

CONTENTS

- 38** Directors' responsibility statement
 - 38** Certificate by company secretary
 - 39** Report of the independent auditors
 - 40** Directors' report
 - 44** Consolidated income statement
 - 45** Consolidated balance sheet
 - 46** Consolidated statement of changes in equity
 - 47** Consolidated cash flow statement
 - 48** Accounting policies
 - 57** Notes to the consolidated financial statements
 - 86** Company income statement
 - 87** Company balance sheet
 - 88** Company statement of changes in equity
 - 88** Company cash flow statement
 - 89** Notes to the company financial statements
 - 92** Shareholder information
- Form of proxy (attached)

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Basil Read Holdings Limited and its subsidiaries. The financial statements presented on pages 40 to 92 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and include amounts based upon judgements and estimates made by management.

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

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

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

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

The group's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 39.

The financial statements were approved by the board of directors on 15 March 2007 and are signed on their behalf by:



BT NGCUKA

Chairman

15 March 2007



ML HEYNS

Chief Executive Officer

15 March 2007

CERTIFICATE BY COMPANY SECRETARY

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



E KRUGER

Company secretary

15 March 2007

REPORT OF THE INDEPENDENT AUDITORS

To the members of Basil Read Holdings Limited

We have audited the annual financial statements and group annual financial statements of Basil Read Holdings Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 December 2006, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 92.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 the company and of the group as of 31 December 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PRICEWATERHOUSECOOPERS INC

Director: JP van Staden

Registered Auditor

Johannesburg

15 March 2007

The directors present their twenty-second annual report, which forms part of the audited financial statements of the company and of the group for the year ended 31 December 2006.

NATURE OF BUSINESS

The company is listed on the JSE Limited and its subsidiary companies are active in the areas of civil engineering, road construction, building, housing, property development, stone crushing, bitumen distribution and opencast mining. These subsidiaries operate throughout Africa.

DIVIDENDS

On 15 March 2007, the directors declared a final dividend of 30 cents per share in respect of the year ended 31 December 2006. No dividend was declared in the 2005 financial year.

SHARE CAPITAL

The company issued 419 545 shares of R1,40 each, during the year, in terms of The Basil Read Share Incentive Scheme.

The company proceeded with a clawback rights offer to shareholders in terms of which 27 shares were offered for every 100 shares held. The company issued all shares on offer being 15 111 777 shares at R7,25. The company raised R105 million in share capital, nett of offer expenses.

OPERATING RESULTS

The financial position, results of operations and cash flows of the company and that of the group for the year ended 31 December 2006 are set out on pages 44 to 91.

The group made a profit after taxation of R55 million (2005: R25 million) during the year under review.

PROPERTY, PLANT AND EQUIPMENT

The group acquired property, plant and equipment to the amount of R98,5 million (2005: R33,0 million).

INVESTMENT PROPERTY

The group recognised a R2,0 million (2005: R0,5 million) gain on the revaluation of investment properties during the year. The investment property was subsequently sold during the financial year for its revalued amount of R3,5 million.

SUBSIDIARIES AND JOINT VENTURES

On 1 January 2006, the group acquired 100% of the share capital of Basil Read Civils Namibia (Pty) Limited for R10. The company is a civil engineering, earthworks and construction company, specialising in projects in Namibia.

On 1 July 2006, the group acquired 60,8% of the share capital of Stone and Allied Industries Limited for R10 million. The company is a stone crushing company.

On 1 July 2006, the group acquired 61% of the share capital of Spray Pave (Pty) Limited, a supplier and sprayer of bitumen and related products for R4,8 million.

The information relating to the company's financial interest in its subsidiaries and joint ventures is set out in notes 34, 36, 37 and 40 to the financial statements.

INVESTMENTS IN ASSOCIATES

During the year the group purchased an additional 11 shares in Newport Construction (Pty) Limited for a total consideration of R150 000. This effectively took the group's share in the company to 51%. The results of Newport Construction (Pty) Limited have been consolidated into the group accounts for the first time in 2006.

In addition, the group increased its shareholding in BR-Tsima Construction (Pty) Limited to 51% through the purchase of an additional 19 shares for a total consideration of R450 000. The results of BR-Tsima Construction (Pty) Limited have been consolidated into the group accounts for the first time in 2006.

