

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

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

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also charged or credited directly to equity.

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

FINANCIAL INSTRUMENTS

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

HEDGE ACCOUNTING

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Pension obligations

Group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided based on a function of various factors such as age, years of service and compensation. A defined contribution plan is a privately administered pension insurance plan under which the group pays fixed contributions into a fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated every three years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates approximating the terms of the related liability.

1. ACCOUNTING POLICIES *(continued)*

EMPLOYEE BENEFITS *(continued)*

Termination benefits

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

Leave pay

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

Share-based payments

Share options are granted to employees in terms of the scheme detailed in note 36. The net cost of share options, calculated as the difference between the fair value of such options at grant date and the price at which the options were granted, are expensed over their vesting periods. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

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

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

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

DIVIDENDS

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

SEGMENT REPORTING

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

Intersegment transfers

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

Segment revenue and expenses

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

Segment assets and liabilities

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

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

ENVIRONMENTAL OBLIGATIONS

Long-term environmental obligations arise from the group's stone crushing activities, in compliance with current environmental and regulatory requirements and contractual agreements.

Full provision is made on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the period of the contractual agreement. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in earnings.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

2. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

a. Market risk

i. Foreign exchange risk

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

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

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

The group did not have any foreign exchange exposures at 31 December 2009.

At 31 December 2008, the group's only foreign exchange exposure was a British Pound forward exchange contract. If the British Pound had moved 1% against the Rand, the effect would have resulted in a pre-tax fair value adjustment of R410 547.

This would be as a result of foreign exchange profit/loss on the translation of British Pound denominated financial assets.

ii. Interest rate risk

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

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group maintains its borrowings at variable interest rates. During 2009 and 2008, the group's borrowings at variable rates were denominated in the functional currency.

A 100 basis points movement in the prime rate would result in a 12% change in interest charged.

In 2008, a 100 basis points movement in the prime rate would have resulted in an 8% change in interest charged.

iii. Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale financial assets. To manage this price risk the group diversifies its portfolio, in accordance with limits set by management.

The group holds limited direct investments in the equity of other entities and instead invests in unit trust products that are diversified in terms of the entities invested in and have a minimum guaranteed return at the end of the investment term. The underlying equities are publicly traded and are included in the All Share Index as quoted by the Johannesburg Stock Exchange Limited.

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

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

b. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and credit exposures to customers, including contract debtors and outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the risk committee assesses the credit risk of the customer, taking into account its financial position, past experience and other factors. In cases where the risk committee deems the risk level to be unacceptable, payment guarantees issued by the customer are insisted upon.

Refer to note 22 for further information on the group's credit risk profile.

2. FINANCIAL RISK MANAGEMENT *(continued)*

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the group's liquidity on the basis of expected cash flow.

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

- undrawn facilities
- available cash

Due to the nature of the group's activities, which includes progress payments, the liquidity risk is minimal.

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

	0 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	>5 years R'000	Total R'000
At 31 December 2009					
Interest-bearing borrowings	**149 100**	**274 840**	**368 331**	**–**	**792 271**
Other borrowings	**–**	**85 873**	**87 621**	**11 456**	**184 950**
Trade and other payables	**1 044 018**	**439 615**	**–**	**–**	**1 483 633**
	1 193 118	**800 328**	**455 952**	**11 456**	**2 460 854**
At 31 December 2008					
Interest-bearing borrowings	49 127	138 934	307 906	–	495 967
Other borrowings	–	20 961	44 162	–	65 123
Trade and other payables	710 708	314 092	–	–	1 024 800
	759 835	473 987	352 068	–	1 585 890

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

	0 – 3 months R'000	4 – 12 months R'000	1 – 5 years R'000	>5 years R'000	Total R'000
At 31 December 2009					
Forward foreign exchange contracts	**–**	**–**	**–**	**–**	**–**
At 31 December 2008					
Forward foreign exchange contracts	40 607	–	–	–	40 607

3. CAPITAL RISK MANAGEMENT

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

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

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

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

	2009 R'000	2008 R'000
Total long-term debt	**430 209**	303 060
Total equity	**1 500 916**	789 552
Debt:equity ratio (%)	**28,7**	38,4

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

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

	2009 R'000	2008 R'000
Total interest-bearing borrowings (note 27)	**720 316**	400 185
Total assets financed	**1 079 208**	816 204
Property, plant and equipment (note 14)	**798 490**	761 470
Development land (note 21)	**280 718**	54 734
Ratio of interest-bearing debt to assets financed (%)	**66,7**	49,0

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

The only loan covenant in place is in the group's subsidiary in Namibia. This covenant requires the subsidiary to maintain an interest-bearing debt covenant of 3,5 at 31 December 2009. The interest-bearing debt covenant is defined as interest-bearing debt, comprising all liabilities, long term and short term, less cash balances, divided by ordinary shareholders' equity plus Basil Read loan account. The loan covenant was met at 31 December 2009.

4. FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as available-for-sale financial assets) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

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

Fair values	Carrying value R'000	Fair value R'000
For the year ended 31 December 2009		
Financial assets		
Available-for-sale financial assets	**25 414**	**25 414**
Contract and trade debtors	**898 797**	**898 797**
Receivables and prepayments	**81 781**	**81 781**
Cash and cash equivalents	**1 246 039**	**1 246 039**
Financial liabilities		
Interest-bearing borrowings	**720 316**	**720 316**
Other borrowings	**169 872**	**169 872**
Provisions for other liabilities and charges	**130 174**	**130 174**
Trade and other payables	**1 483 633**	**1 483 633**
Bank overdraft	**24 234**	**24 234**
For the year ended 31 December 2008		
Financial assets		
Available-for-sale financial assets	2	2
Contract and trade debtors	448 967	448 967
Receivables and prepayments	36 739	36 739
Cash and cash equivalents	943 757	943 757
Financial liabilities		
Interest-bearing borrowings	400 185	400 185
Other borrowings	58 521	58 521
Provisions for other liabilities and charges	75 210	75 210
Trade and other payables	1 024 800	1 024 800

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Provision for impairment of contract debtors

A provision for impairment of contract debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contract debtor is impaired. The amount of the provision is the difference between the contract debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Refer to note 22 for the carrying value.

Accounting for construction contracts

The group makes estimates and assumptions concerning the future, particularly as regards construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to note 29 for details of the group's contract provisions.

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

Property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over its useful life to residual value. Residual values and useful lives are based on management's best estimate and actual future outcomes may differ from these estimates. Refer to note 14 for details of the group's property, plant and equipment.

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

Deferred taxation

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

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

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

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

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

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

Defined benefit plan

The defined benefit obligation calculation is subject to estimates of future contributions, mortality tables and discount rates. These estimates could change materially over time. The principal actuarial assumptions used for valuation purposes of the group's defined benefit plan can be found in note 36(b) of this report.

Financial instruments

The estimated fair value of derivatives is determined at discreet points in time based on relevant market information. These estimates are calculated with reference to market rates using appropriate valuation techniques and models. Details of the forward foreign exchange contract exposure at 31 December 2008 can be found in note 23.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgement and estimates of the outcome of future events. Refer to note 34 for details of the group's contingent liabilities.

Goodwill

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

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

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

Share-based payment

The fair value of employee share options are determined using the European Binomial simulation model. The significant inputs into this model are discussed in note 36(e).

Purchase price allocation

The purchase price allocation of an acquired company is subject to the correct determination of the fair value of the assets given up, shares issued or liabilities undertaken at the date of exchange. Any excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries at the date of acquisition is recorded as goodwill. Details of business combinations during the year are detailed in note 42.

6. FINANCIAL INSTRUMENTS

a. Financial instruments by category

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

	Loans and receivables R'000	Assets at fair value through profit and loss R'000	Available-for-sale R'000	Total R'000
31 December 2009				
Assets as per balance sheet				
Advances to jointly controlled entities	**12 720**	**–**	**–**	**12 720**
Advances to associates	**1 175**	**–**	**–**	**1 175**
Available-for-sale financial assets	**–**	**–**	**25 414**	**25 414**
Contract and trade debtors	**898 797**	**–**	**–**	**898 797**
Receivables	**52 355**	**–**	**–**	**52 355**
Cash and cash equivalents	**1 246 039**	**–**	**–**	**1 246 039**
Total	**2 211 086**	**–**	**25 414**	**2 236 500**

	At amortised cost R'000	Total R'000
Liabilities as per balance sheet		
Interest-bearing borrowings	**720 316**	**720 316**
Other borrowings	**169 872**	**169 872**
Trade and other payables	**1 483 633**	**1 483 633**
Bank overdraft	**24 234**	**24 234**
Total	**2 398 055**	**2 398 055**

	Loans and receivables R'000	Assets at fair value through profit and loss R'000	Available-for-sale R'000	Total R'000
31 December 2008				
Assets as per balance sheet				
Advances to jointly controlled entities	12 705	–	–	12 705
Advances to associates	7 413	–	–	7 413
Available-for-sale financial assets	–	–	2	2
Contract and trade debtors	448 967	–	–	448 967
Receivables	12 001	448	–	12 449
Cash and cash equivalents	943 757	–	–	943 757
Total	1 424 843	448	2	1 425 293

	At amortised cost R'000	Total R'000
Liabilities as per balance sheet		
Interest-bearing borrowings	400 185	400 185
Other borrowings	58 521	58 521
Trade and other payables	1 024 800	1 024 800
Bank overdraft	–	–
Total	1 483 506	1 483 506

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6. FINANCIAL INSTRUMENTS *(continued)*

b. Credit quality of financial assets

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

	Advances to jointly controlled entities R'000	Advances to associates R'000	Available-for-sale financial assets R'000	Contract and trade debtors R'000	Receivables R'000	Cash and cash equivalents R'000	Total R'000
31 December 2009							
Government	–	–	–	270 487	19 133	–	289 620
Multinational mining companies	–	–	–	120 668	–	–	120 668
Listed companies	–	–	25 408	141 483	–	1 245 324	1 412 215
Unlisted companies	12 720	1 175	6	86 162	32 216	715	132 994
Individuals	–	–	–	404	1 006	–	1 410
	12 720	**1 175**	**25 414**	**619 204**	**52 355**	**1 246 039**	**1 956 907**
31 December 2008							
Government	–	–	–	125 868	–	–	125 868
Multinational mining companies	–	–	–	95 119	–	–	95 119
Listed companies	–	–	2	95 858	448	943 757	1 040 065
Unlisted companies	12 705	7 413	–	86 767	11 471	–	118 356
Individuals	–	–	–	140	530	–	670
	12 705	7 413	2	403 752	12 449	943 757	1 380 078

None of the financial assets that are fully performing have been renegotiated in the last year.

	2009 R'000	2008 R'000
7. OTHER INCOME		
Dividend income	–	12
8. OTHER GAINS/(LOSSES) – NET		
Impairment of goodwill	–	(2 304)
Gross amount	–	(2 304)
Taxation	–	–
Fair value (loss)/gain on forward foreign exchange contract	(448)	448
Gross amount	(448)	448
Taxation	–	–
Total gross amount	**(448)**	(1 856)

The impairment of goodwill in the prior year relates to the group's investment in Stone and Allied Industries Limited. Evidence of impairment was noted following losses in the subsidiary with a subsequent test for impairment leading to the carrying amount of goodwill being written down to zero. The group's investment in Stone and Allied Industries Limited was disposed of during the current year. Refer to note 43 for further details.

Full details of the forward foreign exchange contract to which the fair value (loss)/gain related can be found in note 23.

	2009 R'000	2008 R'000
9. OPERATING PROFIT		
The following items have been (charged)/credited in arriving at operating profit:		
Raw materials	**(2 460 160)**	(1 546 999)
Subcontractors	**(1 069 825)**	(959 447)
Depreciation of property, plant and equipment		
Owned assets	**(83 924)**	(76 853)
Plant and equipment and rehabilitation asset	**(80 230)**	(74 567)
Furniture and fittings	**(3 354)**	(2 279)
Land and buildings and surface properties	**(340)**	(7)
Leased assets		
Plant, equipment and rehabilitation asset	**(87 745)**	(68 185)
Impairment of property, plant and equipment	**(11 528)**	–
(Loss)/profit on sale of property, plant and equipment	**(2 151)**	1 115
Gross amount	**(2 501)**	1 296
Taxation	**350**	(181)
Loss on sale of available-for-sale financial assets	**–**	(48)
Gross amount	**–**	(66)
Taxation	**–**	18
Amortisation of intangible assets	**(14 751)**	(3 562)
Gross amount	**(20 488)**	(4 947)
Taxation	**5 737**	1 385
Auditors' remuneration*	**(6 295)**	(5 326)
For services as auditors	**(6 280)**	(3 773)
For other services	**(15)**	(1 553)
Operating leases	**(3 523)**	(2 646)
Office equipment	**(1 277)**	(1 053)
Office space – contractual	**(715)**	(1 373)
Other services	**(1 531)**	(220)
Staff costs (refer note 36)	**(806 373)**	(637 875)

* *An amount of R13,0 million was paid to the group's auditors and capitalised to the cost of acquisition for the Gerolemou/Mvela and TWP groups for advisory and due diligence work done.*

	2009 R'000	2008 R'000
10. NET FINANCE INCOME/(COSTS)		
Interest received	**65 269**	27 774
Bank	**63 707**	24 273
Other	**1 562**	3 501
Foreign exchange	**(9 949)**	6 881
Interest paid	**(52 301)**	(46 969)
Bank loans and other borrowings	**(20 848)**	(6 332)
Finance leases	**(31 453)**	(40 027)
Provisions: unwinding of discount	**–**	(610)
Net finance income/(costs)	**3 019**	(12 314)

	2009 R'000	2008 R'000
11. TAXATION		
South African normal taxation		
Current taxation	**(160 229)**	(77 351)
Current year	**(134 838)**	(77 351)
Prior year	**(25 391)**	–
Deferred taxation	**45 968**	(4 957)
Current year	**34 159**	(4 721)
Rate change	**–**	(236)
Prior year	**11 809**	–
Secondary taxation on companies (STC)		
Current year	**(4 923)**	(4 025)
Foreign taxation		
Current taxation	**(3 489)**	(1 441)
Current year	**(3 580)**	(1 441)
Prior year	**91**	–
Deferred taxation	**(18 196)**	(2 545)
Current year	**(19 251)**	(2 545)
Rate change	**(119)**	–
Prior year	**1 174**	–
Total taxation charged	**(140 869)**	(90 319)

Capital gains of RNil (2008: R0,1 million) have been utilised against assessed losses in the current year.

