BASIL READ LTD
(REGISTRATION NUMBER 1962/002313/06)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

GENERAL INFORMATION

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	The company's business operations is construction activities.	
Directors		
	CE Manning	Non-executive director
	PC Baloyi	Non-executive director
	NF Nicolau	
	K Mapasa	
Registered office	The Basil Read Campus 7 Romeo Street Hughes Extension Boksburg 1459	
Business address	The Basil Read Campus 7 Romeo Street Hughes Extension Boksburg 1459	
Postal address	Private Bag X170 Bedfordview 2008	
Ultimate holding company	Basil Read Holdings Ltd incorporated in South Africa	
Auditors	PricewaterhouseCoopers Inc Chartered Accountants (S.A.) Registered Auditors	
Company Secretary	AT Ndoni	
Preparer	The annual financial statements were independently compiled by: SizweNtsalubaGobodo Inc Chartered Accountants (S.A)	

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present fairly the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated; the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statements have been prepared on the going concern basis. The directors have reviewed the company's cash flow forecast for the year to 31 December 2015, and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

Under the Companies Act 71 of 2008 the company is classified as a private company. The audit committee of the holding company will continue to perform the functions in terms of S94(7) and (8) of the Companies Act 71 of 2008 on behalf of Basil Read Ltd.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 4 to 59, were approved by the board of directors on 08 May 2015 and were signed on its behalf by:

NF Nicolau

K Mapasa

DIRECTORS' REPORT

The directors present their annual report of Basil Read Limited (the "company") for the year ended 31 December 2014.

1. REVIEW OF ACTIVITIES

Main business and operations

There were no changes in the nature of the company's business during the year under review. The current business operations of the company is construction.

During the year the company changed is legal form from a private company into a public, unlisted entity. The company is incorporated in South Africa.

Financial performance

The operating results and state of affairs of the company are fully set out in the attached annual financial statements.

Net loss of the company was R 249 725 888 (2013: R 43 647 398 loss), after taxation.

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At the statement of financial position date, the current liabilities of the company exceed the current assets by R67.47 million. The company has R646.7 million in undrawn facilities with various financial institutions as at 31 December 2014.

The order book of R5 billion is largely secure and the company is forecasting a return to profitability. Operating cash flows in the 2015 year are expected to be cash generative and provide a positive indicator of the company's ability to continue as a going concern. To further support liquidity, the following actions are being taken:

- Refinancing of the R125 million bond maturing in June 2015 – negotiations are ongoing with the current bondholder. Alternative investors are also being sought. Refer to note 23 for further information regarding the maturing bond.
- Resolution of outstanding claims – management is advancing the claims resolution process where applicable in order to resolve claims as speedily as possible while ensuring that the company is fairly rewarded for actual work done.

The directors believe that the company has adequate resources in place to continue in operation in the foreseeable future as Basil Read Holdings Ltd has undertaken to provide support for a period not less than twelve months after the date of signature of the financial statements.

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

3. EVENTS SUBSEQUENT TO YEAR END

No material events occurred subsequent to year-end relating to conditions that existed at the reporting date.

4. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the company during the year under review.

5. FINANCIAL RESULTS AND DIVIDENDS

No dividends were declared or paid to shareholders during the year.

6. BORROWINGS

Interest-bearing borrowings comprise instalment sale agreements and a domestic medium-term note programme. During the year, borrowings increased due to an increase in the domestic medium-term note programme, which was partly offset by the repayment of instalment sale agreements.

For more information on the company's borrowings, refer to note 23 to the financial statements.

DIRECTORS' REPORT

7. PROPERTY, PLANT AND EQUIPMENT

The company acquired property, plant and equipment to the amount of R82.1 million (2013: R 62.1 million) during the year.

The company disposed of property, plant and equipment to the amount of R12.2 million (2013: R 79.1 million) during the year.

8. INVESTMENTS

Subsidiaries

Details of the company's investment in subsidiaries are set out in note 12.

Joint controlled operations and joint controlled entities

Details of the company's investment in subsidiaries are set out in note 13.

Associates

On 1 November 2014, the company disposed of its 20% stake in BR-Tsima Construction (Pty) Ltd for no consideration. The transaction resulted in the company recognising a profit on disposal of R0,7 million.

For more information on the company's investments in associates, refer to note 14 to the financial statements.

9. DIRECTORATE

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Appointed	Resigned
CJ Erasmus	South African		08 September 2014
ML Heyns	South African		30 May 2014
VK Moodley	South African		10 October 2014
E du Toit	South African		20 March 2014
BM Johnson	South African		10 October 2014
JS Johnston	British		25 November 2014
WS Meyer	South African		10 October 2014
N Milne	British		10 October 2014
SLL Peteni	South African		10 October 2014
KB Sekgobela	South African		10 October 2014
DJ Bennett	South African		10 October 2014
TS Yenana	South African		31 July 2014
OIP Giot	South African	10 October 2014	25 November 2014
A Naidoo	South African		10 October 2014
RP van der Merwe	South African		10 October 2014
YE Patel	South African		10 October 2014
CE Manning	South African	25 November 2014	
PC Baloyi	South African	25 November 2014	
AC Wightman	South African	10 October 2014	25 November 2014
NF Nicolau	South African	10 October 2014	
K Mapasa	South African	10 October 2014	

10. COMPANY SECRETARY

The secretary of the group is AT Ndoni.

11. HOLDING COMPANY

The company's holding company is Basil Read Holdings Ltd incorporated in South Africa.

12. AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

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

We have audited financial statements of Basil Read Limited set out on pages 7 to 59, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Basil Read Limited as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2014, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between the report and the audited financial statements. The report is the responsibility of the preparers. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

PricewaterhouseCoopers Inc.
Director: FJ Lombard
Registered Auditor
11 May 2015

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2014	2013
Revenue		3 425 005 852	3 926 772 289
Contracting and other costs		(3 591 057 871)	(3 727 267 937)
Gross (loss) profit		**(166 052 019)**	**199 504 352**
Other income	6	24 567 318	106 178 466
Operating expenses		(236 169 418)	(310 212 940)
Operating loss	7	**(377 654 119)**	**(4 530 122)**
Finance income	8	24 516 685	50 355 912
Impairment of investments in subsidiaries and group loans		-	(61 706 718)
Income from equity accounted investments		9 257 904	13 130 981
Finance costs	9	(21 954 211)	(31 513 010)
Loss before taxation		**(365 833 741)**	**(34 262 957)**
Taxation	10	116 107 853	(9 384 441)
Loss for the year		**(249 725 888)**	**(43 647 398)**
Other comprehensive income		-	-
Total comprehensive loss		**(249 725 888)**	**(43 647 398)**
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the parent		(249 725 888)	(42 471 723)
Non-controlling interest		-	(1 175 675)
		(249 725 888)	**(43 647 398)**

The notes on pages 11 to 59 are an integrated part of the financial statements.

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Notes	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	226 232 561	198 735 545
Investments in subsidiaries	12	260 219 086	260 219 137
Investment in joint controlled entities	13	97 103 876	71 777 620
Investments in associates	14	250	8 331 060
Deferred tax	15	213 088 888	96 981 035
		796 644 661	**636 044 397**
CURRENT ASSETS			
Loans to group companies	16	775 909 010	743 656 096
Inventories	17	5 097 554	4 736 640
Current tax receivable		-	3 882 647
Receivables and prepayments	18	26 262 636	10 480 649
Contract and trade debtors	19	1 334 973 507	1 004 885 913
Cash and cash equivalents	20	387 357 696	280 742 415
		2 529 600 403	**2 048 384 360**
Total Assets		**3 326 245 064**	**2 684 428 757**
EQUITY AND LIABILITIES			
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Stated capital	21	200	200
(Accumulated loss)/retained income		(66 295 067)	183 430 821
		(66 294 867)	183 431 021
Non-controlling interest		(1 175 675)	(1 175 675)
		(67 470 542)	**182 255 346**
LIABILITIES			
NON-CURRENT LIABILITIES			
Finance lease obligation	22	31 670 140	30 010 996
Interest bearing borrowings	23	100 000 000	125 000 000
		131 670 140	**155 010 996**
CURRENT LIABILITIES			
Loans from group companies	16	1 220 438 921	973 602 647
Current tax payable		1 159 783	-
Bank overdraft	20	50 723 419	-
Finance lease obligation	22	22 763 435	27 656 440
Interest bearing borrowings	23	127 008 421	18 219 642
Trade and other payables	24	1 644 355 842	1 218 372 324
Provisions for other liabilities and charges	25	195 595 645	109 311 362
		3 262 045 466	**2 347 162 415**
Total Liabilities		**3 393 715 606**	**2 502 173 411**
Total Equity and Liabilities		**3 326 245 064**	**2 684 428 757**

The notes on pages 11 to 59 are an integrated part of the financial statements.

Statement of Changes in Equity

Figures in Rand	Share capital	Foreign currency translation reserve	(Accumulated loss)/retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 January 2013	**200**	**931 331**	**225 902 544**	**226 834 075**	**1 900 107**	**228 734 182**
Loss for the year	-	(931 331)	(42 471 723)	(43 403 054)	(1 175 675)	(44 578 729)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**(931 331)**	**(42 471 723)**	**(43 403 054)**	**(1 175 675)**	**(44 578 729)**
Dividends	-	-	-	-	(1 900 107)	(1 900 107)
Balance at 01 January 2014	**200**	**-**	**183 430 821**	**183 431 021**	**(1 175 675)**	**182 255 346**
Loss for the year	-	-	(249 725 888)	(249 725 888)	-	(249 725 888)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**(249 725 888)**	**(249 725 888)**	**-**	**(249 725 888)**
Balance at 31 December 2014	**200**	**-**	**(66 295 067)**	**(66 294 867)**	**(1 175 675)**	**(67 470 542)**

The notes on pages 11 to 59 are an integrated part of the financial statements.