Through the acquisition of Spray Pave (Pty) Limited, the group acquired a minority interest in Mmila Projects (Pty) Limited, a supplier and sprayer of bitumen and related products.

For more information on the group's associates, refer to notes 3, 11, 25 and 35 to the financial statements.

OTHER INVESTMENTS

The group acquired an industry related investment in Top Fix Holdings Limited during the year under review (2005: RNil). The group purchased 200 000 shares, representing less than 1% of the total issued share capital of Top Fix Holdings Limited, for a purchase consideration of R200 000.

The group did not dispose of any investments during the year (2005: R10 000), but did impair the investment in Binga Construções Mozambique Limitada in the amount of R168 296 due to the expected non-recoverability of the investment (2005: RNil).

Through the acquisition of Stone and Allied Industries Limited, the group acquired an investment in Investec Limited representing less than 1% of the total issued share capital of Investec Limited.

BORROWINGS

Interest-bearing borrowings comprise bank borrowings and instalment sale agreements. During the year interest-bearing borrowings increased due to new instalment sale agreements entered into to fund capital expenditure, partly offset by the repayment of banking loans and other instalment sale agreements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

After the balance sheet date, the company issued 2 058 600 shares in terms of the Basil Read Share Incentive Scheme. No other material events have occurred between the balance sheet date and the date of these results that would have a material effect on the financial statements of the group.

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 92 of this report.

DIRECTORATE

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

Bulelani Thandabantu Ngcuka	Non-executive Director, Chairman
Marius Lodewucus Heyns	Chief Executive Officer, Managing Director
Lungisa Brian Dyosi	Non-executive Director
Nonkqubela Helen Maliza	Non-executive Director (Resigned 19 May 2006)
Andile Joy Reve	Non-executive Director (Resigned 19 May 2006)
Sango Siviwe Ntsaluba	Non-executive Director (Appointed 5 July 2006)
Alexander Thabiso Tlelai	Non-executive Director (Appointed 5 July 2006)
Charles Peter Davies	Independent Non-executive Director (Appointed 5 July 2006)
Sindile Lester Leslie Peteni	Independent Non-executive Director (Appointed 5 July 2006)

DIRECTORS' EMOLUMENTS

	Cash portion of package R	Benefits* R	Incentive bonus R	Total R
Executive directors				
2006				
<i>Paid by Basil Read (Pty) Limited</i>				
Marius Lodewucus Heyns	1 292 169	189 760	1 200 000	2 681 929
	1 292 169	189 760	1 200 000	2 681 929
2005				
<i>Paid by Basil Read (Pty) Limited</i>				
Marius Lodewucus Heyns	866 033	132 963	588 970	1 587 966
	866 033	132 963	588 970	1 587 966

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

	Services as director R	Total R
Non-executive directors		
2006		
Bulelani Thandabantu Ngcuka	725 000	725 000
Lungisa Brian Dyosi	87 500	87 500
Nonkqubela Helen Maliza	–	–
Andile Joy Reve	–	–
Sango Siviwe Ntsaluba	152 500	152 500
Alexander Thabiso Tlelai	122 500	122 500
Charles Peter Davies	150 000	150 000
Sindile Lester Leslie Peteni	107 500	107 500
	1 345 000	1 345 000
2005		
None	–	–

INTERESTS OF DIRECTORS AND OFFICERS IN SHARE CAPITAL

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

	Number of shares held	% of shares held
2006		
<i>Direct and indirect</i>		
Bulelani Thandabantu Ngcuka	500 978	0,70
Sango Siviwe Ntsaluba	5 829 968	8,20
Alexander Thabiso Tlelai	5 820 011	8,19
Lungisa Brian Dyosi	166 993	0,23
Enna Kruger (Company Secretary)	6 357	0,01

2005

Direct and indirect

Bulelani Thandabantu Ngcuka	1 430 384	2,57
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The company's directors did not trade in shares between year-end and the date the financial statements were authorised for issue.

INTERESTS OF DIRECTORS AND OFFICERS IN SHARE INCENTIVE SCHEME

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

	Number of unissued shares	% of unissued shares	% held once shares issued
2006			
<i>Direct and indirect</i>			
Enna Kruger (Company Secretary)	5 000	1,39	0,01
2005			
<i>Direct and indirect</i>			
Enna Kruger (Company Secretary)	20 000	2,79	0,04

The right to the unissued shares are in terms of the Basil Read Share Incentive Scheme. For further details, refer to note 29(e).