Reconciliation of the standard rate of taxation to effective rate	%	%
South African normal rate of taxation	**28,0**	28,0
Foreign normal taxation – current year	**(0,1)**	–
Foreign deferred taxation – current year	**0,9**	(0,2)
Losses utilised	**(0,2)**	(2,0)
Secondary taxation on companies (STC)	**1,2**	1,4
Capital gains tax (CGT)	**(0,8)**	–
Prior year underprovision	**2,9**	–
Timing differences not accounted for under deferred tax	**0,2**	1,7
Non-taxable items	**2,1**	1,6
Effective tax rate	**34,2**	30,5

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

Estimated tax losses

	2009 R'000	2008 R'000
Total estimated tax losses of subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies.	**109 843**	102 430

	2009	2008

12. EARNINGS PER SHARE

	2009	2008
Earnings per share (cents)	**317,15**	265,44
The calculation of earnings per share is based on the consolidated profit after taxation of R274 270 195 (2008: R204 516 097) and the weighted average number of shares in issue during the year of 86 478 733 (2008: 77 048 684) shares.		
Headline earnings per share (cents)	**333,12**	267,04
The calculation of headline earnings per share is based on the consolidated headline profit after taxation of R288 079 294 (2008: R205 753 007) and the weighted average number of shares in issue during the year of 86 478 733 (2008: 77 048 684) shares.		
Diluted earnings per share (cents)	**316,49**	262,12
The calculation of diluted earnings per share is based on the consolidated profit after taxation of R274 270 195 (2008: R204 516 097) and the weighted average number of shares in issue during the year of 86 659 897 (2008: 78 023 405) shares.		
Diluted headline earnings per share (cents)	**332,43**	263,71
The calculation of diluted headline earnings per share is based on the consolidated headline profit after taxation of R288 079 294 (2008: R205 753 007) and the weighted average number of shares in issue during the year of 86 659 897 (2008: 78 023 405) shares.		

	R'000	R'000
Reconciliation between basic earnings, diluted earnings and headline earnings is as follows:		
Basic and diluted earnings	**274 270**	204 516
Adjusted by the after tax effect of the following:		
Loss on sale of subsidiary (refer note 43)	**130**	–
Loss on sale of available-for-sale financial assets	**–**	48
Loss/(profit) on sale of property, plant and equipment (refer note 9)	**2 151**	(1 115)
Impairment of goodwill (refer note 8)	**–**	2 304
Impairment of assets in disposal group (refer note 9)	**11 528**	–
Headline earnings	**288 079**	205 753

	Number '000	Number '000
Reconciliation between weighted average number of shares and diluted weighted average number of shares:		
Weighted average number of shares	**86 479**	77 049
Adjusted by: Basil Read Share Incentive Scheme (refer note 36(e))	**181**	974
Diluted weighted average number of shares	**86 660**	78 023

	2009 R'000	2008 R'000
13. DIVIDENDS		
Dividends paid	**50 148**	37 820

A final dividend of 58 cents per share in respect of the 2008 financial year was declared on 26 February 2009 (2008: 50 cents per share) and paid on 18 May 2009.

A final dividend in respect of the 2009 financial year of 42 cents per share was approved by the board of directors on 11 March 2010. This dividend payable is not reflected in these financial statements. The declaration of this dividend will result in a dividend paid of R52 000 638 and a secondary taxation on companies tax charge of R5 200 064 being recognised in the 2010 financial year.

	Land and buildings and surface properties R'000	Mining assets R'000	Plant and equipment and rehabilitation asset R'000	Furniture and fittings R'000	Total R'000
14. PROPERTY, PLANT AND EQUIPMENT					
At 1 January 2008					
Cost	43 426	–	686 259	11 184	740 869
Accumulated depreciation	(1 588)	–	(242 789)	(7 471)	(251 848)
Net book amount	41 838	–	443 470	3 713	489 021
Year ended 31 December 2008					
Opening net book amount	41 838	–	443 470	3 713	489 021
Additions	80 408	–	303 617	4 103	388 128
Acquisition of subsidiaries (refer note 42)	–	–	42 026	478	42 504
Disposals	–	–	(21 600)	(204)	(21 804)
Depreciation	(7)	–	(142 752)	(2 279)	(145 038)
Exchange differences	–	–	8 659	–	8 659
Closing net book amount	122 239	–	633 420	5 811	761 470
At 31 December 2008					
Cost	123 834	–	984 998	15 037	1 123 869
Accumulated depreciation	(1 595)	–	(351 578)	(9 226)	(362 399)
Net book amount	122 239	–	633 420	5 811	761 470
Year ended 31 December 2009					
Opening net book amount	**122 239**	**–**	**633 420**	**5 811**	**761 470**
Additions	**34 811**	**–**	**131 357**	**4 507**	**170 675**
Acquisition of subsidiaries (refer note 42)	**14 035**	**16 381**	**48 147**	**38 273**	**116 836**
Disposal of subsidiary (refer note 43)	**(168)**	**–**	**(21 531)**	**(21)**	**(21 720)**
Disposals	**–**	**–**	**(38 173)**	**(325)**	**(38 498)**
Depreciation	**(340)**	**–**	**(167 975)**	**(3 354)**	**(171 669)**
Impairment	**–**	**–**	**(11 528)**	**–**	**(11 528)**
Exchange differences	**–**	**–**	**(7 076)**	**–**	**(7 076)**
Closing net book amount	**170 577**	**16 381**	**566 641**	**44 891**	**798 490**
At 31 December 2009					
Cost	**174 257**	**18 834**	**1 066 586**	**115 582**	**1 375 259**
Accumulated depreciation	**(3 680)**	**(2 453)**	**(499 946)**	**(70 690)**	**(576 769)**
Net book amount	**170 577**	**16 381**	**566 640**	**44 892**	**798 490**

Book value of plant and equipment subject to instalment sale agreements (refer note 27) are as follows:

	2009 R'000	2008 R'000
Instalment sale agreements	**293 442**	419 745
Cost	**447 426**	518 989
Accumulated depreciation	**(153 984)**	(99 244)
Total	**293 442**	419 745

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

Assets-under-construction, included in plant and equipment, amount to R12,4 million (2008: R0,3 million).

Depreciation and impairment expenses have been included in "Contracting and other costs" in the income statement. The impairment arose as a result of the sale of Stone and Allied Industries Limited. The charge was based on the fair value less costs to sell as evidenced by the signed sale agreement.

	Goodwill R'000	Contract-based intangibles R'000	Marketing related intangibles R'000	Total R'000
15. INTANGIBLE ASSETS				
At 1 January 2008				
Cost	41 252	1 437	–	42 689
Accumulated amortisation	–	(1 203)	–	(1 203)
Net book amount	41 252	234	–	41 486
Year ended 31 December 2008				
Opening net book amount	41 252	234	–	41 486
Acquisition of subsidiaries – Roadcrete Africa	88 919	17 484	–	106 403
Finalisation of purchase price allocation – B&E group	3 269	–	–	3 269
Amortisation charge	–	(4 947)	–	(4 947)
Impairment	(2 304)	–	–	(2 304)
Closing net book amount	131 136	12 771	–	143 907
At 31 December 2008				
Cost	133 440	18 921	–	152 361
Accumulated amortisation	–	(6 150)	–	(6 150)
Accumulated impairment	(2 304)	–	–	(2 304)
Net book amount	131 136	12 771	–	143 907
Year ended 31 December 2009				
Opening net book amount	**131 136**	**12 771**	**–**	**143 907**
Acquisition of subsidiaries – Sunset Bay	**–**	**8 599**	**–**	**8 599**
Acquisition of subsidiaries – Gerolemou/ Mvela group	**169 953**	**32 197**	**–**	**202 150**
Acquisition of subsidiaries – TWP group	**320 570**	**41 317**	**27 119**	**389 006**
Disposal of subsidiary – Stone and Allied Industries	**(2 304)**	**–**	**–**	**(2 304)**
Amortisation charge	**–**	**(20 488)**	**–**	**(20 488)**
Impairment	**2 304**	**–**	**–**	**2 304**
Closing net book amount	**621 659**	**74 396**	**27 119**	**723 174**
At 31 December 2009				
Cost	**621 659**	**101 034**	**27 119**	**749 812**
Accumulated amortisation	**–**	**(26 638)**	**–**	**(26 638)**
Accumulated impairment	**–**	**–**	**–**	**–**
Net book amount	**621 659**	**74 396**	**27 119**	**723 174**

The goodwill in the current year relates to the acquisition of the Gerolemou/Mvela group and the TWP group and is mainly attributable to the workforces of the acquired businesses and the significant synergies that are expected to arise in the future (refer note 42).

The goodwill in the prior year relates to the acquisition of Roadcrete Africa (Pty) Limited and is mainly attributable to the workforce of the acquired business and the significant synergies that are expected to arise in the future (refer note 42).

As part of the finalisation of the purchase price allocation relating to the acquisition of the Blasting & Excavating group, an adjustment was made to goodwill in the prior year for an amount of R3,3 million relating to a change in the deferred taxation balance at acquisition date.

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

	2009 R'000	2008 R'000
15. INTANGIBLE ASSETS *(continued)*		
Construction	**266 310**	96 357
Mining	**34 779**	34 779
Developments	**–**	–
Engineering	**320 570**	–
	621 659	131 136

The group tests goodwill for impairment annually, or more frequently if there are indicators that goodwill might be impaired. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using an estimated growth rate of 5%. These cash flow projections are discounted using the group's weighted average cost of capital adjusted for relevant risk factors.

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

The impairment of goodwill in the prior year relates to Stone and Allied Industries Limited, and was included in 'Other gains/(losses) – net' in the income statement (refer note 8).

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

The contract-based intangible asset in the current year that arose on the acquisition of Sunset Bay Trading 282 (Pty) Limited has been determined to have a finite life based on the expected duration of the property development. It is being amortised over a maximum period of 120 months, of which 110 months are remaining.

The contract-based intangible asset in the current year that arose on the acquisition of the Gerolemou/Mvela group has been determined to have a finite life based on the longest contract in the acquired group. It is being amortised over a maximum period of 24 months, of which 20 months are remaining.

The contract-based intangible asset in the current year that arose on the acquisition of the TWP group has been determined to have a finite life based on the longest contract in the acquired group. It is being amortised over a maximum period of 24 months, of which 24 months are remaining.

The marketing related intangible asset in the current year that arose on the acquisition of the TWP group relates to the TWP brand and has been determined to have a finite life and is being amortised over a maximum period of 240 months, of which 240 months are remaining.

The contract-based intangible asset in the prior year arose on the acquisition of Roadcrete Africa (Pty) Limited. The asset has been determined to have a finite life based on the longest contract in the company. It is being amortised over a maximum period of 26 months, of which 10 months are remaining.

The amortisation charge has been included in 'Admin and operating overheads' in the income statement (refer note 9).

	2009 R'000	2008 R'000
16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES		
Shares at cost	**41**	1
Acquisition of subsidiary-attributable post-acquisition net accumulated profit	**13 563**	–
Advances made to jointly controlled entities	**12 720**	12 705
	26 324	12 706
Less: Current portion transferred to current assets	**–**	(705)
Total non-current investment in jointly controlled entities	**26 324**	12 001
Reconciliation of opening and closing balances		
At the beginning of the year	**12 706**	19 481
Acquisition of subsidiary	**13 033**	–
Share of profits for the year after tax	**–**	–
Gross amount	**–**	–
Taxation	**–**	–
Advances made to jointly controlled entities	**585**	4 425
Advances recovered from jointly controlled entities	**–**	(11 200)
Balance at the end of the year	**26 324**	12 706
The following information relates to the company's direct and indirect interest in jointly controlled entities including the group's net investment in the jointly controlled entities:		
Sugar Creek Trading 101 (Pty) Limited	**13 291**	12 706
Number of shares held: 50 (2008: 50)		
Proportion owned: 50% (2008: 50%)		
Nature of business: Mixed integrated housing development		
Vhumbanani Projects (Pty) Limited	**13 033**	–
Number of shares held: 40 000 (2008: n/a)		
Proportion owned: 50% (2008: n/a)		
Nature of business: Mineral processing plant design and control engineering		
	26 324	12 706

The current portion of the loan to Sugar Creek Trading 101 (Pty) Limited is interest free, unsecured and payable within 30 days.

The directors value the unlisted investment in jointly controlled entities at R26 324 255 (2008: R12 705 848). This approximates its fair value.

Refer to note 39 for further details regarding the investments in jointly controlled entities.