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	26	(191 933 362)	(275 482 761)
Interest income	8	24 516 685	50 355 912
Dividends received	6	20 000 000	26 714 049
Finance costs	9	(17 419 423)	(26 680 040)
Income tax refunded/ (paid)	27	5 042 430	(54 919)
Net cash used in operating activities		**(159 793 670)**	**(225 147 759)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(82 122 587)	(62 064 265)
Proceeds from property, plant and equipment		14 245 207	78 169 533
Repayment from/(advances to) associates		9 077 460	(2 098 452)
Acquisition of investment in subsidiaries, associates and joint ventures		-	(37 180 369)
Advances to jointly controlled entities		(16 118 038)	(10 119 932)
Net cash from investing activities		**(74 917 958)**	**(33 293 485)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment/(advances) from other borrowings		-	(13 250 000)
Repayment/(advances) from interest bearing borrowings		83 788 779	(328 184 681)
Finance lease payments		(7 768 649)	(41 336 449)
Dividends paid		-	(1 900 107)
Net funds (advanced)received : Holding company loans		(40 959 692)	526 726 009
Net funds received/(advanced): Group company loans		255 543 052	(18 116 393)
Net cash generated from/(used in) financing activities		**290 603 490**	**123 938 379**
Total cash movement for the year		**55 891 862**	**(134 502 865)**
Cash at the beginning of the year		280 742 415	415 245 280
Total cash at end of the year	20	**336 634 277**	**280 742 415**

The notes on pages 11 to 59 are an integrated part of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investment property, available-for-sale investments and financial instruments at fair value through profit and loss. The following principal accounting policies are in accordance with IFRS and are used by the company. These policies have been consistently applied to all the years presented unless otherwise stated.

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

The accounting policies detailed below have been consistently applied to the company financial statements

1.2 GROUP ACCOUNTING

Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

Goodwill is not amortised but tested for impairment annually.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.2 GROUP ACCOUNTING (continued)

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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

Associates

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

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

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

Joint arrangements

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

Joint ventures

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

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

1.2 GROUP ACCOUNTING (continued)

Jointly controlled operations and assets

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

The company recognises the following in relation to its interests in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.3 FINANCIAL INSTRUMENTS

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

Financial instruments

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

FINANCIAL ASSETS

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

1.3 FINANCIAL INSTRUMENTS (continued)

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.

Loans to group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "Contracting and other costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

Derecognition of financial assets

A financial asset (or part of a financial asset – where applicable) is derecognised when:

- the rights to receive the cash flows from the assets have expired or;
- the company has transferred its rights to receive the cash flows from the assets and either:

  (a) the company has transferred substantially all the risks and rewards of the asset or;
  (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

1.3 FINANCIAL INSTRUMENTS (continued)

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

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

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss or at amortised cost, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings at amortised costs, plus directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans from group companies, leases and other borrowings.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Loans from group companies, leases and borrowings

After initial recognition, interest bearing loans, leases and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in the statement of comprehensive income, unless the interest is capitalised to the cost of a qualifying asset.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.3 FINANCIAL INSTRUMENTS (continued)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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 company 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 statement of comprehensive income.

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 statement of comprehensive income.

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 statement of comprehensive income 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 statement of comprehensive income. The company/group did not have any hedge transactions in the current year.

The company did not have any outstanding derivatives in the current year.

1.4 TAX

Current tax assets and liabilities

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.4 TAX (continued)

Deferred tax assets and liabilities

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

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

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

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

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

1.5 LEASED ASSETS

Finance leases

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased plant and equipment or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income 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 statement of comprehensive income 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.

1.6 INVENTORIES

Inventories are stated at the lower of cost or 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.

1.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.7 PROPERTY, PLANT AND EQUIPMENT (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land and buildings	Not depreciated.
Plant and equipment	Period ranging from three to six years.
Furniture and fittings	Period ranging from three to five years.
Assets under construction	Not depreciated until such time that the construction of the assets are completed.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Repairs and maintenance are charged to the statement of comprehensive income 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 company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset.

1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used.

If the recoverable amount of an asset is less than its carrying amount,the asset is considered to be impaired and it is written down to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed its carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in the prior year. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of the previous revaluation.

1.9 CAPITALISATION OF BORROWINGS

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 statement of comprehensive income as incurred.

There were no borrowing costs capitalised in the current year.

1.10 LONG-TERM CONSTRUCTION CONTRACTS AND CONTRACT REVENUE

Revenue and costs

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

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

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

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

Contract debtors

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

1.11 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 company.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.12 FOREIGN CURRENCIES

Transactions and balances

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

1.13 PROVISIONS

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

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

1.14 EMPLOYEE BENEFITS

Pension obligations

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

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

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

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

Past service costs are recognised immediately in income.

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

Termination benefits

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.14 EMPLOYEE BENEFITS (continued)

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 31. 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 reporting date, the company 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 statement of comprehensive income, with a corresponding adjustment to equity. Options exercised are equity settled through a fresh issue of shares.

There were no new share options issued in the current year.

1.15 DIVIDENDS

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

1.16 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the company:

Amendments to IAS 32 Financial Instruments: Presentation on offsetting financial assets and financial liabilities – This amendment clarifies that the right of set-off must not be contingent on a future event. It must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. This amendment did not have a significant impact on the company financial statements.

Amendments to IAS 36 Impairment of Assets on the recoverable amount disclosures for non-financial assets – This amendment removes certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 and IAS 27 for investment entities – This amendment means that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 Provisions. The interpretation addresses what the obligation event is that gives rise to pay a levy and when a liability should be recognised.The company is not currently subjected to significant levies so the impact on the company is not material.

2.2 Standards and interpretations not yet effective

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

IFRS 9 Financial Instruments (2009) (effective for financial periods beginning on/after 1 January 2018) – IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

IFRS 9 Financial Instruments (2010) (effective for financial periods beginning on/after 1 January 2018) – IFRS 9 has been updated to include guidance on financial liabilities and derecognition of financial instruments. The accounting for and presentation of financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss.

Amendments to IFRS 9 Financial Instruments (2011) (effective for financial periods beginning on/after 1 January 2018) – The amendment to IFRS 9 delays the effective date to annual periods beginning on or after 1 January 2018. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the IASB extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. FAIR VALUE ESTIMATION (continued)

2.2 Standards and Interpretations not yet effective (continued)

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

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

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

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

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

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

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

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

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

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

2. FAIR VALUE ESTIMATION (continued)

Amendment to IFRS 11 Joint Arrangements on acquisition of an interest in a joint operation (effective for financial periods beginning on/after 1 January 2016) – This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

IFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on/after 1 January 2017) – The US Financial Accounting Standards Board (FASB) and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company may use derivative financial instruments to hedge certain risk exposures. Risk management is carried out by finance management under policies approved by the board of directors. This function identifies, evaluates and in certain circumstances, hedges financial risks in close co-operation with the company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Foreign exchange risk

The company operates mainly in sub-Saharan Africa and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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 company 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 company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2014, the company had no significant exposure to foreign currencies. In 2013, the company had no exposure to foreign currencies. Refer to note 9.

Interest rate risk

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. The company maintains its borrowings at variable interest rates. During 2014 and 2013 the company's borrowings at variable rate were denominated in the functional currency.

A one percent movement in the prime rate would result in a R2.8 million (2013: R2 million) change in interest charged.

Price risk

The company is exposed to materials price risk because of the fluctuation in the price of various raw materials, including steel, cement and diesel. More than 70% of the contracts that the company enters into provide for escalation in the prices of raw materials. In these cases, the price risk is borne by the client. In the case of fixed price contracts, the company is exposed to price risk. To minimise this risk, price curves are determined for each type of raw material and the expected movement in the cost of raw materials is built into the cost of the contract.

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

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk consists mainly of cash and cash equivalents, deposits with banks and financial institutions and credit exposures to customers, including contract debtors and outstanding receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Contract and trade debtors comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

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 company's liquidity on the basis of expected cash flow.

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

- undrawn facilities
- available cash
- borrowings from shareholders.

Due to the nature of the company's activities, which includes progress payments, the liquidity risk is minimal.

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

At 31 December 2014	0 - 3 months R	4 - 12 months R	1 to 5 years R	> 5 years R	Total R
Interest bearing borrowings	12 577 687	152 990 905	138 446 054	-	304 014 646
Amounts owing to group companies	1 220 438 921	-	-	-	1 220 438 921
Trade and other payables (excl statutory liabilities)	1 305 938 421	302 881 493	-	-	1 608 819 914
Bank overdraft	50 723 419	-	-	-	50 723 419
	2 589 678 448	**455 872 398**	**138 446 054**	**-**	**3 183 996 900**

At 31 December 2013	0 - 3 months R	4 - 12 months R	1 to 5 years R	> 5 years R	Total R
Interest bearing borrowings	11 763 747	28 888 108	162 176 873	-	202 828 728
Amounts owing to group companies	973 602 647	-	-	-	973 602 647
Trade and other payables (excl statutory liabilities)	1 150 226 052	28 829 494	-	-	1 179 055 546
	2 135 592 446	**57 717 602**	**162 176 873**	**-**	**2 355 486 921**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

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

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

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

The company monitors capital on the basis of the gearing ratio. 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 statement of financial position.

Total long-term debt	131 670 140	155 010 996
Total equity	(67 470 542)	182 255 346
Debt:equity ratio	(195.2)%	85.1 %

The company considers a gearing ratio of less than 80% to be acceptable. This is reviewed annually after considering market conditions and the growth goals of the company. No existing covenants has been breach as a result of this position. Refer to note 2 - Going Concern in the Directors Report.

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 statement of financial position date. The quoted market price used for financial assets held by the company 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 company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated future discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of contract debtors, other receivables and trade and other payables is assumed to approximate its 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 company for similar instruments.