SPECIAL RESOLUTIONS

There was one special resolution approved by the shareholders of the group during the year. During the annual general meeting dated 13 April 2006, the resolution to authorise the increase of the company's authorised share capital from 70 000 000 shares to 76 000 000 shares was approved.

AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 270(2) of the Companies Act, 1973.

COMPANY SECRETARY

The Company Secretary is Enna Kruger.

REGISTERED OFFICE

388 Gild Road
Lilianton
Boksburg
1459

POSTAL ADDRESS

Private Bag X170
Bedfordview
2008

	Notes	2006 R'000	2005 R'000
Revenue		1 162 198	617 332
Contracting revenue		1 016 193	563 478
Other		146 005	53 854
Contracting and other costs		(1 016 810)	(530 955)
Gross profit		145 388	86 377
Admin and other operating overheads		(93 488)	(50 451)
Other income	1	18	–
Other gains/(losses) – net	2	1 832	500
Profit on sale of associates	3	–	877
Operating profit	4	53 750	37 303
Interest paid	5	(5 078)	(7 117)
Interest received	5	6 428	3 106
Foreign exchange profit/(loss)	5	2 129	(9 184)
Profit before share of profits of associates		57 229	24 108
Share of profits from associates	11	–	158
Profit before taxation		57 229	24 266
Taxation	6	(2 269)	709
Net profit for the year		54 960	24 975
Net profit for the year attributable to the following:			
Equity shareholders of the company		54 103	24 975
Minority interests		857	–
Net profit for the year		54 960	24 975
Earnings per share (cents)	7	93,53	45,31
Fully diluted earnings per share (cents)	7	93,05	45,19

	Notes	2006 R'000	2005 R'000
ASSETS			
Non-current assets		215 007	106 933
Property, plant and equipment	8	176 438	82 293
Investment properties	9	–	1 500
Intangible assets	10	10 444	–
Investments in associates	11	66	428
Deferred income tax assets	12	27 409	22 542
Available-for-sale financial assets	13	650	170
Current assets		415 941	159 896
Inventories	14	6 659	1 141
Contract and trade debtors	15	120 069	64 762
Receivables and pre-payments	16	17 623	2 454
Current income tax assets		1 072	290
Cash and cash equivalents	17	270 518	91 249
TOTAL ASSETS		630 948	266 829
EQUITY AND LIABILITIES			
Capital and reserves		199 463	33 385
Stated capital	18	164 537	58 550
Retained earnings/(accumulated loss)		24 430	(29 673)
Other reserves		4 264	4 508
Minority interests		6 232	–
Non-current liabilities		55 775	24 045
Interest bearing borrowings	19	49 982	22 808
Provisions for other liabilities and charges	20	2 818	–
Deferred income tax liabilities	12	2 975	1 237
Current liabilities		375 710	209 399
Trade and other payables	21	281 844	156 202
Current income tax liabilities		4 258	5 264
Current portion of interest bearing borrowings	19	32 996	23 539
Provisions for other liabilities and charges	20	52 531	24 394
Bank overdraft	17	4 081	–
TOTAL EQUITY AND LIABILITIES		630 948	266 829

	Share capital R'000	Treasury shares R'000	Foreign currency translation reserve R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Minority interest R'000	Total R'000
Balance at 1 January 2005	58 264	–	2 917	–	(54 648)	–	6 533
Consideration received for issue of shares to Basil Read Share Incentive Trust	630	–	–	–	–	–	630
Shares held by the trust	–	(344)	–	–	–	–	(344)
Currency translation differences	–	–	1 591	–	–	–	1 591
Profit for the year	–	–	–	–	24 975	–	24 975
Balance at 31 December 2005	58 894	(344)	4 508	–	(29 673)	–	33 385
Consideration received for issue of shares to Basil Read Share Incentive Trust	587	–	–	–	–	–	587
Share held by the trust	–	(162)	–	–	–	–	(162)
Consideration received for issue of shares in terms of clawback offer	109 560	–	–	–	–	–	109 560
Costs relating to the clawback offer	(3 998)	–	–	–	–	–	(3 998)
Fair value gain net of tax – available-for-sale financial assets	–	–	–	231	–	–	231
Acquisition of subsidiary	–	–	–	–	–	5 450	5 450
Currency translation differences	–	–	(475)	–	–	–	(475)
Profit for the year	–	–	–	–	54 103	857	54 960
Dividends paid to minorities	–	–	–	–	–	(75)	(75)
Balance at 31 December 2006	165 043	(506)	4 033	231	24 430	6 232	199 463