	2009 R'000	2008 R'000
17. INVESTMENTS IN ASSOCIATES		
Shares at cost	**98**	14 066
Attributable post-acquisition net accumulated profit	**110**	100
Advances made to associates	**1 175**	7 413
	1 383	21 579
Reconciliation of opening and closing balances		
At the beginning of the year	**21 579**	21 581
Acquisition of associate	**32**	–
Share of profits for the year after tax	**10**	85
Gross amount	**10**	71
Taxation	**–**	14
Advances recovered from associates	**(6 238)**	(87)
Associates reclassified as subsidiaries	**(14 000)**	–
Balance at the end of the year	**1 383**	21 579
The following information relates to the company's direct and indirect interest in associate companies including the group's net investment in the associate:		
Mmila Projects (Pty) Limited	**224**	79
Number of shares held by Spray Pave (Pty) Limited: 30 (2008: 30)		
Proportion owned by Spray Pave (Pty) Limited: 30% (2008: 30%)		
Nature of business: Distributor and sprayer of bituminous and tar products		
Sunset Bay Trading 282 (Pty) Limited	**–**	21 500
Number of shares held: 1 000 (2008: 333)		
Proportion owned: 100% (2008: 33,3%)		
Nature of business: Property development		
BR-Tsima Construction (Pty) Limited	**1 159**	–
Number of shares held: 20 (2008: 100)		
Proportion owned: 20% (2008: 100%)		
Nature of business: Construction of roads, buildings and civil engineering structures		
	1 383	21 579

During the year, the group disposed of 80% of its interest in BR-Tsima Construction (Pty) Limited. Previously disclosed as a subsidiary of the group, BR-Tsima was reclassified as an associate. The group continues to exercise significant influence in the operations of the company.

During the year, the group acquired the remaining 66,67% interest in Sunset Bay Trading 282 (Pty) Limited and reclassified it as a subsidiary.

The loan to Sunset Bay Trading 282 (Pty) Limited was interest free, unsecured and had no fixed terms of repayment.

The directors value the unlisted investment in associates at R1 383 306 (2008: R21 579 255). This approximates its fair value.

Refer to note 40 for further details regarding the investments in associates.

	2009 R'000	2008 R'000

18. DEFERRED TAXATION

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of the fiscal authority as indicated below:

Botswana: 25% (2008: 25%)

Namibia: 34% (2008: 35%)

South Africa: 28% (2008: 28%)

Zambia: 35% (2008: 35%)

The movement on the deferred taxation account is as follows:

	2009 R'000	2008 R'000
Balance at the beginning of the year	**(17 852)**	11 326
Movements during the year attributable to:		
Acquisition of subsidiaries	**(18 360)**	(20 792)
Disposal of subsidiaries	**(5 584)**	–
Change in tax rate	**(119)**	(236)
Temporary differences	**27 891**	(7 266)
Forex adjustment	**785**	(884)
Balance at the end of the year	**(13 239)**	(17 852)

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

	Accelerated tax depreciation R'000	Provisions, accruals and retentions R'000	Assessed losses and other R'000	Total R'000
Balance as at 1 January 2008	(2 911)	24 118	5 290	26 497
Credited/(charged) to the income statement	(24 395)	(553)	20 952	(3 996)
Change in tax rate	572	(133)	(1 107)	(668)
Balance as at 31 December 2008	(26 734)	23 432	25 135	21 833
Acquisition of subsidiaries	**(1 743)**	**14 583**	**11 001**	**23 841**
Credited/(charged) to the income statement	**24 045**	**24 711**	**(21 931)**	**26 825**
Balance as at 31 December 2009	**(4 432)**	**62 726**	**14 205**	**72 499**
The movement in the group's deferred taxation liability during the year is as follows:				
Balance as at 1 January 2008	(23 953)	2 355	6 427	(15 171)
Acquisition of subsidiary	(16 815)	(3 977)	–	(20 792)
Credited/(charged) to the income statement	4 205	(1 317)	(6 158)	(3 270)
Change in tax rate	1 026	(821)	227	432
Forex adjustment	(681)	(599)	396	(884)
Balance as at 31 December 2008	(36 218)	(4 359)	892	(39 685)
Acquisition of subsidiaries	**(31 420)**	**(24 035)**	**13 254**	**(42 201)**
Disposal of subsidiaries	**3 023**	**(1 807)**	**(6 800)**	**(5 584)**
Credited/(charged) to the income statement	**(18 382)**	**8 764**	**10 684**	**1 066**
Change in tax rate	**580**	**(3)**	**(696)**	**(119)**
Forex adjustment	**767**	**27**	**(9)**	**785**
Balance as at 31 December 2009	**(81 650)**	**(21 413)**	**17 325**	**(85 738)**

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

Deferred tax has not been provided on estimated assessed losses of subsidiary companies amounting to RNil (2008: R27,5 million).

An announcement was made by the Namibian government during the 2009 financial year that the tax rate was to be reduced to 34%. Although this has not been promulgated as yet, due to the fact that it is substantively enacted, deferred tax has been provided at a rate of 34% for all Namibian companies. The effect of this change in tax rate is disclosed above.

	2009 R'000	2008 R'000
19. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Unlisted investments		
At the beginning of the year	–	–
Additions	19 227	–
Acquisition of subsidiary	6	–
Mark-to-market adjustment through equity	279	–
At the end of the year	19 512	–
The following information relates to the group's interest in unlisted investments:		
Binga Constuçoes Mozambique Limitada	–	–
The group holds an industry-related investment in Binga Constuçoes Mozambique Limitada. The details of the investment are as follows:		
Number of shares held: 490		
Proportion owned: 49%		
Nature of business: Civil engineering and building		
The group does not exercise significant influence over the operational and financial activities of Binga Constuçoes Mozambique Limitada. The company has not traded since incorporation.		
Endowment investment	19 506	–
During the year, the group acquired an endowment investment from Stanlib Asset Management. The investment is a secure guaranteed investment with a minimum capital guarantee at maturity and full upside potential. The investment has 27 months remaining until maturity. Contributions to this investment are in monthly instalments of R385 667.		
Desbel Sewe (Pty) Limited	6	–
Through the acquisition of the Gerolemou/Mvela group, the group acquired an investment in Desbel Sewe (Pty) Limited, a hotel management company.		
The directors value the unlisted investments at R19 512 451 (2008: RNil). This approximates their fair value.		
Listed investments		
At the end of the year	5 902	2
At the beginning of the year	2	208
Acquisition of subsidiary	5 900	–
Disposals	–	(151)
Mark-to-market adjustment through equity	–	(55)
The following information relates to the group's interest in listed investments:		
Through the acquisition of the TWP group, the group acquired an investment in African Eagle Resources plc, a UK-listed mineral exploration and development company operating in Zambia, Tanzania and Mozambique.		
The group disposed of its investment in Investec Limited during the prior year. The group held 3 240 shares, which represented less than 1% of the total issued share capital. Investec Limited is listed on the JSE under the Investment Banks sector.		
The carrying value of listed investments approximates their fair value.		
	25 414	2
20. INVENTORIES		
Consumables	6 727	7 305
Finished goods	6 529	5 542
Spares	11 672	13 093
	24 928	25 940

	2009 R'000	2008 R'000

21. DEVELOPMENT LAND

	2009 R'000	2008 R'000
Development land	**280 718**	54 734

Development land comprises land purchased for the purposes of property development and subsequent resale. Due to the nature of property developments, the full value of development land may not be realised in the coming 12-month period.

Development land to the value of R60 million is pledged as security for one of the group's banking loans. Refer to note 27 for further details.

	2009 R'000	2008 R'000
Reconciliation of carrying value of development land		
Purchase consideration of land	**46 217**	38 375
Capitalisation of development costs and installation of bulk services	**211 714**	15 318
Capitalisation of borrowing costs	**22 787**	1 041
	280 718	54 734
Movements in development land are as follows:		
Opening balance	**54 734**	–
Purchase of land	**–**	38 375
Capitalisation of development costs and installation of bulk services	**97 504**	15 318
Capitalisation of borrowing costs	**14 111**	1 041
Acquisition of subsidiary	**114 369**	–
	280 718	54 734

22. CONTRACT AND TRADE DEBTORS

	2009 R'000	2008 R'000
Contract debtors	**566 637**	226 887
Contract debtors	**576 870**	229 016
Provision for impairment of contract debtors	**(10 233)**	(2 129)
Trade receivables	**41 473**	65 806
Trade receivables	**42 667**	67 090
Provision for impairment of trade receivables	**(1 194)**	(1 284)
Retention debtors	**93 043**	82 372
Retention debtors	**94 011**	82 372
Provision for impairment of retention debtors	**(968)**	–
Work in progress	**197 644**	73 902
Costs incurred to date	**4 819 693**	1 027 735
Profit recognised to date	**278 814**	10 469
Progress payments received and receivable	**(4 900 863)**	(964 302)
	898 797	448 967

Contract debtors of the TWP group are ceded as security for the bank overdraft facilities in place. At year-end, the total utilised overdraft facility amounted to R24,2 million (refer note 24).

In the prior year, the trade receivables of Stone and Allied Industries Limited, amounting to R7,8 million, were ceded as security for bank guarantees issued, totalling R3,1 million.

In the prior year, the trade receivables of Spray Pave (Pty) Limited, amounting to R30,7 million, were ceded as security for the bank overdraft and factoring facility in place, totalling R0,9 million.

22. CONTRACT AND TRADE DEBTORS *(continued)*

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

31 December 2009

Contract debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	87 388	122 399	1 356	211 143
Multinational mining companies	81 624	81 518	2 500	165 642
Listed companies	94 173	5 440	644	100 257
Unlisted companies	28 855	64 903	5 648	99 406
Individuals	275	62	85	422
	292 315	274 322	10 233	576 870

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

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	165 569	32 702	76 051	274 322

No security is held against these balances.

Trade receivables

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	9 361	30	–	9 391
Multinational mining companies	–	–	–	–
Listed companies	1 712	1 949	–	3 661
Unlisted companies	25 129	3 292	1 194	29 615
Individuals	–	–	–	–
	36 202	5 271	1 194	42 667

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

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	689	4 552	30	5 271

No security is held against these balances.

Retention debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	87 401	–	968	88 369
Multinational mining companies	528	–	–	528
Listed companies	438	–	–	438
Unlisted companies	4 676	–	–	4 676
Individuals	–	–	–	–
	93 043	–	968	94 011

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

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

No security is held against these balances.

22. CONTRACT AND TRADE DEBTORS *(continued)*

31 December 2008

Contract debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	6 569	2 813	182	9 564
Multinational mining companies	77 364	–	–	77 364
Listed companies	71 385	504	13	71 902
Unlisted companies	51 951	16 185	1 934	70 070
Individuals	114	2	–	116
	207 383	19 504	2 129	229 016

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

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	14 714	2 074	2 716	19 504

No security was held against these balances.

Trade receivables

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	31 692	3 192	178	35 062
Multinational mining companies	345	267	126	738
Listed companies	1 072	1 046	–	2 118
Unlisted companies	7 382	20 810	980	29 172
Individuals	–	–	–	–
	40 491	25 315	1 284	67 090

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

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	22 642	1 726	947	25 315

An amount of R16,5 million was guaranteed via credit guarantee insurance.

Retention debtors

	Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Total R'000
Government	64 569	396	–	64 965
Multinational mining companies	–	–	–	–
Listed companies	5 855	–	–	5 855
Unlisted companies	11 552	–	–	11 552
Individuals	–	–	–	–
	81 976	396	–	82 372

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

	0 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Total R'000
Past due balances	–	396	–	396

No security was held against these balances.

	2009 R'000	2008 R'000
22. CONTRACT AND TRADE DEBTORS *(continued)*		
The carrying amounts of the group's contract debtors, trade receivables, retention debtors and work in progress are denominated in the following currencies:		
South African Rand	**886 628**	437 167
US Dollar	**369**	–
Botswana Pula	**11 800**	11 800
	898 797	448 967
Movements on the group provision for impairment of contract debtors are as follows:		
At the beginning of the year	**2 129**	2 288
Acquisition of subsidiary	**6 803**	–
Disposal of subsidiary	**(182)**	–
Provision for impairment	**1 519**	443
Receivables written off during the year as uncollectible	**(14)**	–
Unused amounts reversed	**(22)**	(602)
	10 233	2 129
Movements on the group provision for impairment of trade receivables are as follows:		
At the beginning of the year	**1 284**	954
Disposal of subsidiary	**(397)**	–
Provision for impairment	**307**	2 788
Receivables written off during the year as uncollectible	**–**	(1 338)
Unused amounts reversed	**–**	(1 120)
	1 194	1 284
Movements on the group provision for impairment of retention debtors are as follows:		
At the beginning of the year	**–**	–
Provision for impairment	**968**	–
Receivables written off during the year as uncollectible	**–**	–
Unused amounts reversed	**–**	–
	968	–

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

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group may hold payment guarantees as security.

	2009 R'000	2008 R'000
23. RECEIVABLES AND PREPAYMENTS		
Prepayments	**17 123**	12 174
Staff debtors	**1 006**	530
Deposits	**12 303**	12 116
Derivative financial instruments	**–**	448
VAT receivable	**19 133**	–
Other receivables	**32 216**	11 471
	81 781	36 739

In the prior year, derivative financial instruments comprised the fair value adjustment on a forward foreign exchange contract for £3 million maturing on 7 January 2009. The contract was purchased at a rate of £1:R13,5355.