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 fair values of the trade and other receivables, provision for other liabilities and charges and trade and other payables approximate their carrying values due to their short-term nature

Fair values	Carrying value	Fair value
For the year ended 31 December 2014		
Financial assets		
Contract and trade debtors	1 334 973 507	1 334 973 507
Receivables and prepayments (excluding statutory assets)	22 145 384	22 145 384
Cash and cash equivalents	387 357 696	387 357 696
Financial liabilities		
Finance lease obligations	54 433 575	54 433 575
Interest bearing borrowings	227 008 421	227 008 421
Trade and other payables (excluding statutory liabilities)	1 608 819 914	1 608 819 914
Provisions for other liabilities and charges	195 595 645	195 595 645
Bank overdraft	50 723 419	50 723 419

4. FAIR VALUE ESTIMATION (continued)

For the year ended 31 December 2013	Carrying value	Fair value
Financial assets		
Contract and trade debtors	1 004 885 913	1 004 885 913
Receivables and prepayments (excluding statutory assets)	10 362 971	10 362 971
Cash and cash equivalents	280 742 415	280 742 415
Financial liabilities		
Finance lease obligations	57 667 436	57 667 436
Interest bearing borrowings	143 219 642	143 219 642
Trade and other payables (excluding statutory liabilities)	1 179 055 548	1 179 055 548
Provisions for other liabilities and charges	109 311 362	109 311 362

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

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

Provision for impairment of contract debtors

A provision for impairment of contract debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contract debtor is impaired. The amount of the provision is the difference between the contract debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Refer to note 19 for the carrying value.

Accounting for construction contracts

The company makes estimates and assumptions concerning the future, particularly as regards construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to note 25 for details of the company's contract provisions.

The company uses the "percentage of completion method" to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the statement of financial position date as a percentage of total estimated costs for each contract and physical completion. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining 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 managements best estimate and actual future outcomes may differ from these estimates. Refer to note 11 for details of the company's property, plant and equipment.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

Deferred taxation

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

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

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

Refer to note 15 for details of the company's deferred taxes.

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 company's defined benefit plan can be found in note 31 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. The company was not party to any derivatives in the year under review.

Contingencies

By their nature, contingencies will be resolved only when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgment and estimates of the outcome of future events. Refer to note 28 for details of the company's contingent liabilities.

Share-based payment

The fair value of employee share options is determined using the European Binomial simulation model. The significant inputs into this model are discussed in note 30.5.

Investments accounted for using the equity method

Joint ventures are those investments ("arrangement") are structured through a separate legal entity and the company has the right to the net assets, has no interest in the assets of the arrangement and the assets brought into the arrangement or subsequently acquired by the joint arrangement are the arrangement's assets. The joint arrangement is liable for the debts and obligations of the arrangement and the contractual arrangement establishes each party's share in the profit or loss relating to the activities of the arrangement. Joint Operations are those investments ("arrangements") that are not established through a separate legal entity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

6. OTHER INCOME

Dividends from local subsidiaries	20 000 000	26 214 049
Dividends from unlisted investments	-	500 000
Net non-recurring income from subsidiaries	-	61 311 517
Profit on sale of property, plant and equipment	2 054 747	-
Profit on foreign exchange	-	12 421 511
Sundry income	1 815 632	5 731 389
Profit on sale of investments	696 939	-
	24 567 318	**106 178 466**

Net non-recurring income from subsidiaries consists out of income earned through subcontractor agreements with Mvela/Gerolemou group.

7. OPERATING LOSS

Operating loss for the year is stated after accounting for the following:

Directors' emoluments		
For services as director (refer note 33)	4 234 651	48 182 149
Operating lease charges		
Premises		
• Contractual amounts	33 941 519	30 945 451
Equipment		
• Contractual amounts	1 298 633	1 989 645
	35 240 152	**32 935 096**
Auditors remunerations	1 772 300	1 725 706
Construction materials	960 826 342	602 073 407
Depreciation on property, plant and equipment	42 435 111	39 994 043
Employee costs	376 887 146	568 324 329
Plant costs	190 865 866	443 399 462
Impairment on investment in subsidiaries	-	14 000 000
Movement in Construction Provisions	86 284 283	(35 398 305)
Subcontractors	1 178 909 560	632 090 916
Preliminary and General	400 313 347	431 531 092
Head Office overheads	13 398 642	6 391 575

8. FINANCE INCOME

Interest revenue		
Bank	9 711 995	25 731 078
Interest received from subsidiaries	13 284 109	24 624 834
Other interest	1 520 581	-
	24 516 685	**50 355 912**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

9. FINANCE COSTS

Group companies	-	48 352
Loss on foreign exchange	974 319	-
Finance leases	4 534 788	4 832 970
Domestic Medium Term Note Programme	16 425 578	21 771 553
Late payment of tax	-	20 550
Other interest paid	19 526	4 839 585
	21 954 211	**31 513 010**

10. TAXATION

Major components of the tax income

Current		
Local income tax - recognised in current tax for prior periods	-	-
Deferred		
Originating and reversing temporary differences	(111 250 406)	(9 399 793)
Arising from prior period adjustments	(4 857 447)	18 784 234
	(116 107 853)	**9 384 441**
	(116 107 853)	**9 384 441**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %
Timing differences not accounted for under deferred tax	0.17 %	4.13 %
Prior period under provision	1.33 %	2.06 %
Non-taxable items		
- Share of profit on investments accounted for using the equity method	0.71 %	- %
- Dividend income	1.53 %	- %
	31.74 %	**34.19 %**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

	2014			2013		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land and buildings	1 095 864	-	1 095 864	1 095 864	-	1 095 864
Plant and equipment	374 723 925	(163 009 093)	211 714 832	320 153 547	(139 757 067)	180 396 480
Furniture and fixtures	40 855 658	(29 033 463)	11 822 195	38 830 809	(23 721 709)	15 109 100
Assets under construction	1 599 670	-	1 599 670	2 134 101	-	2 134 101
Total	**418 275 117**	**(192 042 556)**	**226 232 561**	**362 214 321**	**(163 478 776)**	**198 735 545**

Reconciliation of property, plant and equipment - At 31 December 2014

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Land and buildings	1 095 864	-	-	-	-	1 095 864
Plant and equipment	180 396 480	78 452 417	(11 621 063)	1 040 855	(36 553 857)	211 714 832
Furniture and fixtures	15 109 100	3 119 873	(569 397)	43 873	(5 881 254)	11 822 195
Assets under construction	2 134 101	550 297	-	(1 084 728)	-	1 599 670
	198 735 545	**82 122 587**	**(12 190 460)**	**-**	**(42 435 111)**	**226 232 561**

Reconciliation of property, plant and equipment - At 31 December 2013

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Land and buildings	1 095 864	-	-	-	-	1 095 864
Plant and equipment	233 216 632	55 096 533	(79 076 463)	4 342 194	(33 182 416)	180 396 480
Furniture and fixtures	17 098 342	4 833 631	(11 246)	-	(6 811 627)	15 109 100
Assets under construction	4 342 194	2 134 101	-	(4 342 194)	-	2 134 101
	255 753 032	**62 064 265**	**(79 087 709)**	**-**	**(39 994 043)**	**198 735 545**

Pledged as security

Details of plant and equipment subject to hire purchase loan agreements (refer to note 22) are as follows:

Cost	181 235 007	93 075 482
Accumulated depreciation	(76 353 031)	(24 726 102)
	104 881 976	**68 349 380**

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

12. INVESTMENTS IN SUBSIDIARIES

Name of company	% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
Basil Read Mauritius (Pty) Ltd	100.00 %	100.00 %	78 380 998	78 380 998
Basil Read Zambia Ltd	100.00 %	100.00 %	13	13
Basil Read International (Pty) Ltd	100.00 %	100.00 %	100	100
African Road Maintenance and Construction (Pty) Ltd	100.00 %	100.00 %	1	1
Codevco (Pty) Ltd	100.00 %	100.00 %	17 561 500	17 561 500
Basil Read Properties No. 2 (Pty) Ltd	100.00 %	100.00 %	683 400	683 400
Newport Construction (Pty) Ltd	70.00 %	70.00 %	1	1
Protea Parkway Concession (Pty) Ltd	100.00 %	100.00 %	100	100
Swaziland Construction Company (Pty) Ltd	100.00 %	100.00 %	2	2
Basil Read Homes (Pty) Ltd	100.00 %	100.00 %	2	2
Basil Read Mining (Pty) Ltd	100.00 %	100.00 %	3 720 353	3 720 353
Basil Read Mining Namibia (Pty) Ltd	100.00 %	100.00 %	-	-
Basil Read Mozambique Limitada	100.00 %	100.00 %	369 228	369 228
Spray Pave (Pty) Ltd	100.00 %	100.00 %	9 119 023	9 119 023
Basil Read Construction Ltd	100.00 %	100.00 %	14	14
Roadcrete Africa (Pty) Ltd	100.00 %	100.00 %	124 730 522	124 730 522
City Square Trading 949 (Pty) Ltd	100.00 %	100.00 %	100	100
Blue Wave Properties 183 (Pty) Ltd	100.00 %	100.00 %	100	100
Angloafrican Underwriting Managers (Pty) Ltd	- %	51.00 %	-	51
Sunset Bay Trading 282 (Pty) Ltd	100.00 %	100.00 %	14 000 000	14 000 000
Basil Read Construction Namibia (Pty) Ltd	100.00 %	100.00 %	100	100
Valente Brothers (Pty) Ltd - Group	100.00 %	100.00 %	25 649 481	25 649 481
Basil Read DRC SPRL	100.00 %	100.00 %	4 048	4 048
Sub-total			274 219 086	274 219 137
Impairment - Sunset Bay Trading 282 (Pty) Ltd			(14 000 000)	(14 000 000)
			260 219 086	**260 219 137**

The carrying amounts of subsidiaries are shown net of impairment losses.