	Notes	2006 R'000	2005 R'000
CASH FLOW FROM OPERATING ACTIVITIES		140 292	103 872
Cash generated by operating activities	22	143 309	117 495
Net finance costs	5	3 479	(13 195)
Dividends paid	23	(75)	(52)
Taxation paid	24	(6 421)	(376)
CASH FLOW FROM INVESTING ACTIVITIES		(40 767)	3 746
Acquisitions of property, plant and equipment		(35 659)	(21 373)
Proceeds on disposal of property, plant and equipment		1 768	19 043
Acquisition of subsidiaries	37	(11 865)	–
Advances repaid by associates	11	1 689	6 066
Proceeds on disposal of investment property	9	3 500	–
(Acquisition)/sale of investments	13	(200)	10
CASH FLOW FROM FINANCING ACTIVITIES		75 663	(22 361)
Repayments of interest bearing borrowings		(30 324)	(22 647)
Proceeds from issue of shares – nett of costs	18	105 987	286
MOVEMENT IN CASH AND CASH EQUIVALENTS		175 188	85 257
CASH AND CASH EQUIVALENTS – AT THE BEGINNING OF THE YEAR		91 249	5 992
CASH AND CASH EQUIVALENTS – AT THE END OF THE YEAR	17	266 437	91 249

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 33.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards and interpretations which have been recently issued or revised have not been adopted early by the group. Their expected impact is discussed below:

- *IFRS 7 – Financial Instruments Disclosure* (effective for annual periods beginning on or after 1 January 2007)

The objective of this IFRS is to require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The effect of the adoption of the standard is currently being assessed. However, a significant impact on disclosures is expected.
- *IFRIC Interpretation 8 – Scope of IFRS 2* (effective for annual periods beginning on or after 1 May 2007)

The interpretation determines whether IFRS 2 applies to transactions in which the entity cannot identify specifically some or all of the goods or services received. The company will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the company or group's accounts.
- *IFRIC Interpretation 9 – Reassessment of Embedded Derivatives* (effective for annual periods beginning on or after 1 June 2006)

The interpretation applies to all embedded derivatives under IAS 39 'Financial Instruments: Recognition and Measurement' and clarifies certain aspects of their treatment. The company will apply IFRIC 9 from 1 January 2007, but it is not expected to have any impact on the company or group's accounts.
- *IFRIC Interpretation 10 – Interim Financial Reporting and Impairment* (effective for annual periods beginning on or after 1 November 2006)

An entity is required to assess goodwill for impairment at every reporting date, to assess investments in equity instruments and in financial assets carried at cost for impairment at every balance sheet date and, if required, to recognise an impairment loss at that date in accordance with IAS 36 and IAS 39. However, at a subsequent reporting or balance sheet date, conditions may have so changed that the impairment loss would have been reduced or avoided had the impairment assessment been made only at that date. This Interpretation provides guidance on whether such impairment losses should ever be reversed. The company will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the company or group's accounts.

- *IFRIC Interpretation 11 – IFRS 2 Share-based Payment – Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007)
This interpretation addresses the classification of a share-based payment transaction (as equity or cash settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving the services. The company will apply IFRIC 11 from 1 January 2008, but it is not expected to have any impact on the company or group's accounts.
- *IFRIC Interpretation 12 – Service Concession Arrangements* (effective for annual periods beginning on or after 1 January 2008)
This interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. The company will apply IFRIC 12 from 1 January 2008, but it is not expected to have a significant impact on the company or group's accounts.

The following standards were not relevant to the group on adoption:

- *IFRIC Interpretation 6 – Liabilities arising from participation in a specific market – waste electrical and electrical equipment* (effective for financial periods beginning on or after 1 December 2005).
- *IFRIC Interpretation 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* (effective for annual periods beginning on or after 1 March 2006).

The group has adopted the following standards and interpretations which are effective for the first time this year without any significant impact:

- *IAS 1a Amendment – Actuarial gains and losses and disclosures* (January 2006).
- *IFRIC Interpretation 4 – Determining whether an arrangement contains a lease* (effective 1 January 2006).
- *IFRIC Interpretation 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (effective 1 January 2006).