	2009 R'000	2008 R'000
24. CASH AND CASH EQUIVALENTS		
Bank balances	**1 244 688**	942 777
Cash on hand	**1 351**	980
	1 246 039	943 757
Bank overdraft	**(24 234)**	–
	1 221 805	943 757

The bank overdraft of the TWP group is secured by a cession over contract debtors (refer note 22).

	Number of shares	No par value ordinary shares R'000	Treasury shares R'000	Total R'000
25. STATED CAPITAL				
Authorised				
Ordinary shares				
150 000 000 ordinary no par value shares (2008: 100 000 000)				
Issued				
Ordinary shares				
Year ended 31 December 2008				
At the beginning of the year	75 588 425	234 026	(72)	233 954
Issued in acquisition of subsidiary – net of costs	1 762 700	52 581	–	52 581
Issued in private placement – net of costs	9 090 909	179 557	–	179 557
Add: Previously held as treasury stock	30 112	–	42	42
At the end of the year	86 472 146	466 164	(30)	466 134
Year ended 31 December 2009				
At the beginning of the year	**86 472 146**	**466 164**	**(30)**	**466 134**
Issued in acquisition of subsidiary – net of costs	**37 317 512**	**482 515**	**–**	**482 515**
Issued in acquisition of subsidiary – previously held as treasury stock	**628**	**8**	**–**	**8**
Add: Previously held as treasury stock	**7 250**	**–**	**10**	**10**
At the end of the year	**123 797 536**	**948 687**	**(20)**	**948 667**

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit.

Reconciliation of closing balance

	Number of shares	Total R'000
Year ended 31 December 2008		
Group issued share capital	86 472 146	466 134
Treasury shares held by the Basil Read Share Incentive Scheme	21 385	30
	86 493 531	466 164
Year ended 31 December 2009		
Group issued share capital	**123 797 536**	**948 667**
Treasury shares held by the Basil Read Share Incentive Scheme	**13 507**	**20**
	123 811 043	**948 687**

	2009 R'000	2008 R'000
26. MINORITY INTEREST		
Balance at the beginning of the year	**2 521**	2 060
Transactions with minorities	**(849)**	(517)
Formation of subsidiary	**198**	–
Total comprehensive income for the year	**(2 710)**	1 326
Share-based payment	**78**	440
Dividends paid	**(450)**	(788)
Balance at the end of the year	**(1 212)**	2 521

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	2009 R'000	2008 R'000
27. INTEREST-BEARING BORROWINGS		
Instalment sale agreements		
Total amount outstanding	**203 799**	333 891
The instalment sale agreements for plant and equipment bear interest between the prime overdraft rate and prime less 2% per annum and are repayable in monthly instalments of between R8 076 and R102 190 over a period of between one and five years.		
The agreements are secured by plant and equipment with a book value of R293 441 865 (2008: R419 745 476). Refer to note 14 for further details.		
Banking loan		
Total amount outstanding	**288 367**	66 294
A banking loan was entered into in the year under review, in terms of which interest is payable at the local prime overdraft rate less 0,26%. The capital portion of the loan is repayable in 36 equal monthly instalments of R5 555 556, of which 35 are remaining. The final payment falls due in November 2012. The balance outstanding at year end was R194,4 million at an interest rate of 10,24%.		
Through the acquisition of Sunset Bay Trading 282 (Pty) Limited, the group acquired a banking loan of R81,6 million. The loan bears interest at the local prime overdraft rate less 1,5%. This facility has expired and the group is renegotiating a new longer term facility. Until such time as the new facility is in place, this banking loan is due and payable immediately and has therefore been classified as a current liability. The amount outstanding at year end was R81,6 million at an interest rate of 9,0%.		
The loan is secured by a first mortgage bond over the development land to the value of R60 million. Refer to note 21 for further details.		
A banking loan was entered into in the prior year, in terms of which interest is payable at the local prime overdraft rate plus 2,75%. The loan is repayable in monthly instalments of R1 852 016 with the final payment due to be made in July 2010. The amount outstanding at year end was R12,3 million at an interest rate of 13,25%.		
Domestic medium-term note programme		
Total amount outstanding	**228 150**	–
On 6 August 2009, the group raised R125 million under this programme. The note was listed on the Bond Exchange of South Africa on 12 August 2009 and bears interest at the three-month ZAR-JIBAR-SAFEX rate plus 3%. Interest is payable quarterly and the capital sum is payable on 11 February 2011. The interest rate applicable at year end was 10,154%.		
On 7 August 2009, the group raised R100 million under this programme. The note was listed on the Bond Exchange of South Africa on 13 August 2009 and bears interest at the three-month ZAR-JIBAR-SAFEX rate plus 2,9%. Interest is payable quarterly and the capital sum is payable on 12 August 2010. The interest rate applicable at year end was 10,046%.		
	720 316	400 185
Less: Current portion transferred to current liabilities	**(369 464)**	(135 936)
Instalment sale agreements	**(105 725)**	(123 413)
Banking loan	**(160 589)**	(12 523)
Domestic medium-term note programme	**(103 150)**	–
Total non-current interest-bearing borrowings	**350 852**	264 249
The present value of future minimum payments on instalment sale agreements is as follows:		
Due within the next 12 months	**105 725**	123 413
Due between one and five years	**98 074**	210 478
Thereafter	**–**	–
	203 799	333 891

	2009 R'000	2008 R'000
27. INTEREST-BEARING BORROWINGS *(continued)*		
The present value of future minimum payments on banking loans is as follows:		
Due within the next 12 months	**160 589**	12 523
Due between one and three years	**127 778**	53 771
Thereafter	**–**	–
	288 367	66 294
The present value of future minimum payments on the domestic medium-term note programme is as follows:		
Due within the next 12 months	**103 150**	–
Due between one and two years	**125 000**	–
Thereafter	**–**	–
	228 150	–
The fair value of interest-bearing borrowings is as follows:		
Instalment sale agreements	**203 799**	333 891
Banking loans	**288 367**	66 294
Domestic medium-term note programme	**228 150**	–
	720 316	400 185
The carrying amounts of interest-bearing borrowings are denominated in the following currencies:		
South African Rand	**720 316**	355 539
Botswana Pula	**–**	44 646
	720 316	400 185

The group has R1,0 billion (2008: R1,3 billion) undrawn borrowing facilities at the end of the year. These facilities are annual facilities and are subject to review at various dates during 2010.

28. OTHER BORROWINGS

	2009 R'000	2008 R'000
Deferred payment: Previous shareholders of the Blasting & Excavating group	**8 485**	16 028
Deferred payment: Previous shareholders of Sunset Bay Trading 282 (Pty) Limited	**13 250**	14 000
Deferred payment: Previous shareholders of Roadcrete Africa (Pty) Limited	**18 995**	28 493
Deferred payment: Previous shareholders of the Gerolemou/Mvela group	**109 215**	–
Deferred payment: Previous shareholders of TWP Matomo Process Plant (Pty) Limited	**9 298**	–
Deferred payment: Previous shareholders of TPS.P Architects (Pty) Limited	**10 629**	–
Total amount outstanding	**169 872**	58 521
Less: Current portion transferred to current liabilities	**(90 515)**	(19 710)
Total non-current other borrowings	**79 357**	38 811
The carrying amounts of other borrowings are denominated in the following currencies:		
South African Rand	**169 872**	58 521

28. OTHER BORROWINGS *(continued)*

The deferred payment for the acquisition of the Blasting & Excavating group is payable annually in July in three equal instalments of R9 million. The loan's effective interest rate is 12,5% per annum. The first payment was made in the prior year and the second of these payments was made in the year under review.

The deferred payment for the acquisition of Sunset Bay Trading 282 (Pty) Limited is payable in three instalments of R750 000 and a fourth instalment of R11 million. The group is currently in dispute with the previous shareholders. The timing of all future payments is therefore uncertain.

The deferred payment for the acquisition of Roadcrete Africa (Pty) Limited is payable annually in September in three instalments of R12 million, R11 million and R10 million. The first of these instalments was paid in the year under review. The loan's effective interest rate is 10% per annum.

The deferred payment for the acquisition of the Gerolemou/Mvela group is payable annually in July in two equal instalments of R60 million. R25,8 million of each instalment is conditional on the company meeting certain profit warranties. The loan's effective interest rate is 10% per annum.

The deferred payment relating to the acquisition of TWP Matomo Process Plant (Pty) Limited is payable annually in October in two instalments of R5 million and R6,5 million. The loan's effective interest rate is 15,5% per annum.

The deferred payment relating to the acquisition of TPS.P Architects (Pty) Limited relates to shareholders loans acquired that have yet to be settled. The loans are interest free, unsecured and have no fixed terms of repayment.

	2009 R'000	2008 R'000
29. PROVISIONS FOR OTHER LIABILITIES AND CHARGES		
Non-current provisions		
Environmental rehabilitation provisions		
Balance at the beginning of the year	**5 405**	3 493
Additional provision due to establishment of site	**–**	1 170
Rehabilitation costs incurred	**–**	132
Inflation charge	**–**	610
Disposal of subsidiary	**(5 405)**	–
Balance at the end of the year – non-current provisions	**–**	5 405
Environmental rehabilitation provisions relate to end-of-site restoration costs. The following key assumptions were used when calculating the provision:		
Inflation rate: 4,5% – 8% depending on the expected life of the site		
Discount rate: between 7,53% and 10,62% depending on the expected life of the site		
Current provisions		
Employee provisions		
Balance at the beginning of the year	**15 701**	34 043
Acquisition of subsidiaries	**1 689**	1 850
Disposal of subsidiaries	**(483)**	–
Provisions created	**98 460**	39 953
Provisions utilised	**(81 452)**	(60 145)
Balance at the end of the year	**33 915**	15 701
Employee provisions consist mainly of employee incentives.		
Contract provisions		
Balance at the beginning of the year	**54 104**	51 666
Provisions created	**64 430**	30 747
Provisions reversed	**(6 836)**	(14 820)
Provisions utilised	**(15 439)**	(13 489)
Balance at the end of the year	**96 259**	54 104
Contract provisions consist mainly of provision for losses to end-of-site and provision for end-of-site maintenance period.		
Balance at the end of the year – current provisions	**130 174**	69 805

	2009 R'000	2008 R'000
30. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	**997 344**	688 485
Shareholders for dividend	**396**	421
Advance payments received for contract work	**485 893**	335 894
	1 483 633	1 024 800

	2009 R'000	2008 R'000
31. CASH GENERATED BY OPERATING ACTIVITIES		
Operating profit	**408 750**	308 390
Adjustment for non-cash items:	**216 006**	181 992
Depreciation	**171 669**	145 038
Share-based payment	**9 690**	30 933
Impairment loss	**11 528**	2 304
Loss/(profit) on sale of property, plant and equipment	**2 501**	(1 296)
Loss on sale of available-for-sale financial asset	**–**	66
Loss on sale of subsidiary	**130**	–
Amortisation of intangible asset	**20 488**	4 947
Operating cash flow	**624 756**	490 382
Movements in working capital:	**(122 419)**	211 708
Inventories	**1 888**	(4 953)
Development land	**(111 615)**	(54 734)
Contract and trade debtors	**(149 488)**	(141 456)
Receivables and prepayments	**6 749**	(14 726)
Trade and other payables	**68 997**	445 552
Provisions for other liabilities and charges	**59 163**	(13 992)
Foreign currency translation differences	**1 887**	(3 983)
Cash generated by operating activities	**502 337**	702 090

Excluded from the cash flow statement are additions to fixed assets amounting to R45,6 million (2008: R205,3 million) which were funded by instalment sale agreements.

	2009 R'000	2008 R'000
32. DIVIDENDS PAID		
Dividends due at the beginning of the year	**(421)**	(236)
Dividends declared per the statement of changes in equity	**(50 598)**	(38 608)
Dividends due at the end of the year	**396**	421
Dividends paid	**(50 623)**	(38 423)
33. TAXATION PAID		
Net taxation due at the beginning of the year	**(81 160)**	(42 187)
Normal and STC taxation charged to the income statement	**(168 641)**	(82 817)
Acquisition of subsidiaries	**(19 395)**	(8 315)
Disposal of subsidiaries	**225**	–
Net taxation due at the end of the year	**65 876**	81 160
Taxation paid	**(203 095)**	(52 159)

	2009 R'000	2008 R'000
34. GUARANTEES AND CONTINGENT LIABILITIES		
The group has the following guarantees and suretyships outstanding at the year end:		
Payment guarantees	**83 190**	20 530
Performance and construction guarantees	**1 337 461**	649 598
Bond retention guarantees	**275 275**	360 141
Bid and other bonds	**154 312**	101 633
	1 850 238	1 131 902

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

The group has a contingent liability relating to the acquisition of TWP Holdings Limited. The deferred payment for the acquisition of TWP, for an amount of R59,9 million, is payable upon finalisation of their audited annual results for the year ended 31 December 2010 and is subject to a minimum profit warranty. Due to the high level of uncertainty surrounding TWP's ability to meet this warranty, this liability has not been provided for.

	2009 R'000	2008 R'000
35. CAPITAL AND OPERATING LEASE COMMITMENTS		
Capital expenditure contracted for at the balance sheet date	**4 531**	–
Capital expenditure approved and not yet contracted for	**145 469**	150 000

The above capital expenditure will be financed from funds generated from operations and borrowings.

	2009 R'000	2008 R'000
Operating lease commitments contracted for at the balance sheet date:		
Due within the next 12 months	**35 791**	1 997
Due between one and two years	**39 536**	537
Thereafter	**84 628**	274
	159 955	2 808

The operating leases for office equipment are payable in monthly instalments of between R1 150 and R85 937, escalating annually by between 7% and 15%, over a period of between two and three years.