Refer to note 31 for a full list of the company's investment in subsidiaries.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

13. JOINT ARRANGEMENTS

Joint ventures

The amounts recognised in the statement of financial position are as follows:

	2014	2013
Carrying value of investments in joint ventures	24 050 218	14 842 000
Loans to joint ventures	73 053 658	56 935 620
	97 103 876	71 777 620

Material joint ventures

Set out below are the incorporated joint ventures of the company as at 31 December 2014, which, in the opinion of of the directors, are material to the company. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the company. The country of incorporation or registration is also the principal place of business.

	Country of incorporation	Method	% Ownership interest	
			2014	2013
Savanna City Developments (Pty) Ltd	South Africa	Equity	50 %	50 %
Thunderstruck Investments 136 (Pty) Ltd	South Africa	Equity	50 %	50 %

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

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

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

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income

	Savanna City Developments (Pty) Ltd		Thunderstruck Investments 136 (Pty) Ltd		Total	
	2014	2013	2014	2013	2014	2013
Revenue	-	-	9 811 000	61 081 000	9 811 000	61 081 000
Costs	-	-	(19 161 000)	(7 447 000)	(19 161 000)	(7 447 000)
Interest income/(expense)	-	-	(15 820 000)	(16 078 000)	(15 820 000)	(16 078 000)
Profit/(loss) before tax	-	-	(25 170 000)	37 556 000	(25 170 000)	37 556 000
Tax expense	-	-	8 340 000	(10 499 000)	8 340 000	(10 499 000)
Profit (loss) from continuing operations	-	-	(16 830 000)	27 057 000	(16 830 000)	27 057 000
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	(16 830 000)	27 057 000	(16 830 000)	27 057 000
Dividends received from joint venture			-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

13. JOINT ARRANGEMENTS (continued)

Summarised Statement of Financial Position

	Savanna City Developments (Pty) Ltd		Thunderstruck Investments 136 (Pty) Ltd		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Non current	174 000	131 000	257 728 000	262 579 000	257 902 000	262 710 000
Current						
Cash and cash equivalents	837 000	129 000	2 786 000	2 515 000	3 623 000	2 644 000
Other current assets (excluding cash)	433 323 000	190 877 000	43 218 000	30 335 000	476 541 000	221 212 000
Total current assets	434 160 000	191 006 000	46 004 000	32 850 000	480 164 000	223 856 000
Liabilities						
Non current						
Financial liabilities	-	-	(130 410 000)	(173 649 000)	(130 410 000)	(173 649 000)
Other non current liabilities	-	-	-	(10 550 000)	-	(10 550 000)
Total non current liabilities	-	-	(130 410 000)	(184 199 000)	(130 410 000)	(184 199 000)
Current						
Financial liabilities (excluding trade payables)	(303 600 000)	(169 093 000)	(192 834 000)	(50 569 000)	(496 434 000)	(219 662 000)
Other current liabilities (including trade payables)	(130 733 000)	(22 043 000)	-	(30 978 000)	(130 733 000)	(53 021 000)
Total current liabilities	(434 333 000)	(191 136 000)	(192 834 000)	(81 547 000)	(627 167 000)	(272 683 000)
Total net assets	1 000	1 000	(19 512 000)	29 683 000	(19 511 000)	29 684 000

Reconciliation of net assets to equity accounted investments in joint ventures

Interest in joint venture at percentage ownership	500	500	(9 756 000)	14 841 500	(9 755 500)	14 842 000
Goodwill	-	-	-	-	-	-
Carrying value of investment in joint venture	500	500	(9 756 000)	14 841 500	(9 755 500)	14 842 000
Investment at beginning of period	500	500	14 841 500	1 313 000	14 842 000	1 313 500
Prior period profit adjustment	-	-	(16 182 500)	-	(16 182 500)	-
Share of profit	-	-	(8 415 000)	13 528 500	(8 415 000)	13 528 500
Investment at end of period	500	500	(9 756 000)	14 841 500	(9 755 500)	14 842 000

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the company and the joint venture.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

13. JOINT ARRANGEMENTS (continued)

Loans to joint ventures

	2014	2013
Savanna City Developments (Pty) Ltd	42 496 658	26 435 620
Thunderstruck Investments 136 (Pty) Ltd	30 557 000	30 500 000
	73 053 658	**56 935 620**

Principal joint operations

The company had the following joint operations at 31 December 2014:

Joint operation	Country of incorporation	Nature of business	% Ownership interest	
			By group	By external parties
Basil Read Lutamo joint venture	South Africa	Construction	70 %	30 %
Basil Read Qinisa joint venture	South Africa	Construction	50 %	50 %
Basil Read Sivukile joint venture	South Africa	Construction	70 %	30 %
BRCD joint venture	South Africa	Construction	80 %	20 %
BRDC N17 joint venture	South Africa	Construction	80 %	20 %
BRGDT joint venture	South Africa	Construction	55 %	45 %
DCT joint venture	South Africa	Construction	70 %	30 %
GSC joint venture	South Africa	Construction	60 %	40 %
Kopano joint venture	South Africa	Construction	50 %	50 %
Kusile Civil Works joint venture	South Africa	Construction	25 %	75 %
Kusile Silos joint venture	South Africa	Construction	28 %	72 %
Mbombela Stadium joint venture	South Africa	Construction	40 %	60 %
SSBR Kusile joint venture	South Africa	Construction	50 %	50 %

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

13. JOINT ARRANGEMENTS (continued)

The company's aggregate share of joint operations:

Summarised Statement of Comprehensive Income

	2014	2013
Revenue	700 569 924	530 790 000
Costs	(737 656 670)	(558 054 000)
Interest income/(expense)	3 736 545	2 159 000
Profit/(loss) before tax	(33 350 201)	(25 105 000)
Tax expense	-	-
Profit (loss) from continuing operations	(33 350 201)	(25 105 000)
Other comprehensive income	-	-
Total comprehensive income	(33 350 201)	(25 105 000)

Summarised Statement of Financial Position

	2014	2013
Assets		
Non current	360 510 374	352 748 000
Current		
Other current assets (including cash)	156 143 403	81 881 000
Total current assets	156 143 403	81 881 000
Liabilities		
Current		
Other current liabilities (including trade payables)	(269 345 965)	(161 265 000)
Total current liabilities	(269 345 965)	(161 265 000)
Total net assets	247 307 812	273 364 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

14. INVESTMENTS IN ASSOCIATES

The amounts recognised in the balance sheet are as follows:

Carrying value of investments in associates	250	(746 400)
Loans to associates	-	9 077 460
	250	8 331 060

Material associates

Set out below are the associates of the company as at 31 December 2014, which, in the opinion of of the directors, are material to the company. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the company. The country of incorporation or registration is also the principal place of business.

	Country of incorporation	Method	% Ownership interest	
			2014	2013
BR-Tsima Construction (Pty) Ltd	South Africa	Equity	- %	20 %

BR-Tsima Construction (Pty) Ltd's primary business is the construction of roads, buildings and civil engineering structures. The company is a strategic black empowerment partnership for the company. The company disposed of its entire interest on 1 November 2014.

BR-Tsima Construction (Pty) Ltd is a private companies and there are no quoted market prices available for its shares.

Summarised financial information of material associates

Summarised Statement of Comprehensive Income	BR-Tsima Construction (Pty) Ltd	
	2014	2013
Revenue	83 082 000	65 325 000
Costs	(82 837 000)	(68 104 000)
Net interest income/(expense)	-	42 000
Profit before tax	245 000	(2 737 000)
Tax expense	-	750 000
Loss from continuing operations	245 000	(1 987 000)
Total comprehensive income	245 000	(1 987 000)
Dividends received from associate	-	-

Figures in Rand	2014	2013

14. INVESTMENTS IN ASSOCIATES (continued)

Summarised Statement of Financial Position	BR-Tsima Construction (Pty) Ltd	
	2014	2013
Assets		
Non-current		
Other non-current assets	-	1 349 000
Current		
Cash and cash equivalents	-	1 456 000
Other current assets (excluding cash)	-	11 416 000
Total assets	-	14 221 000
Liabilities		
Non-current	-	-
Financial liabilities	-	(1 125 000)
Current		
Financial liabilities (excluding trade payables)	-	(6 823 000)
Other current liabilities (including tarde payables)	-	(10 005 000)
Total current liabilities	-	(16 828 000)
Total liabilities	-	(17 953 000)
Total net liabilities	-	(3 732 000)

Reconciliation of net assets to equity accounted investments in associates	2014	2013
Interest in associates at percentage ownership	-	(746 400)
Goodwill	-	-
Carrying value of investment in associate	-	(746 400)
Investment at beginning of period	(746 400)	(349 000)
Disposals	696 939	-
Share of profit/(loss)	49 461	(397 400)
Share of Other comprehensive income	-	-
Investment at end of period	-	(746 400)

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the company and the associate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

14. INVESTMENTS IN ASSOCIATES (continued)

Set out below are the associates of the company as at 31 December 2014, which, in the opinion of of the directors, are immaterial to the company. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the company. The country of incorporation or registration is also the principal place of business.