HOLDING COMPANY INVESTMENTS

Basil Read Holdings Limited's investment in subsidiaries is recognised at cost.

GROUP ACCOUNTING

Subsidiaries

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

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

Associates

Associates are entities over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and includes goodwill identified on acquisition (net of any accumulated impairment loss). Under this method 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 group and its associates are eliminated to the extent of the group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless the group has incurred obligations or made payments on behalf of the associates.

Joint ventures

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

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

FOREIGN CURRENCIES**Functional and presentation currency**

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

Transactions and balances

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

Group companies

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

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

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

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

OTHER INVESTMENTS

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

INVESTMENT PROPERTIES

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

INTANGIBLE ASSETS

Goodwill

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

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

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

Contract based intangibles

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

LEASED ASSETS

Finance leases

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

Operating leases

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

IMPAIRMENT

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

INVENTORIES

Inventories are stated at the lower of cost 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.

LONG-TERM CONSTRUCTION CONTRACTS AND CONTRACT REVENUE RECOGNITION

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

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

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

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

Contract debtors

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

OTHER REVENUE RECOGNITION

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

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

Other revenue is recognised when the risks and rewards of ownership are transferred.

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

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

BORROWINGS

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

DEFERRED TAXATION

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment, provisions, assessed losses, contract related income and expenditure and foreign dividends.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

FINANCIAL INSTRUMENTS

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

HEDGE ACCOUNTING

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

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

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdrafts.

PROVISIONS

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

EMPLOYEE BENEFITS

Pension obligations

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

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

Termination benefits

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

Leave pay

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

DIVIDENDS

Dividends are recorded in the group's financial statements in the period in which they are declared by the board of directors.

SEGMENT REPORTING

The group's primary format for reporting segment information is business segments and its secondary format is geographical segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Inter-segment transfers

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

Segment revenue and expenses

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

Segment assets and liabilities

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

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

ENVIRONMENTAL OBLIGATIONS

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

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

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

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

	2006 R'000	2005 R'000
1. OTHER INCOME		
Dividend income	5	–
Rent received	13	–
	18	–
2. OTHER GAINS/(LOSSES) – NET		
Impairment of investment	(168)	–
Gross amount	(168)	–
Taxation	–	–
Fair value gain on investment property	1 710	427
Gross amount	2 000	500
Taxation	(290)	(73)
Total gross amount	1 832	500

The impairment of the investment relates to the group's investment in Binga Construções Mozambique Limitada. The directors are of the opinion that this investment is no longer recoverable and as a result the carrying value has been written down to zero (refer note 13).

The investment property was disposed of in the current year for an amount of R3 500 000. As a result the property was revalued to its sale value prior to the sale taking place (refer note 9).

3. PROFIT ON SALE OF ASSOCIATES

Contribution to earnings after taxation	–	877
Gross amount	–	877
Taxation	–	–

On 1 August 2005, Ilima Projects (Pty) Limited was disposed of to Monono-Wa-Rona Investments (Pty) Limited for a consideration of R30. (Refer note 25)

On 30 June 2005, Mesure Facilities Management (Pty) Limited was disposed of to ETDE SA, a company incorporated in France, for a consideration of R30. (Refer note 25)

	2006 R'000	2005 R'000
4. OPERATING PROFIT		
The following items have been (charged)/credited in arriving at operating profit:		
Depreciation of property, plant and equipment		
<i>Owned assets</i>	(10 956)	(12 344)
Plant and equipment and rehabilitation asset	(10 358)	(11 815)
Furniture and fittings	(579)	(529)
Land and buildings and surface properties	(19)	–
<i>Leased assets</i>		
Plant, equipment and rehabilitation asset	(12 528)	(7 226)
Profit of sale of property, plant and equipment	554	129
Gross amount	579	1 181
Taxation	(25)	(1 052)
Amortisation of intangible assets	(522)	–
Gross amount	(735)	–
Taxation	213	–
Auditors' remuneration	(1 798)	(1 144)
For services as auditors	(1 636)	(1 039)
For other services	(162)	(105)
Operating leases	(1 061)	(1 680)
Office equipment	(784)	(704)
Office space – contractual	(277)	(976)
Staff costs (Refer to note 29)		
5. NET FINANCE COSTS		
Interest paid	(5 078)	(7 117)
Bank loans and other borrowings	(2 411)	(5 195)
Finance leases	(2 667)	(1 922)
Interest received		
Bank	6 428	3 106
Foreign exchange	2 129	(9 184)
Realised loss incurred on interest rate swap	(2 087)	(2 258)
Unrealised profit/(loss) incurred on interest rate swap	2 233	(4 004)
Profit/(loss) on foreign exchange – other	1 983	(2 922)
	3 479	(13 195)