The operating leases for office space are payable in monthly instalments of between R2 728 and R2 527 464. The longest lease expires in five years and relates to the head office of TWP.

The operating leases for other services are payable in monthly instalments of between R20 100 and R72 470, escalating annually by agreement between the parties. These lease agreements are in force for an indefinite period but may be terminated by giving three months written notice.

	2009 R'000	2008 R'000
36. EMPLOYEE BENEFITS		
a. Staff costs	**806 373**	637 875
Salaries and wages	**719 430**	548 046
Share-based payment	**9 690**	30 933
Pension costs – defined contribution plans	**41 525**	35 616
Pension costs – defined benefit plan	**–**	–
Social security costs	**35 728**	23 280

	Number	Number
Employees analysis		
Number of employees employed by the group: Geographical	**5 682**	5 216
Local	**5 209**	4 580
International	**473**	636

	2009 R'000	2008 R'000

36. EMPLOYEE BENEFITS *(continued)*

b. Defined contribution and defined benefit plan

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

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

	2009 R'000	2008 R'000
Present value of funded obligations	**(44 815)**	(43 512)
Fair value of plan assets	**47 603**	48 051
Surplus	**2 788**	4 539
The principal actuarial assumptions used for valuation purposes were as follows:		
Discount rate	**9,50%**	7,50%
Expected return on assets	**7,50%**	5,50%
Future salary increases	**n/a**	n/a
Future pension increases	**4,29%**	2,38%

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

	2009 R'000	2008 R'000
Reconciliation of present value of funded obligations		
Balance at the beginning of the year	**43 512**	62 730
Service cost	**–**	–
Member contributions	**–**	–
Interest cost	**2 959**	4 617
Actuarial loss/(gain)	**883**	(4 448)
Benefits paid	**(2 539)**	(5 624)
Risk premiums	**–**	–
Amount settled	**–**	(13 763)
Curtailment loss	**–**	–
Balance at the end of the year	**44 815**	43 512
Reconciliation of fair value of plan assets		
Balance at the beginning of the year	**48 051**	68 939
Expected return on assets	**2 643**	4 286
Contributions	**–**	–
Risk premiums	**–**	–
Benefits paid	**(2 539)**	(5 624)
Actuarial loss	**(552)**	(6 768)
Amount settled	**–**	(12 782)
Balance at the end of the year	**47 603**	48 051

c. Company contribution

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

d. Medical aid

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

36. EMPLOYEE BENEFITS *(continued)*

e. Share Incentive Scheme

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

First grant

In terms of the first issue of share options, the group's share incentive trust holds the right to issue shares to employees who exercised this option in September 2002. The qualifying employees are able to acquire such shares at a price of R1,40 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R175 256 (2008: R315 429) based on the group's year end share price.

	2009 Number '000	2008 Number '000
The movement in the rights to acquire Basil Read shares in terms of issue one is as follows:		
Rights outstanding at the beginning of the year	**21**	51
Rights exercised during the year	**(6)**	(30)
Lapsed during the year due to resignations	**(1)**	–
Rights outstanding at the end of the year	**14**	21
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
September 2005	**8**	8
September 2006	**–**	2
September 2007	**6**	11
	14	21

Third grant

In terms of the third issue of share options, the group's share incentive trust holds the right to issue shares to employees who exercised this option in November 2007. The qualifying employees are able to acquire such shares at a price of R13,95 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R26 837 773 (2008: R32 265 625) based on the group's year end share price.

	2009 Number '000	2008 Number '000
The movement in the rights to acquire Basil Read shares in terms of issue three is as follows:		
Rights outstanding at the beginning of the year	**2 188**	2 250
Rights exercised during the year	**(46)**	–
Lapsed during the year due to resignations	**(74)**	(62)
Rights outstanding at the end of the year	**2 068**	2 188
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
November 2008	**1 022**	1 094
November 2009	**519**	547
November 2010	**527**	547
	2 068	2 188

The weighted average fair value of options granted in terms of this issue determined using the European Binomial valuation model was R21,52 per option. The significant inputs into the model are disclosed below.

The inputs to the model for options granted during November 2007 were as follows:

– exercise price	13,95
– expected volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	57,29%
– expected term (years)	1 – 3
– expected dividend yield	1,4%
– risk free interest rate	9,80%
– weighted average fair value of an option	R21,52

36. EMPLOYEE BENEFITS *(continued)*

Fourth grant

In terms of the fourth issue of share options, the group's share incentive trust holds the right to issue shares to employees who exercised this option in April 2009. The qualifying employees are able to acquire such shares at a price of R13.95 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R21 754 480 (2008: RNil) based on the group's year end share price.

	2009 Number '000	2008 Number '000
The movement in the rights to acquire Basil Read shares in terms of issue four is as follows:		
Rights outstanding at the beginning of the year	**–**	–
Rights issued during the year	**1 678**	–
Rights exercised during the year	**(2)**	–
Lapsed during the year due to resignations	**–**	–
Rights outstanding at the end of the year	**1 676**	–
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
April 2010	**838**	–
April 2011	**419**	–
April 2012	**419**	–
	1 676	–

The weighted average fair value of options granted in terms of this issue determined using the European Binomial valuation model was R2,11 per option. The significant inputs into the model are disclosed below.

The inputs to the model for options granted during the year were as follows:

– exercise price	13,95
– expected volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	41,67%
– expected term (years)	1 – 3
– expected dividend yield	5,3%
– risk-free interest rate	6,24%
– weighted average fair value of an option	R2,11

37. SEGMENT REPORT

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

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

In terms of revenue and profitability, the construction segment has been further broken down into buildings, civil engineering and roads to be consistent with the internal reporting reviewed by the committee. Similarly, mining is further disclosed into its two distinct operations, blasting and excavating and opencast.

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

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

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

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

The segment information provided to the strategic executive committee for the reportable segments for the year ended 31 December 2009 is as follows:

	Operating profit %	Construction R'000	Developments R'000	Engineering R'000	Mining R'000	Inter-segment elimination R'000	Total R'000
Revenue		4 072 696	68 276	–	786 003	(264 483)	4 662 492
Buildings		1 175 785	–	–	–	(14 437)	1 161 348
Civil engineering		578 454	–	–	–	–	578 454
Roads		2 318 457	–	–	–	(143 230)	2 175 227
Blasting & Excavating		–	–	–	336 158	(99 251)	236 907
Opencast		–	–	–	449 845	(7 565)	442 280
Developments		–	68 276	–	–	–	68 276
Engineering		–	–	–	–	–	–
Operating profit	8,77	288 645	6 198	–	113 907	–	408 750
Buildings	1,12	13 009	–	–	–	–	13 009
Civil engineering	5,18	29 950	–	–	–	–	29 950
Roads	11,29	245 686	–	–	–	–	245 686
Blasting & Excavating	16,99	–	–	–	40 242	–	40 242
Opencast	16,66	–	–	–	73 665	–	73 665
Developments	9,08	–	6 198	–	–	–	6 198
Engineering	–	–	–	–	–	–	–
Depreciation		(46 393)	–	–	(125 276)	–	(171 669)
Impairment		–	–	–	(11 528)	–	(11 528)
Net finance income/(costs)		23 716	2 088	–	(22 785)	–	3 019
Property, plant and equipment		395 582	1 582	75 901	325 425	–	798 490
Goodwill		266 310	–	320 570	34 779	–	621 659
Inventories		1 817	–	6 084	17 027	–	24 928
Cash and cash equivalents		1 087 492	43 510	111	90 692	–	1 221 805
Interest-bearing borrowings		404 084	194 444	7 652	114 136	–	720 316
Other borrowings		141 460	–	19 927	8 485	–	169 872

37. SEGMENT REPORT *(continued)*

The segment information for the year ended 31 December 2008 is as follows:

	Operating profit %	Construction R'000	Developments R'000	Engineering R'000	Mining R'000	Inter-segment elimination R'000	Total R'000
Revenue		2 749 995	77 406	–	840 484	(193 054)	3 474 831
Buildings		982 124	–	–	–	(55 561)	926 563
Civil engineering		373 152	–	–	–	(2 059)	371 093
Roads		1 394 719	–	–	–	(14 641)	1 380 078
Blasting & Excavating		–	–	–	446 354	(120 793)	325 561
Opencast		–	–	–	394 130	–	394 130
Developments		–	77 406	–	–	–	77 406
Operating profit	8,87	170 387	13 530	–	124 473	–	308 390
Buildings	1,40	12 986	–	–	–	–	12 986
Civil engineering	10,68	39 629	–	–	–	–	39 629
Roads	8,53	117 772	–	–	–	–	117 772
Blasting & Excavating	22,53	–	–	–	73 345	–	73 345
Opencast	12,97	–	–	–	51 128	–	51 128
Developments	17,48	–	13 530	–	–	–	13 530
Depreciation		(35 883)	–	–	(109 155)	–	(145 038)
Net finance income/(costs)		(899)	1 500	–	(12 915)	–	(12 314)
Property, plant and equipment		333 410	153	–	427 907	–	761 470
Goodwill		96 357	–	–	34 779	–	131 136
Inventories		2 139	54 734	–	23 801	–	80 674
Cash and cash equivalents		813 474	32 123	–	98 160	–	943 757
Interest-bearing borrowings		130 554	38 375	–	231 256	–	400 185
Other borrowings		42 493	–	–	16 028	–	58 521

38. RELATED PARTY TRANSACTIONS

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

Costs incurred by the group:

Nature of relationship/Amounts paid to	Nature of transaction	2009 R'000	2008 R'000
Shareholders			
Amabubesi Investments (Pty) Limited	Directors' fees	**451**	496
Vuwa Investments (Pty) Limited	Directors' fees	**598**	755
Directors			
Amounts paid to other non-executive directors	Directors' fees	**1 536**	926
Amounts paid to executive directors	Remuneration and incentives	**14 345**	11 353
Construction work for chief executive officer†	Construction	**–**	1 627
Management			
Amounts paid to key management	Cash portion of package	**18 333**	13 502
Amounts paid to key management	Benefits	**2 698**	1 975
Amounts paid to key management	Incentive bonus	**11 667**	20 450
Associate companies and joint ventures			
Sunset Bay Trading 282 (Pty) Limited•	Loan*	**–**	7 500
Sugar Creek Trading 101 (Pty) Limited	Loan*	**13 290**	12 705
Vhumbanani Projects (Pty) Limited	Loan*	**(570)**	–

† *The transaction was at arm's length and was carried out on commercial terms and conditions at market related prices.*

• *Sunset Bay Trading 282 (Pty) Limited reclassified as a subsidiary in the current year.*

* *Refer notes 16 and 17 for further details.*

	2009 R'000	2008 R'000
39. INVESTMENT IN JOINT VENTURES		
Jointly controlled operations		
The group's aggregate proportionate share of jointly controlled operations:		
Assets		
Non-current assets	**202 601**	15 775
Current assets	**556 310**	371 466
	758 911	387 241
Equity and liabilities		
Reserves	**207 040**	40 267
Current liabilities	**551 871**	346 974
	758 911	387 241
Income statement		
Revenue	**1 764 106**	787 183
Cost	**(1 590 191)**	(756 069)
Net profit for the year	**173 915**	31 114
Jointly controlled entities		
The group's proportionate share of jointly controlled entities:		
Assets		
Non-current assets	**–**	–
Current assets	**83 003**	48 274
	83 003	48 274
Equity and liabilities		
Reserves	**13 603**	–
Non-current liabilities	**58 447**	47 921
Current liabilities	**10 953**	353
	83 003	48 274
Income statement		
Revenue	**–**	–
Cost	**–**	–
Net profit for the year	**–**	–
40. ASSOCIATES		
The group's proportionate share of associates:		
Assets		
Non-current assets	**23**	4 832
Current assets	**1 906**	37 354
	1 929	42 186
Equity and liabilities		
Reserves	**209**	133
Non-current liabilities	**450**	36 258
Current liabilities	**1 270**	5 795
	1 929	42 186
Income statement		
Revenue	**10 926**	6 083
Cost	**(10 916)**	(5 998)
Net profit for the year	**10**	85

41. SCHEDULE OF GROUP COMPANIES

The following information relates to the group's financial interest in direct and indirect investments that are material to the group.