	Country of incorporation	Primary business	Method	% Ownership interest	
				2014	2013
N17 Toll Operators (Pty) Ltd	South Africa	Toll concessions	Equity	25 %	25 %

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

15. DEFERRED TAX

Deferred tax asset

	2014	2013
Accelerated capital allowances for tax purposes	(11 942 300)	(10 102 537)
Provisions and accruals	215 836 978	105 067 695
Assessed losses & other	9 194 210	2 015 877
	213 088 888	**96 981 035**

Reconciliation of deferred tax asset

	2014	2013
At beginning of the year	96 981 035	106 365 475
Income statement charge	116 107 853	(9 384 440)
	213 088 888	**96 981 035**

Deferred tax asset/(liability)

	2014	2013
Deferred tax asset/(liability) to be recovered/(realised) after 12 months	(2 377 906)	(10 102 537)
Deferred tax asset/(liability) to be recovered/(realised) within 12 months	215 466 794	107 083 571
	213 088 888	**96 981 034**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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16. LOANS TO/(FROM) GROUP COMPANIES

Group companies

Abrina 6830 (Section 21)	3 687	3 687
African Road Maintenance and Construction (Pty) Ltd	19 385 524	20 899 358
Angloafrican Underwriting Managers (Pty) Ltd	5 750 114	5 750 114
Basil Read Construction Ltd (UK)	1 441 734	1 441 734
Basil Read Construction Namibia (Pty) Ltd	39 551 411	43 194 067
Basil Read Construction Tanzania Ltd	48 415	48 415
Basil Read Employee Share Trust	597 021	539 823
Basil Read Energy (Pty) Ltd	70 704 077	64 966 764
Basil Read Genesis - joint venture	17 319 541	17 319 541
Basil Read Genesis - joint venture	(5 000 000)	-
Basil Read International (Pty) Ltd	669 237	669 237
Basil Read Matomo (Pty) Ltd	47 500 000	(9 968 542)
Basil Read Mining (Pty) Ltd	97 000 012	97 000 012
Basil Read Mining SA (Pty) Ltd	-	5 297 287
Basil Read Mining Namibia (Pty) Ltd	38 188 542	38 188 542
Basil Read Newport joint venture	38 333 896	-
Basil Read Nigeria Ltd	782 736	782 736
Basil Read Tsima Construction (Pty) Ltd	-	116 826
Basil Read Uganda (Pty) Ltd	1 797 556	1 797 181
Basil Read Zambia Ltd	6 443 244	881 452
Blue Wave Properties 183 (Pty) Ltd	990 058	990 058
BRDC N17 joint venture	100 000	-
BRGDT Joint Venture	-	1 632 819
City Square Trading 949 (Pty) Ltd	174 639 951	191 118 233
Newport Construction (Pty) Ltd - Interest bearing loan	-	34 133 835
P. Gerolemou Construction (Pty) Ltd	-	1 100 322
Roadcrete Africa (Pty) Ltd	32 100 000	-
Sladden International (Botswana) (Pty) Ltd	42 164 289	34 741 043
Spray Pave (Pty) Ltd	28 707 701	19 500 000
SSBR - Joint Venture	-	23 755 779
Sunset Bay Trading 282 (Pty) Ltd	253 800 623	241 977 357
TWP Investments (Pty) Ltd	566 950	297 276
Basil Read Construction Sierre Leone	(21 579 236)	(4 651 733)
Basil Read Engineering (Pty) Ltd	(6 569 743)	(6 601 201)
Basil Read Properties No. 2 (Pty) Ltd	(1 746 530)	(1 759 130)
Basil Read Mauritius (Pty) Ltd	(87 339 272)	9 237 775
Basil Read Mozambique Limitada	(12 439 278)	25 520 168
Basil Read St Helena Ltd - interest bearing	(46 023 291)	219 573
Basil Read Tsima Construction (Pty) Ltd	-	(762 907)
BRT N1 Joint Venture	(86 656)	(234 456)
Codevco (Pty) Ltd	(79 540 000)	(16 690 000)
Mvela Phanda Construction (Pty) Ltd	(115 645 640)	(52 433 908)
Newport Construction (Pty) Ltd	(303 198)	(375 000)
Sub-total	**542 313 475**	**789 644 137**
Impairment - Sladden International (Botswana) (Pty) Ltd	(30 500 000)	(30 500 000)
Impairment - Basil Read Genesis - Joint Venture	(17 319 541)	(17 319 541)
Impairment - Sunset Bay Trading 282 (Pty) Ltd	(50 189 751)	(41 977 357)
Impairment - Angloafrican Underwriting Managers (Pty) Ltd	(5 750 114)	(5 750 114)
Impairment - Basil Read Mining Namibia (Pty) Ltd	(38 188 542)	(38 188 542)
Impairment - Basil Read Construction Ltd (UK)	(1 441 734)	(1 441 734)
Impairment - Basil Read Construction Tanzania Ltd	(48 415)	(48 415)
Impairment - Basil Read International (Pty) Ltd	(669 237)	(669 237)
Impairment - Basil Read Nigeria Ltd	(782 736)	(782 736)
Impairment - Basil Read Uganda (Pty) Ltd	(1 797 181)	(1 797 181)
Impairment - Blue Wave Properties 183 (Pty) Ltd	(990 058)	(990 058)
	394 636 166	**650 179 222**

Figures in Rand	2014	2013

16. LOANS TO/(FROM) GROUP COMPANIES (continued)

Newport Construction (Pty) Ltd - Interest bearing loan

The loan from Newport Construction (Pty) Ltd is unsecured, bears interest at the prime overdraft rate plus 2% and has no fixed terms of repayment. The loan was granted on 30 December 2010.

Basil Read Mauritius (Pty) Ltd

The loan is unsecured, bears interest at 9% and has no fixed repayment terms.

City Square Trading 949 (Pty) Ltd

The loan is unsecured, bears interest at the prime interest rate, less 26 basis points and has no fixed repayment terms.

Other loans

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

Holding company

Basil Read Holdings Ltd	(839 166 077)	(880 125 769)

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

Disclosure in statement of financial position:

Current assets	775 909 010	743 656 096
Current liabilities	(1 220 438 921)	(973 602 647)
	(444 529 911)	**(229 946 551)**

17. INVENTORIES

Finished goods	1 341 338	745 406
Consumables at cost	3 756 216	3 991 234
	5 097 554	**4 736 640**

No inventory was carried at net realisable value.

18. RECEIVABLES AND PREPAYMENTS

Prepayments and deposits	13 514 964	5 905 457
VAT	4 117 252	117 678
Other receivables	8 630 420	4 457 514
	26 262 636	**10 480 649**

Figures in Rand	2014	2013

19. CONTRACT AND TRADE DEBTORS

	2014	2013
Contract and trade debtors	1 156 035 771	1 032 448 581
Work in progress	229 099 084	17 222 200
Retention debtors	21 748 258	27 079 050
Impairments	(71 909 606)	(71 863 918)
	1 334 973 507	**1 004 885 913**

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

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

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

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

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

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

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

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

	Value R	% of contract and trade debtors	% of total revenue
At 31 December 2014	181 569 771	15.7 %	5.3 %
At 31 December 2013	344 016 608	33.3 %	8.8 %

Figures in Rand	2014	2013

19. CONTRACT AND TRADE DEBTORS (continued)

Reconciliation of provision for impairment of trade and other receivables

	2014	2013
Opening balance	71 863 918	70 994 919
Provision for impairment	45 688	868 999
Unused amounts reversed	-	-
	71 909 606	**71 863 918**

The age analysis of contract and trade debtors is :

31 December 2014	Fully performing	Past due	Impaired	Total
Contract and trade debtors				
Government	140 441 065	39 292 555	-	179 733 620
Listed companies	9 195 574	223 395	-	9 418 969
Unlisted companies	7 491 791	5 388 284	71 909 606	84 789 681
Multinational mining companies	-	6 840	-	6 840
Intergroup	350 244 955	531 821 425	-	882 066 380
Individuals	20 281	-	-	20 281
	507 393 666	**576 732 499**	**71 909 606**	**1 156 035 771**

The age analysis for contract and trade debtors balances that are considered past due is:

	0 – 3 months	3 – 6 months	6 – 12 months	Total
Past due balances	-	576 732 499	-	576 732 499

No security is held against these balances.

	Fully performing	Past due	Impaired	Total
Retention debtors				
Government	21 461 409	-	-	21 461 409
Listed companies	286 850	-	-	286 850
	21 748 259	**-**	**-**	**21 748 259**

31 December 2013	Fully performing	Past due	Impaired	Total
Contract and trade debtors				
Government	412 401 221	971 803	-	413 373 024
Listed companies	19 182 079	900 880	-	20 082 959
Unlisted companies	27 417 308	3 355 529	3 565 100	34 337 937
Intergroup	436 638 180	54 538 332	68 298 818	559 475 330
Individuals	5 179 331	-	-	5 179 331
	900 818 119	**59 766 544**	**71 863 918**	**1 032 448 581**

The age analysis for contract and trade debtors balances that are considered past due is:

	0 – 3 months	3 – 6 months	7 – 12 months	Total
Past due balances	13 788 783	8 307 918	37 669 843	59 766 544

No security is held against these balances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

19. CONTRACT AND TRADE DEBTORS (continued)

	Fully performing	Past due	Impaired	Total
Retention debtors				
Government	20 734 206	1 500 000	-	22 234 206
Unlisted companies	4 844 844	-	-	4 844 844
	25 579 050	**1 500 000**	**-**	**27 079 050**

	0 – 3 months	3 – 6 months	6 – 12 months	Total
Past due balances	-	-	1 500 000	1 500 000

The carrying amounts of the company's contract, trade and retention debtors are denominated in South African Rand.

The creation and release of provision for impaired contract debtors and trade receivables have been included in "Contracting and other costs" in the statement of comprehensive income. 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.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2014	2013
Bank balances	385 304 240	279 599 735
Cash on hand	2 053 456	1 142 680
Bank overdraft	(50 723 419)	-
	336 634 277	**280 742 415**
Current assets	387 357 696	280 742 415
Current liabilities	(50 723 419)	-
	336 634 277	**280 742 415**

There is no restrictions on cash and cash equivalents.