	2006 R'000	2005 R'000
6. TAXATION		
South African normal taxation		
Current taxation	(1 683)	–
Current year	(1 644)	–
Prior year	(39)	–
Deferred taxation	1 488	3 664
Current year	(553)	3 664
Prior year	2 041	–
Secondary Taxation on Companies (STC)		
Current year	(19)	–
Foreign taxation		
Current taxation	(2 627)	(2 142)
Current year	(3 361)	(2 142)
Prior year	734	–
Deferred taxation	572	(813)
Current year	181	14
Prior year	391	(827)
Total taxation (charged)/credited	(2 269)	709
Capital gains of R0,1 million (2005: R0,2 million) have been utilised against assessed losses in the current year.		
Reconciliation of the standard rate of taxation to effective rate		
	%	%
South African normal rate of taxation	29,0	29,0
Change in tax rate	–	2,6
Foreign normal taxation – current year	4,6	0,5
Foreign deferred taxation – current year	2,5	0,5
Losses utilised	(32,6)	–
Secondary Taxation on Companies (STC)	–	–
Capital gains tax	(0,5)	–
Timing differences not accounted for under deferred tax	0,9	(31,0)
Non-taxable items	0,1	(4,3)
Effective tax rate	4,0	(2,7)
Timing differences not accounted for under deferred taxation include the result of certain subsidiaries where deferred taxation on assessed losses have not been provided.		
Estimated tax losses		
Total estimated tax losses of subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies		
	90 304	86 696

	2006	2005
7. EARNINGS PER SHARE		
Earnings per share (cents)	93,53	45,31
The calculation of earnings per share is based on the consolidated profit after taxation of R54 103 482 (2005: R24 975 472) and the weighted average number of shares in issue during the year of 57 846 362 (2005: 55 125 520) shares.		
Headline earnings per share (cents)	89,62	42,71
The calculation of headline earnings per share is based on the consolidated headline profit after taxation of R51 839 466 (2005: R23 541 934) and the weighted average number of shares in issue during the year of 57 846 362 (2005: 55 125 520) shares.		
Fully diluted earnings per share (cents)	93,05	45,19
The calculation of fully diluted earnings per share is based on the consolidated profit after taxation of R54 103 682 (2005: R24 975 472) and the weighted average number of shares in issue during the year of 58 146 376 (2005: 55 265 694) shares.		
Fully diluted headline earnings per share (cents)	89,15	42,60
The calculation of fully diluted headline earnings per share is based on the consolidated headline profit after taxation of R51 839 866 (2005: R23 541 934) and the weighted average number of shares in issue during the year of 58 146 376 (2005: 55 265 694) shares.		
	R'000	R'000
Reconciliation between basic earnings, diluted earnings and headline earnings is as follows:		
Basic and diluted earnings	54 103	24 975
Adjusted by the after tax effect of the following:		
Profit on sale of associates (refer note 3)	–	(877)
Profit on sale of property, plant and equipment (refer note 4)	(554)	(129)
Fair value gain – investment properties (refer note 2)	(1 710)	(427)
Headline earnings	51 839	23 542
	Number '000	Number '000
Reconciliation between weighted average number of shares and diluted weighted average number of shares:		
Weighted average number of shares	57 846	55 126
Adjusted by: Basil Read Share Incentive Scheme (refer note 29(e))	300	140
Diluted weighted average number of shares	58 146	55 266