	Currency	Issued ordinary share capital	Proportion held 2009 %	2008 %
Subsidiaries				
Abrina 6830 (section 21)	R	n/a	**100**	100
Angloafrican Underwriting Managers (Pty) Limited	R	100	**51**	51
African Road Maintenance and Construction (Pty) Limited	R	1	**100**	100
Basil Read (Pty) Limited	R	200	**100**	100
Basil Read Mining Botswana (Pty) Limited (formerly Basil Read Botswana (Pty) Limited) (incorporated in Botswana)	P	2	**100**	100
Basil Read Construction Limited (incorporated in the United Kingdom)	£	1	**100**	100
Basil Read Contracting (Pty) Limited	R	20 000	**100**	100
Basil Read Homes (Pty) Limited	R	2	**100**	100
Basil Read International (Pty) Limited	R	100	**100**	100
Basil Read Mining (Pty) Limited	R	100	**100**	100
Basil Read Mining Namibia (Pty) Limited (incorporated in Namibia)	N$	10	**100**	100
Basil Read Mining SA (Pty) Limited	R	100	**100**	100
Basil Read Mozambique Limitada (incorporated in Mozambique)	MT	1 500 000	**100**	100
Basil Read Nigeria Limited (incorporated in Nigeria)	NGN	2 000 000	**100**	100
Basil Read Properties No. 2 (Pty) Limited	R	389 000	**100**	100
Basil Read Properties No. 3 (Pty) Limited	R	100	**100**	100
Basil Read Zambia Limited (incorporated in Zambia)	K	5 000	**100**	100
B & E Africa (Pty) Limited	R	200	**100**	100
B & E Botswana (Pty) Limited (incorporated in Botswana)	P	200	**100**	100
B & E Lesotho (Pty) Limited	R	200	**100**	100
Blasting & Excavating Namibia (Pty) Limited (incorporated in Namibia)	N$	200	**100**	100
Blasting & Excavating (Pty) Limited	R	100	**100**	100
Blue Wave Properties 183 (Pty) Limited	R	100	**100**	100
Basil Read Mauritius (Pty) Limited (formerly BRM Services Limited) (incorporated in Mauritius)	US$	100	**100**	100
City Square Trading 949 (Pty) Limited	R	100	**100**	100
Codevco (Pty) Limited	R	1	**100**	100
Contract Plumbing and Sanitation (Pty) Limited	R	100	**100**	–
Effluent Technologies (Pty) Limited	R	1 000	**100**	–
Facets Interiors (Pty) Limited	R	100	**100**	–
Matomo Projects (Pty) Limited	R	100	**100**	–
Mvela Phanda Construction (Pty) Limited	R	10 000	**100**	–
Newport Construction (Pty) Limited	R	100	**70**	55
P. Gerolemou Construction (Pty) Limited	R	200	**100**	–
Portal – TPC Architects (Pty) Limited	R	100	**100**	–
Portal Partnership Incorporated	R	50 000	**100**	–
Richtrau No. 111 (Pty) Limited	R	100	**100**	100
Roadcrete Africa (Pty) Limited	R	4 900	**100**	100
Roadcrete Mkhatjwa (Pty) Limited	R	1 000	**100**	100
Siyavuya Mining (Pty) Limited*	R	100	**49**	49
Spray Pave (Pty) Limited	R	200	**100**	100
Stone and Allied Industries Limited	R	250	**–**	100
Sunset Bay Trading 282 (Pty) Limited	R	1 000	**100**	33,3
Swaziland Construction Company (Pty) Limited (incorporated in Swaziland)	E	2	**100**	100

41. SCHEDULE OF GROUP COMPANIES *(continued)*

	Currency	Issued ordinary share capital	Proportion held 2009 %	2008 %
Subsidiaries *(continued)*				
TPS.P Architects (Pty) Limited	R	373	**100**	–
TPS.P Arquitectos Limitada	MT	20 000	**97,5**	–
TPS Siyakha Architects (Pty) Limited	R	100	**100**	–
TRG Trading (Pty) Limited	R	1 000	**100**	–
TWP Australia (Pty) Limited	A$	1 000	**87,5**	–
TWP Energy (Pty) Limited	R	100	**100**	–
TWP Environmental Services (Pty) Limited	R	1 000	**100**	–
TWP Holdings Limited	R	286 171 209	**100**	–
TWP Investments (Pty) Limited	R	1 000	**100**	–
TWP Limpopo Engineering (Pty) Limited	R	850	**100**	–
TWP Matomo Process Plants (Pty) Limited	R	1 000	**100**	–
TWP Projects (Pty) Limited	R	100	**100**	–
Jointly controlled entities				
Sugar Creek Trading 101 (Pty) Limited	R	100	**50**	50
Vhumbanani Projects (Pty) Limited	R	80 000	**50**	–
Jointly controlled operations				
Basil Read Bothakga Burrow joint venture	P	n/a	**70**	70
Basil Read Intrafor joint venture	R	n/a	**51**	51
Basil Read joint venture	R	n/a	**60**	60
Basil Read Genesis joint venture	N$	n/a	**80**	–
Basil Read Lutamo joint venture	R	n/a	**70**	70
Basil Read Newport joint venture	R	n/a	**75,5**	75,5
Basil Read Quinisa joint venture	R	n/a	**50**	50
Basil Read Sivukile joint venture	R	n/a	**70**	70
BRCD joint venture	R	n/a	**80**	80
BRSB joint venture	R	n/a	**70**	70
DCT joint venture	R	n/a	**70**	70
GSC joint venture	R	n/a	**60**	60
Kopano joint venture	R	n/a	**50**	–
Kusile Civil Works joint venture	R	n/a	**25**	25
Mbombela Stadium joint venture	R	n/a	**40**	40
Roadcrete Africa joint venture	R	n/a	**100**	100
Associates				
Binga Constuçoes Mozambique Limitada (incorporated in Mozambique)	MT	30 000 000	**49**	49
BR-Tsima Construction (Pty) Limited	R	100	**20**	100
Mmila Projects (Pty) Limited	R	100	**30**	30
N17 Toll Operators (Pty) Limited	R	1 000	**25**	25
Protea Parkway Concession (Pty) Limited	R	100	**25**	25
SBB Mozambique Limitada	MT	10 000 000	**30**	30

The holding company's interest in the aggregate net profits earned by subsidiaries amounted to R278,3 million for the year (2008: R208,0 million).

* *Siyavuya Mining (Pty) Limited is classified as a subsidiary as the group has effective control.*

42. BUSINESS COMBINATIONS

For the year ended 31 December 2009

TWP Holdings Limited

On 21 December 2009, the group acquired 100% of the share capital of TWP Holdings Limited. TWP Holdings Limited's core business is the provision of engineering, procurement and construction management for clients. The acquired businesses contributed revenues of RNil and net profit of RNil. If the acquisition had been effective 1 January 2009, the acquired business would have contributed revenues of R848,4 million and a net loss of R6,5 million. These amounts have been calculated using the group's accounting policies.

TWP Holdings Limited has been included as part of the Engineering segment.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	178 890
– equity shares issued	482 523
– liability raised	–
Total purchase consideration	661 413
Fair value of net assets acquired	(340 843)
Goodwill	**320 570**

The goodwill is attributable to the workforce of the acquired business, the significant synergies expected to arise following the acquisition of TWP Holdings Limited and the accounting impact of deferred tax on fair value adjustments.

The total purchase consideration of R721,3 million is payable in two instalments. The first instalment of R661,4 million was paid on 21 December 2009, through the issue of 37,3 million shares and a cash payment of R178,9 million. The remaining R59,9 million is conditional on the results of TWP for the year ended 31 December 2010 and is expected to be paid in April 2011. Due to the high level of uncertainty surrounding TWP's results for the 2010 financial year, this deferred payment has not been provided for. Management will reassess this position throughout the coming year and may provide for this liability in the 2010 financial year.

The assets and liabilities as of 21 December 2009 arising from the acquisition are:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	111	111
Property, plant and equipment (note 14)	75 901	75 901
Intangible assets	68 436	210 245
Investments in jointly controlled entities	13 033	13 033
Deferred income tax assets	10 502	10 502
Available-for-sale financial assets	5 900	5 900
Inventory	6 084	6 084
Contract and trade debtors	258 741	258 741
Receivables and prepayments	16 454	16 454
Current income tax assets	8 817	8 817
Interest-bearing borrowings	(7 652)	(7 652)
Other borrowings	(19 927)	(19 927)
Deferred income tax liabilities	(28 269)	(9 885)
Trade and other payables	(52 092)	(52 092)
Provisions for other liabilities and charges	(62)	(62)
Taxation payable	(15 134)	(15 134)
Net assets	**340 843**	**501 036**
Purchase consideration settled in cash		178 890
Cash and cash equivalents in subsidiary acquired		(111)
Cash outflow on acquisition		**178 779**

42. BUSINESS COMBINATIONS *(continued)*

The Gerolemou/Mvela group

On 1 September 2009, the group acquired 100% of the share capital of P. Gerolemou Construction (Pty) Limited, Mvela Phanda Construction (Pty) Limited and Contract Plumbing and Sanitation (Pty) Limited, collectively referred to as the Gerolemou/Mvela group. The Gerolemou/Mvela group's core business is the construction of buildings for clients in South Africa. The acquired businesses contributed revenues of R496,8 million and net profit of R72,2 million. If the acquisition had been effective 1 January 2009, the acquired business would have contributed revenues of R1,2 billion and net profit of R154,5 million. These amounts have been calculated using the group's accounting policies.

The Gerolemou/Mvela group has been included as part of the Construction segment under the Buildings sub-segment.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	245 746
– liability raised	105 800
Total purchase consideration	351 546
Fair value of net assets acquired	(181 593)
Goodwill	169 953

The goodwill is attributable to the workforce of the acquired business, the significant synergies expected to arise following the acquisition of the Gerolemou/Mvela group and the accounting impact of deferred tax on fair value adjustments.

The total purchase consideration of R365,7 million is payable in three instalments. The first instalment of R245,7 million was paid on 8 September 2009. The remaining R120 million is payable in two equal instalments on 1 July 2010 and 1 July 2011. R25,8 million of each instalment is conditional on the company meeting certain profit warranties. The R120 million deferred payment is interest free and has therefore been discounted at 10% per annum to reflect fair value.

The assets and liabilities as of 1 September 2009 arising from the acquisition are:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	371 501	371 501
Property, plant and equipment (note 14)	40 732	40 732
Intangible assets	32 197	–
Deferred income tax assets	12 842	12 842
Available-for-sale financial assets	6	6
Contract and trade debtors	50 826	50 826
Receivables and prepayments	34 895	34 895
Interest-bearing borrowings	(1 274)	(1 274)
Deferred income tax liabilities	(11 525)	(2 510)
Trade and other payables	(333 902)	(333 902)
Provisions for other liabilities and charges	(1 627)	(1 627)
Taxation payable	(13 078)	(13 078)
Net assets	181 593	158 411
Purchase consideration settled in cash		245 746
Cash and cash equivalents in subsidiary acquired		(371 501)
Cash inflow on acquisition		(125 755)

42. BUSINESS COMBINATIONS *(continued)*

Sunset Bay Trading 282 (Pty) Limited

On 1 March 2009, the group acquired the remaining 66,67% of the share capital of Sunset Bay Trading 282 (Pty) Limited, thereby giving the group an effective 100% interest in the company. Sunset Bay's core business is the development of golf and leisure estates, specifically the St Micheil's golf estate, outside Dullstroom. The acquired business contributed revenues of R9,1 million and a net loss of R6,0 million. If the acquisition had been effective 1 January 2009, the acquired business would have contributed revenues of R9,1 million and a net loss of R6,0 million. These amounts have been calculated using the group's accounting policies.

Sunset Bay Trading 282 (Pty) Limited has been included as part of the Construction segment under the Roads sub-segment.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	–
– liability raised	14 000
Total purchase consideration	14 000
Fair value of net assets acquired	(14 000)
Goodwill	–

The total purchase consideration of R14 million is payable in five instalments. The first instalment of R750 000 was paid on 1 July 2009. The remaining R13,25 million is payable in three instalments of R750 000 and a fourth instalment of R11 million at various dates. The group is currently in dispute with the previous shareholders and does not expect to make any further payment until the dispute has been resolved.

The assets and liabilities as of 1 March 2009 arising from the acquisition are:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	481	481
Property, plant and equipment (note 14)	203	203
Intangible assets	8 599	–
Deferred income tax assets	498	498
Development land	114 369	114 369
Contract and trade debtors	1 481	1 481
Interest-bearing borrowings	(81 795)	(81 795)
Deferred income tax liabilities	(2 408)	–
Trade and other payables	(19 928)	(19 928)
Shareholders' loans	(7 500)	(5 572)
Net assets	14 000	9 737
Purchase consideration settled in cash		–
Cash and cash equivalents in subsidiary acquired		(481)
Cash inflow on acquisition		(481)

Newport Construction (Pty) Limited

On 1 July 2009, the group acquired a further 15% of the share capital of Newport Construction (Pty) Limited, thereby giving the group an effective 70% interest in the company.

	R'000
Carrying value of minority share acquired	849
Purchase price paid	(977)
Loss on transactions with minorities	(128)

42. BUSINESS COMBINATIONS *(continued)*

For the year ended 31 December 2008

Roadcrete Africa (Pty) Limited

On 1 September 2008, the group acquired 100% of the share capital of Roadcrete Africa (Pty) Limited and its subsidiary, Roadcrete Mkhatjwa (Pty) Limited. Roadcrete's core business is the provision of civil engineering services for clients in South Africa. The acquired business contributed revenues of R171,5 million and net profit of R10,2 million. If the acquisition had been effective 1 January 2008, the acquired business would have contributed revenues of R408,7 million and net profit of R35,5 million. These amounts have been calculated using the group's accounting policies.

Roadcrete Africa (Pty) Limited has been included as part of the Construction segment under the Roads sub-segment.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	44 512
– equity shares issued	52 617
– liability raised	27 602
Total purchase consideration (net of shareholders' loan acquired)	124 731
Fair value of net assets acquired	(35 812)
Goodwill	88 919

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise following the acquisition of Roadcrete Africa (Pty) Limited.

The total purchase consideration of R163,9 million comprises an equity investment of R130,3 million and the purchase of a shareholders' loan for R33,6 million and is payable in four instalments. The first instalment of R97,1 million was paid on 1 September 2008, and comprised cash of R44,5 million and shares with an equivalent value of R52,6 million. The remaining R33,2 million is payable in three instalments on each anniversary date as follows:

	R millions
– First anniversary	12,0
– Second anniversary	11,0
– Third anniversary	10,2
	33,2

The last instalment is payable on 1 September 2011. The R33,2 million deferred payment is interest free and therefore has been discounted at 10% per annum to reflect fair value.