21. STATED CAPITAL

	2014	2013
Authorised		
6 000 Ordinary shares of R2 each	12 000	12 000
Issued		
100 Ordinary shares of R2 each	200	200

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

22. FINANCE LEASE OBLIGATION

Present value of minimum lease payments due		
- due within one year	22 763 435	27 656 440
- due between one and two years	29 149 480	30 010 996
- therafter	2 520 660	-
	54 433 575	**57 667 436**
Non-current liabilities	31 670 140	30 010 996
Current liabilities	22 763 435	27 656 440
	54 433 575	**57 667 436**

The instalment sale agreements for plant and equipment bear interest at the prime overdraft rate and prime less 2% per annum and are repayable in monthly instalments of between R2 857 and R122 856 over a period of between one and four years.

The agreements are secured by plant and equipment with a book value of R104 881 976 (2013: R68 349 380). Refer to note 11 for further details.

23. INTEREST BEARING BORROWINGS

Domestic medium-term note programme	227 008 421	125 300 699
Trans-Caledon-Tunnel-Authority (TCTA)	-	17 918 943
Total amount outstanding	-	143 219 642
Less: Current portion transferred to current liabilities	(127 008 421)	(18 219 642)
Total non-current other borrowings	**100 000 000**	**125 000 000**

Domestic medium-term note programme

As at 31 December 2014

On 17 December 2013, the company raised R125 million under this programme. The listed note, BSR11U, was settled on 20 December 2013 and bears interest at three-month ZAR-JIBAR-SAFEX rate plus 2.10%. Interest is payable quarterly and the capital sum is payable on 20 June 2015. The interest rate applicable at year-end was 8.183%.

On 23 July 2015, the company raised R60 million under this programme. The listed note, BSR12, was settled on 25 July 2014 and bears interest at three-month ZAR-JIBAR-SAFEX rate plus 2.65%. Interest is payable quarterly and the capital sum is payable on 25 January 2016. The interest rate applicable at year-end was 8.725%.

On 23 July 2015, the company raised R40 million under this programme. The listed note, BSR13, was settled on 25 July 2014 and bears interest at three-month ZAR-JIBAR-SAFEX rate plus 2.90%. Interest is payable quarterly and the capital sum is payable on 25 July 2016. The interest rate applicable at year-end was 8.975%.

Figures in Rand	2014	2013

23. INTEREST BEARING BORROWINGS (continued)

As at 31 December 2013

On 28 June 2011, the company raised R150 million under this programme. The note, BSR05, was listed on The Bond Exchange of South Africa on 30 June 2011 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.47%. Interest was payable quarterly. This bond was fully redeemed on 1 July 2013.

On 18 June 2012, the company raised R125 million under this programme. The note, BSR09, was listed on The Bond Exchange of South Africa on 20 June 2012 and bore interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.00%. Interest was payable quarterly. The bond was fully redeemed on 20 December 2013.

On 4 December 2012, the company raised R100 million under this programme. The note, BSR10, was listed on The Bond Exchange of South Africa on 7 December 2012 and bore interest at the 6-month ZAR-JIBAR-SAFEX rate plus 0.45%. Interest was payable on maturity. The bond was fully redeemed on 7 June 2013.

On 17 December 2013, the company raised R125 million under this programme. The unlisted note, BSR11U, was settled on 20 December 2013 and bears interest at the 3-month ZAR-JIBAR-SAFEX rate plus 2.10%. Interest is payable quarterly and the capital sum is payable on 20 June 2015. The interest rate applicable at year-end was 7.317%.

TCTA

The loan bears interest at Basil Read Ltd's call account rates from Nedbank Ltd, currently 4.75%. The loan will be repaid as pipes is delivered to site by deducting 58% of the value of the steel pipes supplied and delivered in a given month from the contractors payment certificate.

Basil Read Ltd may, at its discretion, may elect to repay a greater amount monthly, provided that the loan is fully repaid by the time the last pipes are delivered on site.

The loan was repaid in full during 2014.

24. TRADE AND OTHER PAYABLES

	2014	2013
Trade payables	922 178 435	779 682 626
Amounts received in advance	620 823 421	311 653 573
VAT	35 535 928	39 316 776
Other payables	56 327 380	77 472 288
Leave pay accrual	9 490 678	10 247 061
	1 644 355 842	**1 218 372 324**

Figures in Rand	2014	2013

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Reconciliation of provisions for other liabilities and charges - At 31 December 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Contract provisions	61 672 134	154 716 590	(1 803 556)	(19 123 097)	195 462 071
Employee provisions	47 639 228	14 697 060	(74 696 979)	12 494 265	133 574
	109 311 362	**169 413 650**	**(76 500 535)**	**(6 628 832)**	**195 595 645**

Reconciliation of provisions for other liabilities and charges - At 31 December 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Contract provisions	97 070 439	55 302 399	(92 250 400)	1 549 696	61 672 134
Employee provisions	10 442 698	107 280 850	(42 395 071)	(27 689 249)	47 639 228
	107 513 137	**162 583 249**	**(134 645 471)**	**(26 139 553)**	**109 311 362**

Contract provisions consist mainly of provision for losses to end-of-site and provision for end-of-site maintenance period.

Employee provisions consist mainly of employee incentives.

26. CASH USED IN OPERATIONS

	2014	2013
Loss before taxation	(365 833 741)	(34 262 957)
Adjustments for:		
Depreciation and amortisation	42 435 111	39 994 043
Loss/(Profit) on sale of assets	(2 751 660)	918 176
(Income)/loss from equity accounted investments	(9 257 904)	(13 130 981)
Dividends received	(20 000 000)	(26 714 049)
Finance income	(24 516 685)	(50 355 912)
Finance costs	21 954 211	31 513 010
Impairment of investments	-	61 706 718
Movements in provisions	86 284 283	1 798 225
Movement in foreign currency translation reserve	-	(931 331)
Changes in working capital:		
Inventories	(360 914)	(3 391 848)
Contract and trade debtors	(330 087 594)	(602 011 369)
Receivables and prepayments	(15 781 987)	5 557 540
Trade and other payables	425 983 518	313 827 974
	(191 933 362)	**(275 482 761)**

27. TAX REFUNDED

	2014	2013
Balance at beginning of the year	3 882 647	3 827 728
Current tax for the year recognised in profit or loss	-	-
Balance at end of the year	1 159 783	(3 882 647)
	5 042 430	**(54 919)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

28. GUARANTEES AND CONTINGENT LIABILITIES

The company has the following guarantees and suretyships outstanding at the year end:

Payment guarantees	122 577 886	82 748 400
Performance and construction guarantees	1 210 480 558	1 335 014 495
Bond retention guarantees	240 789 936	300 199 519
Bid and other bonds	37 628 182	91 846 428
	1 611 476 562	**1 809 808 842**

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

29. CAPITAL AND OPERATING LEASE COMMITMENTS

Operating lease commitments contracted for at the reporting date :		
Due within the next 12 months	48 884 854	20 945 456
Due between 1 and 2 years	97 769 708	33 575 820
Thereafter	317 751 551	404 557 563
	464 406 113	**459 078 839**

The operating leases for office space is payable in monthly instalments of R2 943 769. The longest lease expires in 2024.

30. EMPLOYEE BENEFITS

30.1 Staff costs

Salaries and wages	816 298 109	568 324 329
Pension costs - defined contribution plans	66 550 427	65 360 000
Social security costs	48 779 461	35 894 000
Termination benefits	37 951 000	-
	969 578 997	**669 578 329**

30.2 Defined contribution and defined benefit plan

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

The Basil Read Group Pension Fund was actuarially valued on 30 September 2007 and subsequently rolled forward to 31 December 2012 and 2013. The surplus apportionment, as required by the Pension Funds Second Amendment Act 2001, was approved by the Financial Services Board during January 2007.

The pensioners of the fund were outsourced on a GN18 basis in 2013. The outsource removed all risk from the fund in respect of the pensioners as it extinguished the fund liability.

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

Present value of funded obligations	(24 947 000)	(26 808 000)
Fair value of plan assets	34 036 000	33 968 000
Surplus	**9 089 000**	**7 160 000**

Figures in Rand	2014	2013

30. EMPLOYEE BENEFITS (continued)

The principal actuarial assumptions used for valuation purposes were:

Discount rate	6.70 %	5.80 %
Expected return on assets	6.70 %	5.00 %
Future salary increases	- %	- %
Future pension increases	- %	- %

The company has not recognised any portion of the pension fund surplus in its statement of financial position due the limitations of paragraph 58(b) of IAS19. The directors do not expect a significant portion of this surplus to be allocated to the company once the final apportionment has been approved by the trustees of the fund.

Reconciliation of present value of funded obligations		
Balance at the beginning of the year	26 808 000	25 546 000
Interest cost	1 387 000	1 276 000
Actuarial (gain)/loss	(3 022 000)	35 000
Benefits paid	(226 000)	(49 000)
Service cost	294 000	350 000
Risk premiums	-	-
Expenses	(294 000)	(350 000)
Balance at the end of the year	**24 947 000**	**26 808 000**

Reconciliation of fair value of plan assets		
Balance at the beginning of the year	33 968 000	32 405 000
Expected return on assets	1 794 000	1 610 000
Contributions	-	-
Risk premiums	-	-
Benefits paid	(226 000)	(49 000)
Actuarial (gain)/loss	(1 206 000)	352 000
Expenses	(294 000)	(350 000)
Balance at the end of the year	**34 036 000**	**33 968 000**

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

Cash	70.3 %	74.1 %
Bonds	29.7 %	25.9 %
Total	**100.0 %**	**100.0 %**

Five-year analysis	Present value of funded obligations	Fair value of plan assets
As at 31 December 2010	46 772 000	46 772 000
As at 31 December 2011	59 188 000	59 188 000
As at 31 December 2012	25 546 000	25 546 000
As at 31 December 2013	26 808 000	33 968 000
As at 31 December 2014	24 947 000	34 036 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

30. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

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

The liability has been recalculated to show the effect of:

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

	Main result	+1%	-1%
Discount rate	(26 808 000)	(26 754 000)	(26 871 000)
Inflation rate	(26 808 000)	(26 855 000)	(26 766 000)
Sensitivity		(0.2)%	(0.2)%

30.3 Company contribution

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

30.4 Medical Aid

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

30.5 Share incentive scheme

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

First grant

In terms of the first issue of share options, the 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 holding company issues these shares at the vesting dates indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R37 842 (2013: R79 840) based on the holding company's year end share price.