	Land and buildings and surface properties R'000	Plant and equipment and rehabilitation asset R'000	Furniture and fittings R'000	Total R'000
8. PROPERTY, PLANT AND EQUIPMENT				
Cost price – 1 January 2005	7 160	210 735	10 094	227 989
Additions	–	32 469	555	33 024
Disposals	–	(66 260)	(4 591)	(70 851)
Net exchange movements	–	(5 098)	(4)	(5 102)
Cost price – 31 December 2005	7 160	171 846	6 054	185 060
Additions	7 675	89 367	1 506	98 548
Acquisition of subsidiaries	2 160	43 595	1 086	46 841
Disposals	–	(9 437)	(694)	(10 131)
Net exchange movements	–	(41)	(1)	(42)
Cost price – 31 December 2006	16 995	295 330	7 951	320 276
Accumulated depreciation – 31 December 2006	1 535	136 193	6 110	143 838
Accumulated depreciation – 1 January 2005	660	126 711	9 347	136 718
Depreciation	–	19 041	529	19 570
Disposals	–	(48 419)	(4 570)	(52 989)
Net exchange movements	–	(529)	(3)	(532)
Accumulated depreciation – 31 December 2005	660	96 804	5 303	102 767
Acquisition of subsidiaries	856	24 764	910	26 530
Depreciation	19	22 886	579	23 484
Disposals	–	(8 261)	(681)	(8 942)
Net exchange movements	–	–	(1)	(1)
Book value – 31 December 2006	15 460	159 137	1 841	176 438
Book value – 31 December 2005	6 500	75 042	751	82 293

	2006 R'000	2005 R'000
8. PROPERTY, PLANT AND EQUIPMENT (continued)		
Book value of plant and equipment subject to instalment sale agreements and loan agreements (refer note 19) are as follows:		
Instalment sale agreements	70 533	22 542
Cost	87 554	30 437
Accumulated depreciation	(17 021)	(7 895)
Banking loan	14 491	18 592
Cost	48 719	48 549
Accumulated depreciation	(34 228)	(29 957)
Total	85 024	41 134
Land and buildings and surface properties comprise the following:		R'000
– Structures and improvements on Erf 386, 387, 389, 391, 392, 393, 497, 499, 498 Lilianton Township consisting of 23 655 m ² acquired in 1997 for a purchase consideration of R4,5 million.		13 430
Acquired in 1997		4 540
Improvements in 2003		660
IFRS transition 2004		1 960
Cost at beginning of year		7 160
Improvements in 2006		6 930
Cost at end of year		14 090
Accumulated depreciation at beginning and end of year		(660)
– Stand 5202 Thabong in Welkom measuring 250 m ²		
Acquired in 1982		18
– A portion of the farm Hartebeestfontein 422		
Acquired in 2006		41
– Erf 193 Alrode South Extension 1 Township, Province of Gauteng measuring 2 000 m ²		
Acquired in 2006		745
– Erf 448 Wells Estate, Nelson Mandela Metropolitan Municipality, Division of Port Elizabeth, Eastern Cape Province measuring 8 094 m ²		
Acquired in 2005		1 060
– Surface properties and permits		166
Improvements		1 041
Depreciation		(875)
Book value of land and buildings and surface properties at the end of the year		15 460
Assets-under-construction, included in plant and equipment, amount to R4,4 million.		

	R'000
9. INVESTMENT PROPERTIES	
Fair value – 1 January 2005	1 000
Fair value adjustments (refer note 2)	500
Fair value – 31 December 2005	1 500
Fair value adjustments (refer note 2)	2 000
Disposals	(3 500)
Fair value – 31 December 2006	–

Investment properties consisted of the following:

- Freehold land being portions 145, 31 and 39 of the farm Witkoppie 641R consisting of 2.3962 hectares acquired by the group in 1994 for a purchase consideration of R576 000.

The property was sold during the year for an amount of R3 500 000.

	Goodwill R'000	Contract based intangibles R'000	Total R'000
10. INTANGIBLE ASSETS			
Year ended 31 December 2006			
Acquisition of subsidiaries	9 742	1 437	11 179
Amortisation charge	–	(735)	(735)
Closing net book value	9 742	702	10 444
At 31 December 2006			
Cost	9 742	1 437	11 179
Accumulated amortisation	–	(735)	(735)
Net book value	9 742	702	10 444

The goodwill relates to the acquisition of two subsidiaries and is attributable to the workforce of the acquired businesses and the significant synergies that are expected to arise in the future (refer note 37).

The goodwill is considered to have an indefinite life. At year end the carrying amount of goodwill is tested for impairment and any subsequent losses are taken to the income statement.

The contract-based intangible asset arose on the acquisition of two subsidiaries. The asset has been determined to have a finite life based on the longest contract in each of the two companies. It is being amortised over a maximum period of 30 months, of which 18 months are remaining.