The assets and liabilities as of 1 September 2008 arising from the acquisition are:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	25 568	25 568
Property, plant and equipment (note 14)	42 504	22 333
Intangible assets	17 484	–
Inventory	454	454
Contract debtors and retentions	64 301	64 301
Receivables and prepayments	1 701	1 701
Interest-bearing borrowings	(44 421)	(44 421)
Deferred income tax liabilities	(17 523)	(6 980)
Trade and other payables	(45 941)	(45 941)
Taxation payable	(8 315)	(8 315)
Net assets	35 812	8 700
Purchase consideration settled in cash		44 512
Cash and cash equivalents in subsidiary acquired		(25 568)
Cash outflow on acquisition		18 944

42. BUSINESS COMBINATIONS *(continued)*

Newport Construction (Pty) Limited

On 1 July 2008, the group acquired a further 4% of the share capital of Newport Construction (Pty) Limited, thereby giving the group an effective 55% interest in the company.

	R'000
Carrying value of minority share acquired	101
Purchase price paid†	–
Gain on transactions with minorities	**101**

BR-Tsima Construction (Pty) Limited

On 1 July 2008, the group acquired the remaining 49% of the share capital of BR-Tsima Construction (Pty) Limited, thereby giving the group an effective 100% interest in the company.

Carrying value of minority share acquired	416
Purchase price paid†	–
Gain on transactions with minorities	**416**

† *Shares acquired at par value.*

Blasting & Excavating group

Following finalisation of the purchase price allocation of the Blasting & Excavating group which was acquired during the 2007 financial year, an adjustment was made to the deferred taxation balance resulting in an increase in goodwill in the amount of R3,3 million. The revised details of net assets acquired and goodwill are as follows:

Purchase consideration:	
– cash paid	70 000
– liability raised	21 432
Total purchase consideration	91 432
Fair value of net assets acquired	(56 653)
Goodwill	**34 779**

The assets and liabilities as of 1 July 2007 arising from the acquisition are:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	15 661	15 661
Property, plant and equipment (note 14)	122 173	122 173
Inventory	10 317	10 317
Contract debtors and retentions	55 460	55 460
Receivables and prepayments	661	661
Interest-bearing borrowings	(60 913)	(60 913)
Deferred income tax liabilities	(15 076)	(15 076)
Trade and other payables	(66 829)	(66 829)
Provisions for other liabilities and charges	(4 097)	(4 097)
Taxation payable	(704)	(704)
Net assets	**56 653**	**56 653**
Purchase consideration settled in cash		70 000
Cash and cash equivalents in subsidiary acquired		(15 661)
Cash outflow on acquisition		**54 339**

43. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2009

Stone and Allied Industries Limited

On 1 July 2009, the group disposed of 100% of the share capital of Stone and Allied Industries Limited. The company is a stone-crushing company. The disposed business contributed revenues of R32,9 million and net profit of R5,0 million during the 2009 financial year.

Stone and Allied Industries Limited was included as part of the Mining segment.

Details of net assets disposed are as follows:

	R'000
Sale consideration:	
– cash received	20 382
– asset raised	500
Total sale consideration	20 882
Fair value of net assets disposed	(20 882)
Loss on sale	–

The assets and liabilities as of 1 July 2009 disposed of are:	Fair value R'000	Disposee's carrying amount R'000
Cash and cash equivalents	5 219	5 219
Property, plant and equipment (note 14)	21 720	33 248
Deferred income tax assets	5 674	5 674
Inventory	5 208	5 208
Contract and trade debtors	10 384	10 384
Receivables and prepayments	58	58
Interest-bearing borrowings	(5 567)	(5 567)
Trade and other payables	(15 926)	(15 926)
Provisions for other liabilities and charges	(5 888)	(5 888)
Net assets	20 882	32 410
Purchase consideration received in cash		20 382
Cash and cash equivalents in subsidiary disposed		(5 219)
Cash inflow on disposal		15 163

BR-Tsima Construction (Pty) Limited

On 1 January 2009, the group disposed of 80% of the share capital of BR-Tsima Construction (Pty) Limited.

BR-Tsima Construction (Pty) Limited was included as part of the Construction segment.

Details of net assets disposed are as follows:	R'000
Sale consideration:	
– cash received	–
Total sale consideration	–
Fair value of net assets disposed (80%)	(130)
Loss on sale	(130)

The assets and liabilities as of 1 January 2009 disposed of are:	Fair value R'000	Disposee's carrying amount R'000
Cash and cash equivalents	290	290
Contract and trade debtors	322	322
Deferred income tax liabilities	(90)	(90)
Trade and other payables	(135)	(135)
Taxation payable	(225)	(225)
Net assets	162	162
Purchase consideration received in cash		–
Cash and cash equivalents in subsidiary disposed		(290)
Cash outflow on disposal		(290)

For the year ended 31 December 2008

There were no disposals in the year ended 31 December 2008.

Company income statement

for the year ended 31 December 2009

	Notes	2009 R'000	2008 R'000
Revenue		**–**	–
Contracting revenue		**–**	–
Other		**–**	–
Contracting and other costs		**–**	–
Gross profit		**–**	–
Admin and operating overheads		**(780)**	(1 333)
Dividends received		**37 000**	38 000
Other gains/(losses) – net	44	**(448)**	448
Operating profit		**35 772**	37 115
Interest received	45	**9 990**	1 894
Interest paid	45	**(8 708)**	(2 328)
Profit before taxation		**37 054**	36 681
Taxation		**(4 823)**	(3 782)
Profit after taxation		**32 231**	32 899

Company statement of comprehensive income

for the year ended 31 December 2009

	2009 R'000	2008 R'000
Net profit for the year	**32 231**	32 899
Other comprehensive income for the year, net of tax	**–**	–
Total comprehensive income for the year	**32 231**	32 899

Company statement of financial position

as at 31 December 2009

	Notes	2009 R'000	2008 R'000
ASSETS			
Non-current assets		**1 005 110**	576 439
Investments in subsidiaries	46	**1 005 108**	576 437
Available-for-sale financial assets	47	**2**	2
Current assets		**735**	1 073
Receivables and prepayments	48	**454**	650
Cash and cash equivalents	49	**281**	423
TOTAL ASSETS		**1 005 845**	577 512
EQUITY AND LIABILITIES			
Capital and reserves		**985 070**	510 792
Stated capital	50	**948 687**	466 164
Retained earnings		**36 383**	44 628
Non-current liabilities			
Interest-bearing borrowings	51	**–**	53 771
Current liabilities		**20 775**	12 949
Trade and other payables	52	**8 502**	426
Current portion of interest-bearing borrowings	51	**12 273**	12 523
TOTAL EQUITY AND LIABILITIES		**1 005 845**	577 512

Company statement of changes in equity

for the year ended 31 December 2009

	Share capital R'000	Retained earnings R'000	Total R'000
Balance at 1 January 2008	234 026	18 616	252 642
Consideration received for the issue of shares in terms of acquisition of subsidiary	52 617	–	52 617
Costs relating to the issue of shares	(36)	–	(36)
Consideration received for the issue of shares in terms of private placement	179 636	–	179 636
Costs relating to the private placement	(79)	–	(79)
Total comprehensive income for the year	–	32 899	32 899
Share-based payment	–	30 933	30 933
Dividend paid	–	(37 820)	(37 820)
Balance at 31 December 2008	466 164	44 628	510 792
Consideration received for the issue of shares in terms of acquisition of subsidiary	**485 136**	**–**	**485 136**
Costs relating to the issue of shares	**(2 613)**	**–**	**(2 613)**
Total comprehensive income for the year	**–**	**32 231**	**32 231**
Share-based payment	**–**	**9 690**	**9 690**
Dividend paid	**–**	**(50 166)**	**(50 166)**
Balance at 31 December 2009	**948 687**	**36 383**	**985 070**

Company statement of cash flows

for the year ended 31 December 2009

	Notes	2009 R'000	2008 R'000
CASH FLOW FROM OPERATING ACTIVITIES		**(9 663)**	(5 431)
Cash generated by operating activities	53	**44 069**	36 420
Net finance income/(costs)		**1 282**	(434)
Dividends paid	54	**(50 191)**	(37 635)
Taxation paid	55	**(4 823)**	(3 782)
CASH FLOW FROM INVESTING ACTIVITIES		**63 542**	(292 693)
Acquisition of subsidiary		**(178 890)**	–
Loans repaid by/(advanced to) subsidiaries		**242 432**	(292 693)
CASH FLOW FROM FINANCING ACTIVITIES		**(54 021)**	298 432
Proceeds from issue of shares		**–**	232 138
(Repayments of)/proceeds from interest-bearing borrowings		**(54 021)**	66 294
MOVEMENT IN CASH AND CASH EQUIVALENTS		**(142)**	308
CASH AND CASH EQUIVALENTS – AT THE BEGINNING OF THE YEAR		**423**	115
CASH AND CASH EQUIVALENTS – AT THE END OF THE YEAR	49	**281**	423

	2009 R'000	2008 R'000
44. OTHER GAINS/(LOSSES) – NET		
Fair value (loss)/gain on forward foreign exchange contract	**(448)**	448
Gross amount	**(448)**	448
Taxation	**–**	–
Total gross amount	**(448)**	448
Full details of the forward foreign exchange contract to which the fair value loss and gain relates can be found in note 48.		
45. NET FINANCE INCOME/(COSTS)		
Interest paid		
Bank loans and other borrowings	**(8 708)**	(2 328)
Interest received	**9 990**	1 894
Bank	**68**	36
Other	**9 922**	1 858
	1 282	(434)
46. INVESTMENTS IN SUBSIDIARIES		
Unlisted investments		
Shares at cost	**661 414**	1
Share-based payments	**60 695**	51 005
Loans to subsidiaries	**282 999**	525 431
	1 005 108	576 437
Details of the group's investments in subsidiaries are as follows:		
Basil Read (Pty) Limited	**294 105**	466 860
Shares at cost	**1**	1
Share-based payment	**60 695**	51 005
Interest-free loans to subsidiary	**233 409**	415 854
TWP Holdings Limited		
Shares at cost	**661 413**	–
Basil Read Contracting (Pty) Limited		
Interest-free loans to subsidiary	**18 974**	37 084
Basil Read Share Incentive Scheme		
Interest-free loans to trust	**57**	42
African Road Maintenance and Construction (Pty) Limited		
Interest-free loans to subsidiary	**–**	1 011
Basil Read Properties No. 2 (Pty) Limited		
Interest-free loans from subsidiary	**(170)**	(675)
Basil Read Properties No. 3 (Pty) Limited	**30 721**	26 917
Interest-free loans to subsidiary	**4 733**	929
Interest-bearing loan to subsidiary	**25 988**	25 988
Blue Wave Properties 183 (Pty) Limited		
Interest-free loans to subsidiary	**8**	8
City Square Trading 949 (Pty) Limited	**–**	45 154
Interest-free loans to subsidiary	**–**	1 046
Interest-bearing loan to subsidiary	**–**	44 108
Newport Construction (Pty) Limited		
Interest-free loans to subsidiary	**–**	35
Spray Pave (Pty) Limited		
Interest-free loans to subsidiary	**–**	1
	1 005 108	576 437

	2009 R'000	2008 R'000

46. INVESTMENTS IN SUBSIDIARIES *(continued)*

Unless indicated, the above loans are interest free. Partial loans to City Square Trading 949 (Pty) Limited and Basil Read Properties No. 3 (Pty) Limited are charged interest at the local prime overdraft rate plus 2,75%.

At 31 December 2009, the net asset value of the group was R1,5 billion (2008: R792,1 million) and the market capitalisation was R1,6 billion (2008: R1,3 billion), based on the group's year end share price.

47. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 R'000	2008 R'000
Listed investments		
At the beginning and the end of the year	**2**	2

The carrying value of listed investments approximates their fair value.

48. RECEIVABLES AND PREPAYMENTS

	2009 R'000	2008 R'000
Derivative financial instruments	**–**	448
VAT receivable	**454**	185
Interest receivable	**–**	17
	454	650

Derivative financial instruments comprises the fair value adjustment on a forward foreign exchange contract for £3 million maturing on 7 January 2009. The contract was purchased at a rate of £1: R13,5355.

49. CASH AND CASH EQUIVALENTS

	2009 R'000	2008 R'000
Bank balances	**281**	423

50. STATED CAPITAL

	Number of shares	No par value ordinary shares R'000
Authorised		
Ordinary shares		
150 000 000 ordinary no par value shares (2008: 100 000 000)		
Issued		
Ordinary shares		
Year ended 31 December 2008		
At the beginning of the year	75 639 922	234 026
Issued in acquisition of subsidiary – net of costs	1 762 700	52 581
Issued in terms of private placement – net of costs	9 090 909	179 557
At the end of the year	86 493 531	466 164
Year ended 31 December 2009		
At the beginning of the year	**86 493 531**	**466 164**
Issued in acquisition of subsidiary – net of costs	**37 317 512**	**482 523**
At the end of the year	**123 811 043**	**948 687**

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit.