The movement in the rights to acquire Basil Read shares in terms of the first grant is:		
Rights outstanding at the beginning of the year	9 135	9 135
Rights exercised during the year	-	-
Lapsed during the year due to resignations	-	-
Rights outstanding at the end of the year	**9 135**	**9 135**

The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
September 2005	8 040	8 040
September 2006	-	-
September 2007	1 095	1 095
	9 135	**9 135**

Figures in Rand	2014	2013

30. EMPLOYEE BENEFITS (continued)

Third grant

In terms of the third issue of share options, the 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 holding company issues these shares at the vesting dates indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R5 101 425 (2013: R16 108 913) based on the holding company's year end share price.

	2014	2013
The movement in the rights to acquire Basil Read shares in terms of the third grant is:		
Rights outstanding at the beginning of the year	1 843 125	1 843 125
Rights exercised during the year	-	-
Lapsed during the year due to resignations	(628 125)	-
Rights outstanding at the end of the year	**1 215 000**	**1 843 125**
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
November 2008 (50%)	596 000	910 625
November 2009 (25%)	305 000	461 875
November 2010 (25%)	314 000	470 625
	1 215 000	**1 843 125**

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 the year were:	
- exercise price (R)	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 (%)	9.8%
- weighted average fair value of an option (R)	21.52

Figures in Rand	2014	2013

30. EMPLOYEE BENEFITS (continued)

Fourth grant

In terms of the fourth issue of share options, the 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 holding company issues these shares at the vesting dates indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R4 158 210 (2013: R13 885 675) based on the holding company's year end share price.

	2014	2013
The movement in the rights to acquire Basil Read shares in terms of the fourth grant is:		
Rights outstanding at the beginning of the year	1 588 750	1 588 750
Lapsed during the year due to resignations	(598 750)	-
Rights outstanding at the end of the year	**990 000**	**1 588 750**

	2014	2013
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
April 2010 (50%)	494 000	793 450
April 2011 (25%)	247 000	396 725
November 2010 (25%)	249 000	398 575
	990 000	**1 588 750**

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:	
- exercise price (R)	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 (R)	2.11

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. SCHEDULE OF GROUP COMPANIES

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

	Currency	Issued ordinary share capital	Proportion held 2014 %	2013 %
Subsidiaries				
Abrina 6830 (section 21)	ZAR	-	100.0	100.0
African Road Maintenance and Construction (Pty) Ltd	ZAR	1	100.0	100.0
Angloafrican Underwriting Managers (Pty) Ltd	ZAR	100	51.0	51.0
B&E Africa (Pty) Ltd	ZAR	200	100.0	100.0
B&E Botswana (Pty) Ltd	BWP	200	100.0	100.0
B&E Lesotho (Pty) Ltd	ZAR	200	100.0	100.0
Basil Read Construction Limited (incorporated in the United Kingdom)	GBP	1	100.0	100.0
Basil Read Construction Middle East LLC	SLL	-	100.0	100.0
Basil Read Construction Namibia (Pty) Ltd	NAD	100	100.0	100.0
Basil Read Costruction Sierre Leone Ltd	SLL	100 000 000	100.0	100.0
Basil Read Contracting (Pty) Ltd	ZAR	20 000	100.0	100.0
Basil Read Mining SA (Pty) Ltd	ZAR	100	100.0	100.0
Basil Read Nigeria Ltd	NGN	2 000 000	100.0	100.0
Basil Read Tanzania (Pty) Ltd	TZS	2 000 000	100.0	100.0
Basil Read Uganda (Pty) Ltd	UGX	100	100.0	100.0
Siyavuya Mining (Pty) Ltd	ZAR	100	49.0	49.0
Sladden International (Botswana) (Pty) Ltd	BWP	500 000	100.0	100.0
Basil Read Mining Botswana (Pty) Ltd (incorporated in Botswana)	BWP	2	100.0	100.0
Basil Read Homes (Pty) Ltd	ZAR	2	100.0	100.0
Basil Read International (Pty) Ltd	ZAR	100	100.0	100.0
Basil Read Mining (Pty) Ltd	ZAR	100	100.0	100.0
Basil Read Mining Namibia (Pty) Ltd (incorporated in Namibia)	NAD	10	100.0	100.0
Basil Read Properties No. 2 (Pty) Ltd	ZAR	389 000	100.0	100.0
Basil Read Zambia Ltd (incorporated in Zambia)	K	5 000	100.0	100.0
Blue Wave Properties 183 (Pty) Ltd	ZAR	100	100.0	100.0
Blasting & Excavating (Pty) Ltd	ZAR	100	100.0	100.0
Basil Read Mozambique Limitada (incorporated in Mozambique)	MT	1 500 000	100.0	100.0
Basil Read Mauritius (Pty) Ltd (incorporated in Mauritius)	USD	100	100.0	100.0
Basil Read Properties No. 3 (Pty) Ltd	ZAR	100	100.0	100.0
City Square Trading 949 (Pty) Ltd	ZAR	100	100.0	100.0
Codevco (Pty) Ltd	ZAR	1	100.0	100.0
Contract Plumbing and Sanitation (Pty) Ltd	ZAR	100	100.0	100.0
Mvela Phanda Construction (Pty) Ltd	ZAR	10 000	100.0	100.0
P. Gerolemou Construction (Pty) Ltd	ZAR	200	100.0	100.0
Newport Construction (Pty) Ltd	ZAR	100	70.0	70.0
Richtrau No. 111 (Pty) Ltd	ZAR	100	100.0	100.0
Roadcrete Africa (Pty) Ltd	ZAR	4 900	100.0	100.0
Conform Civils (Pty) Ltd	ZAR	100	100.0	100.0
Protea Parkway Concession (Pty) Ltd	ZAR	100	100.0	100.0
Roadcrete Mkhatjwa (Pty) Ltd	ZAR	1 000	100.0	100.0
Spray Pave (Pty) Ltd	ZAR	200	100.0	100.0
Basil Read Energy (Pty) Ltd	ZAR	100	100	100
Tubo Jacked Pipelines (Pty) Ltd	ZAR	300	74.0	74.0
Sunset Bay Trading 282 (Pty) Ltd	ZAR	1 000	100.0	100.0
Valente Brothers (Pty) Ltd	ZAR	200	100.0	100.0
Phambili Pipelines (Pty) Ltd	ZAR	730	100.0	100.0

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	Currency	Issued ordinary share capital	Proportion held 2014 %	2013 %
Joint controlled operations				
Basil Read Bothakga Burrow joint venture	ZAR	-	70.0	70.0
Basil Read Genesis joint venture	ZAR	R	80.0	80.0
CBR joint venture	ZAR	-	50.0	50.0
DCT joint venture	ZAR	-	70.0	70.0
Germiston Hospital Contractors joint venture	ZAR	-	70.0	70.0
MPC/NHC joint venture	ZAR	-	70.0	70.0
MPC/SSB joint venture	ZAR	-	66.0	66.0
PGNT joint venture	ZAR	-	60.0	60.0
Realeka/MPC joint venture	ZAR	-	50.0	50.0
Runway Contractors joint venture	ZAR	-	70.0	70.0
SSBR Kusile joint venture	ZAR	-	50.0	50.0
Trekkopje joint venture	ZAR	-	33.3	33.3
Basil Read Phambili Pipelines joint venture	ZAR	-	100.0	100.0
Basil Read Lutamo joint venture	ZAR	-	70.0	70.0
Basil Read Newport joint venture	ZAR	-	50.0	50.0
Basil Read Quinisa joint venture	ZAR	-	50.0	50.0
Basil Read Sivukile joint venture	ZAR	-	70.0	70.0
BRCD joint venture	ZAR	-	60.0	60.0
BRGDT joint venture	ZAR	-	55.0	55.0
SSBR Kusile joint venture	ZAR	-	50.0	50.0
GSC joint venture	ZAR	-	60.0	60.0
Kusile Civil Works joint venture	ZAR	-	25.0	25.0
Mbombela Stadium joint venture	ZAR	-	40.0	40.0
Roadcrete Africa joint venture	ZAR	-	40.0	40.0
BRDC N17 joint venture	ZAR	-	80.0	80.0
Kusile Silos joint venture	ZAR	-	28.0	28.0
Associates				
Mmila Projects (Pty) Ltd	ZAR	100	49.0	49.0
Binga Constuçoes Mozambique Limitada (incorporated in Mozambique)	MT	30 000 000	49.0	49.0
N17 Toll Operators (Pty) Ltd	ZAR	1 000	25.0	25.0
Majwe Mining Joint Venture (Pty) Ltd	BWP	100	28.0	28.0
Metrowind (Pty) Ltd	ZAR	100	28.0	28.0
Protea Parkway Concession (Pty) Ltd	ZAR	100	25.0	25.0
BR Tsima Construction (Pty) Ltd	ZAR	100	-	20.0
Joint controlled entities				
Savanna City Developments (Pty) Ltd	ZAR	100	50.0	50.0
Thunderstruck Investments 136 (Pty) Ltd	ZAR	100	50.0	50.0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

32. RELATED PARTIES

Related party balances

Amounts included in contract and trade receivables regarding related parties	2014	2013
Basil Read Holdings Ltd	66 068 698	-
BRGDT joint venture	114 025	410 478
BR-Tsima Construction (Pty) Ltd	12 157 221	-
Basil Read Construction Namibia (Pty) Ltd	37 195 714	47 745 004
Hytronix (Pty) Ltd	173 579	-
Basil Read DRC SPRL	498 727	498 727
Basil Read Energy (Pty) Ltd	169 636	57 199
Basil Read Building Division	-	14 395 787
Basil Read Mauritius (Pty) Ltd	17 407 963	1 063 170
Basil Read Mining (Pty) Ltd	39 501	-
Basil Read Mining Botswana (Pty) Ltd	40 158	19 817
Basil Read Mining Namibia (Pty) Ltd	136 038	-
Basil Read Mining SA (Pty) Ltd	38 468 551	3 852 584
Basil Read Mozambique Limitada	25 810 465	35 401 200
Basil Read Mozambique Plant	19 482 244	4 550 833
Basil Read St Helena (Pty) Ltd	173 206 812	58 333 049
Basil Read Matomo (Pty) Ltd	6 919 943	926 849
Blasting & Excavating (Pty) Ltd	11 006 463	10 669 026
City Square Trading 949 (Pty) Ltd	564 794	69 680
Codevco (Pty) Ltd	11 040 836	813 097
Basil Read Zambia Ltd	21 909 844	-
Kusile Civil Works JV	6 951 821	7 806 091
Kusile Silos JV	-	581 094
LYT Architecture (Pty) Ltd	378 732	316 676
Basil Read Genesis joint venture	280 863	-
Mvela Phanda Construction (Pty) Ltd	97 269 277	61 234 910
Newport Construction (Pty) Ltd	15 560 456	4 560 000
P. Gerolemou Construction (Pty) Ltd	-	5 119
Phambili Pipelines (Pty) Ltd	74 160	-
Roadcrete Africa (Pty) Ltd	94 458 665	-
SSBR Kusile joint venture	23 756 325	-
Sladden International (Botswana) (Pty) Ltd	139 616 077	107 018 888
Spray Pave (Pty) Ltd	26 030 530	10 538 413
Sunset Bay Trading 282 (Pty) Ltd	19 961 262	19 961 262
Basil Read Construction Ltd (UK)	40 000	-
African Road Maintenance and Construction (Pty) Ltd	159 053	-
Basil Read Properties No. 3 (Pty) Ltd	57 000	-
Tubo Jacked Pipelines (Pty) Ltd	394 780	394 780
Valente Brothers (Pty) Ltd	14 666 167	168 251 597
	882 066 380	**559 475 330**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

32. RELATED PARTIES (continued)

Amounts included in trade payables regarding related parties		
Basil Read Construction Sierre Leone	(7 138 938)	(7 138 938)
Basil Read Mining Namibia (Pty) Ltd	(6 432)	(37 958 022)
Basil Read Mining SA (Pty) Ltd	(564 434)	(182 907)
Basil Read Mining (Pty) Ltd	(45 600)	(125 806)
Basil Read St Helena Ltd GBP	-	(22 078 441)
Blasting & Excavating (Pty) Ltd	(57 389)	(18 068 414)
BR-Tsima Construction (Pty) Ltd	(70 794)	-
Basil Read DRC SPRL	-	498 727
Basil Read Plant and Construction Mozambique Limitada	(18 705 342)	-
Sladden International (Botswana) (Pty) Ltd	(782 297)	-
Basil Read Motomo (Pty) Ltd	(4 453 965)	(2 000)
LYT Architecture (Pty) Ltd	(134 917)	(199 500)
Newport Construction (Pty) Ltd	(15 921 178)	(3 719 432)
Basil Read St Helena Ltd USD	(183 299 023)	(5 607 000)
Basil Read Holdings Ltd	(99 250 939)	-
Basil Read St Helena Ltd EUR	-	(1 751 236)
Roadcrete Africa (Pty) Ltd	(23 176 248)	(255 346)
Spray Pave (Pty) Ltd	(908 501)	(3 621 382)
SSBR JV	304 807	609 613
Basil Read Construction Namibia (Pty) Ltd	(62 951 603)	-
Tubo Jacked Pipelines (Pty) Ltd	(721 895)	(1 035 157)
Basil Read St Helena Ltd - ZAR	(673 418)	(134 212 748)
Valente Brothers (Pty) Ltd	(8 262 998)	(162 085 702)
	(426 821 104)	**(396 933 691)**

Transactions

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

To compensate for the overhead costs carried by Basil Read Ltd certain companies in the group are charged a 1.5% administration charge based on the revenue of the respective entity. Furthermore the contracts within the Basil Read group are also charged an % overhead recovery based on the revenue of the contract as per the submitted tender.

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

Work performed by related parties		
Valente Brothers (Pty) Ltd	-	142 594 276
Spray Pave (Pty) Ltd	14 435 145	26 773 715
Roadcrete Africa (Pty) Ltd	-	75 912 663
B&E Africa (Pty) Ltd	(75 618)	-
Blasting & Excavating (Pty) Ltd	19 884 635	16 554 460
LYT Architecture (Pty) Ltd	-	1 975 000
Basil Read Motomo (Pty) Ltd	17 336 672	11 631 898
Basil Read St Helena Ltd - GBP	156 956 399	15 529 103
Basil Read St Helena Ltd - USD	38 920 034	98 418 363
Tubo Jacked Pipelines (Pty) Ltd	466 213	4 192 911
Basil Read St Helena Ltd - EUR	3 557 227	-
Basil Read St Helena Ltd - ZAR	248 867 504	-
	500 348 211	**393 582 389**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

32. RELATED PARTIES (continued)

Cost incurred with related parties		
Basil Read Motomo (Pty) Ltd	3 070	(5 720 000)
Basil Read Phambili Pipelines Joint Venture	-	(79 273)
Contract Plumbing and Sanitation (Pty) Ltd	-	(125 460)
Tubo Jacked Pipelines (Pty) Ltd	(29 345)	(100 139)
Valente Brothers (Pty) Ltd	(397 687)	(201 444)
Mvela Phanda Construction (Pty) Ltd	(434 013)	(1 816 518)
Blasting & Excavating (Pty) Ltd	(13 503 402)	(11 782 887)
Basil Read Mining SA (Pty) Ltd	240 000	(5 130 849)
Roadcrete Africa Joint Venture	-	(1 242 848)
LYT Architecture (Pty) Ltd	(1 453 995)	(866 967)
Faccets	-	(19 834)
Basil Read Construction Namibia (Pty) Ltd	-	(12 052 144)
Basil Read St Helena Ltd - ZAR	-	(5 236 604)
Basil Read Mauritius (Pty) Ltd	37 546	(1 207 590)
Basil Read DRC SPRL	-	(722 902)
Basil Read Genesis Joint Venture	-	(10 850)
Basil Read Mozambique Limitada	(2 177 561)	(2 596 310)
Basil Read Mozambique Plant	-	(4 550 833)
Basil Read Holdings Ltd	72 862 227	6 391 575
Spray Pave (Pty) Ltd	(2 030 778)	-
Newport Construction (Pty) Ltd	131 360	-
Phambili Pipelines (Pty) Ltd	(76 718)	-
Hytronix (Pty) Ltd	(151 362)	-
Basil Read Mining (Pty) Ltd	(39 294 386)	-
Codevco (Pty) Ltd	(326 315)	-
	13 398 641	**(47 071 877)**

Revenue received from related parties		
Blasting & Excavating (Pty) Ltd	6 176 652	-
Valente Brothers (Pty) Ltd	25 131 852	(136 574 319)
Tubo Jacked Pipelines (Pty) Ltd	648 228	(4 094 001)
Basil Read St Helena Ltd - ZAR	(1 878 239)	(6 795 152)
Roadcrete Africa (Pty) Ltd	-	(71 955 796)
Basil Read Construction Namibia (Pty) Ltd	(4 329 344)	-
	25 749 149	**(219 419 268)**

Dividends received from related parties		
Contract Plumbing and Sanitation (Pty) Ltd	-	(6 707 531)
Mvela Phanda Construction (Pty) Ltd	-	(13 506 196)
P. Gerolemou Construction (Pty) Ltd	-	(6 000 322)
Blasting & Excavating (Pty) Ltd	(20 000 000)	-
	(20 000 000)	**(26 214 049)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013

33. DIRECTORS' EMOLUMENTS

NF Nicolau	1 684 065	-
K Mapasa	1 400 086	-
CE Manning (Non-executive)	530 500	-
PC Baloyi (Non-executive)	620 000	-
CJ Erasmus	1 666 646	2 430 212
ML Heyns	1 462 124	14 491 358
VK Moodley	1 858 457	2 044 264
TD Hughes *	-	1 539 204
MDG Gouveia ***	-	3 422 971
E Du Toit	2 131 279	2 093 530
A Fourie **	-	4 174 456
BM Johnson	1 613 874	1 683 613
JS Johnston	2 470 076	3 584 355
WS Meyer	1 942 897	2 100 568
N Milne	1 899 389	1 835 109
SLL Peteni	1 245 920	1 198 000
KB Sekgobela	1 690 722	1 273 061
DJ Bennett	2 063 473	1 906 096
TS Yenana	680 514	1 210 890
OIP Giot	2 706 213	-
A Naidoo ##	1 272 816	1 197 516
PA Gerolemou #	-	2 435 987
RP van der Merwe	2 269 179	1 984 368
YE Patel	1 956 112	1 562 907
P Marais ###	-	1 386 410
AC Wightman	2 226 300	-

Refer to note 9 in the directors report regarding the 2014 appointment and resignation dates relating to the above directors.

2013 appointments and resignations

* TD Hughes - Resigned 30 November 2013
** A Fourie - Resigned 25 November 2013
*** MDG Gouveia - resigned 31 July 2013
# PA Gerolemou - Resigned 31 October 2013
A Naidoo - Appointed 15 March 2013
P Marais - Resigned 25 November 2013

34. EVENTS SUBSEQUENT TO YEAR END

No material events occurred subsequent to year-end relating to conditions that existed at the reporting date.

35. GOING CONCERN

Refer to note 2 in the directors report for further details.