	2009 R'000	2008 R'000
51. INTEREST-BEARING BORROWINGS		
Banking loan		
Total amount outstanding	**12 273**	66 294
A banking loan was entered into in the prior year, in terms of which interest is payable at the local prime overdraft rate plus 2,75%. The loan is repayable in monthly instalments of R1 852 016 with the final payment falling due in July 2010. The interest rate at year end was 13,25%.		
	12 273	66 294
Less: Current portion transferred to current liabilities		
Banking loan	**(12 273)**	(12 523)
Total non-current interest-bearing borrowings	**–**	53 771
The present value of future minimum payments on banking loans is as follows:		
Due within the next 12 months	**12 273**	12 523
Due between one and four years	**–**	53 771
Thereafter	**–**	–
	12 273	66 294
The fair value of interest-bearing borrowings is as follows:		
Banking loans	**12 273**	66 294
The carrying amounts of interest-bearing borrowings are denominated in the following currencies:		
South African Rand	**12 273**	66 294
52. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	**8 106**	5
Shareholders for dividend	**396**	421
	8 502	426
The carrying value of trade and other payables approximate their fair value due to the short-term maturities of these balances.		
53. CASH GENERATED BY OPERATING ACTIVITIES		
Operating profit	**35 772**	37 115
Adjustment for non-cash items:	**–**	–
Operating cash flow	**35 772**	37 115
Movements in working capital:	**8 297**	(695)
Receivables and prepayments	**196**	(650)
Trade and other payables	**8 101**	(45)
Cash generated by operating activities	**44 069**	36 420
54. DIVIDENDS PAID		
Dividends due at the beginning of the year	**(421)**	(236)
Dividends declared per the statement of changes in equity	**(50 166)**	(37 820)
Dividends due at the end of the year	**396**	421
Dividends paid	**(50 191)**	(37 635)

	2009 R'000	2008 R'000
55. TAXATION PAID		
Taxation due at the beginning of the year	**–**	–
Normal and STC taxation charged to the income statement	**(4 823)**	(3 782)
Taxation due at the end of the year	**–**	–
Taxation paid	**(4 823)**	(3 782)

56. BORROWING POWERS

The company has unlimited borrowing powers in terms of its articles of association.

57. GUARANTEES AND CONTINGENT LIABILITIES

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

The company has a contingent liability relating to the acquisition of TWP Holdings Limited. The deferred payment for the acquisition of TWP, for an amount of R59,9 million, is payable upon finalisation of their audited annual results for the year ended 31 December 2010 and is subject to a minimum profit warranty. Due to the high level of uncertainty surrounding TWP's ability to meet this warranty, this liability has not been provided for.

Shareholders' information

as at 31 December 2009

ORDINARY SHAREHOLDERS' ANALYSIS

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

	Number of shares held	% of shares held
Amabubesi Investments (Pty) Limited	12 275 041	9,91
The Townshend Family Trust	9 096 580	7,35
Industrial Development Corporation	9 090 909	7,34
Anchor Park Investments 81 (Pty) Limited (Vunani Limited)	5 648 260	4,56
BNP Paribas (Suisse) SA	5 500 000	4,44
Public Investment Commissioners	5 282 705	4,27
Investec Asset Managers	4 523 669	3,65
Goudstad Nominees (Vuwa Investments (Pty) Limited)	2 819 195	2,28
Oryx Investment Management	2 504 603	2,02
Standard Bank Namibia	2 478 367	2,00

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
DESCRIPTION OF SHAREHOLDERS				
Public shareholding				
Corporate entities/nominees/trusts/individuals	5 843	99,88	93 907 733	75,85
	5 843	99,88	93 907 733	75,85
Non-public shareholding				
Share Incentive Scheme	1	0,02	25 178	0,02
Major black economic empowerment partners	3	0,05	20 742 496	16,75
Directors (direct and indirect)	3	0,05	9 135 636	7,38
	7	0,12	29 903 310	24,15
Total	5 850	100,00	123 811 043	100,00
SHAREHOLDER SPREAD				
1 – 1 000 shares	2 445	41,80	1 255 719	1,01
1 001 – 5 000 shares	2 364	40,41	5 846 574	4,72
5 001 – 10 000 shares	470	8,03	3 508 481	2,83
10 001 – 50 000 shares	397	6,79	8 641 717	6,98
50 001 – 100 000 shares	55	0,94	3 889 224	3,14
Over 100 001 shares	119	2,03	100 669 328	81,32
	5 850	100,00	123 811 043	100,00
SHAREHOLDER ANALYSIS ACCORDING TO COUNTRY				
South Africa	5 773	98,66	113 373 762	91,57
Switzerland	4	0,07	5 599 955	4,52
Namibia	17	0,29	2 956 987	2,39
United Kingdom	17	0,29	812 306	0,66
United States of America	14	0,24	669 883	0,54
Netherlands	3	0,05	327 762	0,26
Israel	1	0,02	20 000	0,02
Botswana	5	0,09	13 979	0,01
Zimbabwe	5	0,09	9 790	0,01
Australia	1	0,02	8 446	0,01
Canada	2	0,03	6 000	0,01
Zambia	1	0,02	4 400	–
Hong Kong	1	0,02	3 000	–
Germany	1	0,02	2 000	–
Denmark	1	0,02	1 550	–
Swaziland	2	0,03	792	–
Greece	1	0,02	400	–
Luxembourg	1	0,02	31	–
	5 850	100,00	123 811 043	100,00

Notice to shareholders

Notice is hereby given that the twenty-fifth annual general meeting of the shareholders of Basil Read Holdings Limited will be held at 7 Brook Road, Lilianton, Boksburg, on 6 May 2010 at 12:00 for the purposes of transacting the following business:

ORDINARY BUSINESS

1. To consider and adopt the annual financial statements for the year ended 31 December 2009 and the reports of the directors and auditors.
2. To elect the following directors who retire in accordance with the provisions of the group's Articles of Association and, being eligible, offer themselves for re-election. Their short CVs are detailed on page 23 of the annual report.
   2.1 NJ Townshend (appointed 01/01/2010)
   2.2 GR Sibiya (appointed 01/07/2009)
   2.3 MDG Gouveia (appointed 07/05/2009)

3. To confirm fees payable to the directors (refer pages 104 and 105).
4. To authorise the directors to approve the remuneration of the auditors PricewaterhouseCoopers Inc for the year under review.
5. To reappoint PricewaterhouseCoopers Inc as auditors until the conclusion of the next annual general meeting.

SPECIAL BUSINESS

ORDINARY RESOLUTION NUMBER 1: Control of authorised but unissued shares

6. To place the unissued ordinary shares in the authorised ordinary share capital of the company under the control of the directors in terms of section 221 and 222 of the Companies Act, 1973, as amended ('the Act'), who are authorised to allot and issue shares on such terms and conditions as they deem fit, until the next annual general meeting, subject to the provisions of the Act and the JSE Limited ('JSE') Listings Requirements.

ORDINARY RESOLUTION NUMBER 2: General authority to issue shares for cash

7. "Resolved that the directors have the power to allot and issue ordinary shares for cash as and when the directors consider it appropriate in the circumstances, subject to the Act, any share incentive trust deed entered into by the company, the articles of association of the company and the JSE Listings Requirements, when applicable, and the following limitations, namely that:

- this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 (fifteen) months from the date of this meeting;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) but not to related parties;
- the securities which are the subject of the issue for cash must be of a class already in use;
- upon any issue of ordinary shares representing, on a cumulative basis within a financial year, 5% (five percent) or more of the number of ordinary shares in issue, the company shall, by way of a paid press announcement in terms of 11.22 of the JSE Listings Requirements, give full details thereof, including the effect of the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed in writing between the issuer and the party/ies subscribing for the securities;
- that issues in the aggregate in any one financial year shall not exceed 15% (fifteen percent) of the number of issued ordinary shares of the company (including instruments which are compulsorily convertible into ordinary shares) at the date of application less any ordinary shares issued, or to be issued in the future arising from options/convertible securities issued during the current financial year;
- the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of the ordinary shares of the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the issuer and the party/ies subscribing for the securities, and;
- under the JSE Listings Requirements, a 75% (seventy-five percent) majority of votes cast by the ordinary shareholders present or represented by proxy at the annual general meeting is required to approve the resolution."

8. To transact such other business as may be transacted at an annual general meeting.

VOTING

The ordinary resolutions are subject to a simple majority vote of shareholders present or represented by proxy at the annual general meeting. Every shareholder present in person or by proxy at the annual general meeting shall, on a show of hands, have one vote only, and on a poll, have one vote for each share of which he/she is the registered holder.

A shareholder entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy (who need not be a shareholder of the company), to attend, speak and vote in his/her stead.

Shareholders which are companies or other bodies corporate may, in terms of section 188(1) of the Act, by resolution of its directors or other governing body, authorise any person to act as its representative at the annual general meeting.

Certificated shareholders and own-name dematerialised shareholders who are unable to attend the annual general meeting but wish to be represented thereat should complete and return the attached form of proxy in accordance with the instruction contained therein so as to be received by the transfer secretaries of the company, Link Market Services (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) at least 48 hours, excluding Saturdays, Sundays and public holidays, before the annual general meeting.

Ordinary shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Dematerialised shareholders who wish to attend the annual general meeting must request their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and their CSDP or broker.

By order of the board

E Kruger
Company secretary

Boksburg
14 April 2010

Form of proxy

BASIL READ HOLDINGS LIMITED
Registration number 1984/007758/06
(Incorporated in the Republic of South Africa)
('the company')

For use by certificated and own name dematerialised shareholders at the annual general meeting to be held at 12:00 on Thursday, 6 May 2010 at 7 Brook Road, Lilianton, Boksburg.

I/We ____

being the holder/s of ______________________________ ordinary shares in the company appoint: (see note 1)

1. ____ or failing him/her

2. ____ or failing him/her

3. the chairman of the annual general meeting,

as my/our proxy to vote for me/us at the annual general meeting of the company to be held at 12:00 on Thursday, 6 May 2010 at 7 Brook Road, Lilianton, Boksburg and at any adjournment thereof. I/We desire to vote as indicated below (see note 2):

		Number of shares		
	Proposed ordinary/special resolutions	**In favour**	**Against**	**Abstain**
	ORDINARY BUSINESS			
1.	**Resolution number 1** Adopt the annual financial statements for the year ended 31 December 2009			
2.	**Resolution number 2** Re-elect the directors as listed/below, who retire in accordance with the articles of association of the company, and being eligible, offer themselves for re-election 2.1 NJ Townshend 2.2 GR Sibiya 2.3 MDG Gouveia			
3.	**Resolution number 3** To confirm the fees payable to the directors			
4.	**Resolution number 4** Approve the auditors' remuneration			
5.	**Resolution number 6** Reappoint PricewaterhouseCoopers Inc as auditors			
	SPECIAL BUSINESS			
6.	**Ordinary resolution number 1** Place unissued shares under the control of directors			
7.	**Ordinary resolution number 2** To grant the directors a general authority to issue ordinary shares for cash			

(Indicate instructions to proxy by way of a cross in the appropriate space(s) provided above)

Signed at ______________________ on ______________________ 2010

Signature ____

Each shareholder is entitled to appoint one or more proxies (who need not be a member of the company), to attend, speak and vote in place of that member at the annual general meeting.

Please read the notes of the reverse side hereof.

Notes to form of proxy

INSTRUCTIONS FOR SIGNING AND LODGING THE ANNUAL GENERAL MEETING PROXY FORM

1. A shareholder may insert the name(s) of two alternative proxies (neither of whom need be a shareholder of the company) in the space provided, with or without deleting the words "chairman of the annual general meeting". The person whose name stands first on the form of proxy and has not been deleted and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the annual general meeting.

2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box/boxes provided. If a proxy form, fully signed, is lodged without specific directions as to which way the proxy is to vote, the chairman of the annual general meeting will be deemed to have been authorised as he/she thinks fit. A shareholder or the proxy is obliged to use all the votes exercisable by the shareholder or by the proxy.

3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the authorised signatory/ies.

4. When there are joint holders of Basil Read shares, all joint Basil Read shareholders must sign the form of proxy.

5. The completion and lodging of this form of proxy will not preclude the shareholder, who grants this proxy, from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries.

7. Where this form is signed under power of attorney, such power of attorney must accompany this form unless it has been previously registered with the company or the transfer secretaries.

8. A minor must be assisted by his/her parent or guardian unless the relevant document establishing his/her legal capacity has been produced or registered by the transfer secretaries.

9. Completed forms of proxy must be forwarded to the company's transfer secretaries, Link Market Services (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) so as to be received at least 48 hours, excluding Saturdays, Sundays and public holidays, before the annual general meeting.

Administration

BASIL READ HOLDINGS LIMITED
Registration number: 1984/007758/06
Share code: BSR
ISIN: ZAE000029781

COMPANY SECRETARY AND REGISTERED OFFICE
Enna Kruger
7 Brook Road
Lilianton
Boksburg 1459

Private Bag X170 Bedfordview 2008
Tel: +27 11 418 6300
Fax: +27 11 418 6334

SPONSOR
Sasfin Capital
Sasfin Place
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13 – 15 Scott Street
Waverley 2090

BANKERS
Nedbank Corporate Banking – Gauteng
1st Floor
Corporate Place Nedbank
135 Rivonia Road
Sandown 2196

First National Bank of Southern Africa Limited
5th Floor
No 3 First Place
Bank City
Harrison Street
Johannesburg 2001

Shareholders' diary

Financial year-end	31 December
Annual general meeting	6 May 2010

REPORTS

Half-year interim report	August 2010
Audited results	March 2011

FINAL DIVIDEND

SA cents per share	42
Last date to trade cum dividend	Friday, 7 May 2010
Share to commence trading ex dividend	Monday, 10 May 2010
Record date (date shareholders recorded in books)	Friday, 14 May 2010
Payment date	Monday, 17 May 2010

BASTION GRAPHICS


BASIL READ