The amortisation charge has been included in 'Admin and other operating overheads' in the income statement (refer note 4).

	2006 R'000	2005 R'000
11. INVESTMENTS IN ASSOCIATES		
	66	428
Shares at cost	66	1
Attributable post-acquisition net accumulated loss	-	(1 262)
Advances made to associates	-	1 689
<i>Reconciliation of opening and closing balances</i>		
At the beginning of the year	428	5 459
Acquisition of subsidiary	66	-
Share of profits for the year after tax	-	158
Gross amount	-	247
Taxation	-	(89)
Advances recovered from associates	(1 689)	(6 066)
Sale of associates during the year	-	877
Associates reclassified as subsidiaries	1 261	-
Balance at the end of the year	66	428
The following information relates to the company's direct and indirect interest in associate companies including the group's net investment in the associate:		
Newport Construction (Pty) Limited	-	-
Number of shares held: 51 (2005: 40)		
Proportion owned: 51% (2005: 40%)		
Nature of business: Civil engineering and building		
During the year the group acquired an additional 11 shares at a total cost of R150 000, resulting in Newport Construction (Pty) Limited being reclassified as a subsidiary. The results of Newport Construction (Pty) Limited have been consolidated into the Group's results for the first time in 2006. For further details relating to the acquisition, refer to note 37.		
BR-Tsima Construction (Pty) Ltd	-	428
Number of shares held: 51 (2005: 32)		
Proportion owned: 51% (2005: 32%)		
Nature of business: Civil engineering and building		
During the year the group acquired an additional 19 shares at a total cost of R450 000, resulting in BR-Tsima Construction (Pty) Limited being reclassified as a subsidiary. The results of BR-Tsima Construction (Pty) Limited have been consolidated into the Group's results for the first time in 2006. For further details relating to the acquisition, refer to note 37.		
Through the acquisition of Spray Pave (Pty) Limited, the group acquired an investment in Mmila Projects (Pty) Limited, details of which are as follows:		
Mmila Projects (Pty) Limited	66	-
Number of shares held by Spray Pave (Pty) Limited: 30 (2005: 30)		
Proportion owned by Spray Pave (Pty) Limited: 30% (2005: 30%)		
Nature of business: Manufacturer, distributor and sprayer of bituminous and tar products		
Balance at the end of the year	66	428

The directors value the unlisted investment in associates at R65 947 (2005: R428 184). This approximates its fair value.

Refer to note 35 for further details regarding the investments in associates.

	2006 R'000	2005 R'000
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12. DEFERRED TAXATION

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of the fiscal authority as indicated below:

Botswana: 25% (2005: 25%)

Namibia: 35% (2005: 35%)

South Africa: 29% (2005: 29%)

Zambia: 35% (2005: 35%)

The movement on the deferred taxation account is as follows:

Balance at the beginning of the year	21 305	18 412
Movements during the year attributable to:		
Acquisition of subsidiaries	1 069	–
Temporary differences	2 060	3 518
Change in tax rate	–	(625)
Balance at the end of the year	24 434	21 305

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

	Accelerated tax depreciation R'000	Provisions and accruals R'000	Assessed losses and other R'000	Total R'000
Balance as at 1 January 2005	(2 816)	6 243	15 317	18 744
Credited/(charged) to the income statement	2 626	3 843	(2 046)	4 423
Effect of rate change	94	(208)	(511)	(625)
Balance as at 31 December 2005	(96)	9 878	12 760	22 542
Acquisition of subsidiaries	(554)	–	3 684	3 130
Credited/(charged) to the income statement	(4 066)	9 135	(3 332)	1 737
Balance as at 31 December 2006	(4 716)	19 013	13 112	27 409

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

	Accelerated tax depreciation R'000	Provisions and accruals R'000	Assessed losses and other R'000	Total R'000
Balance as at 1 January 2005	–	–	(332)	(332)
Credited/(charged) to the income statement	(2 258)	–	1 311	(947)
Forex adjustment	95	–	(53)	42
Balance as at 31 December 2005	(2 163)	–	926	(1 237)
Acquisition of subsidiaries	(3 436)	977	398	(2 061)
Credited/(charged) to the income statement	(623)	982	(36)	323
Balance as at 31 December 2006	(6 222)	1 959	1 288	(2 975)

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

Deferred tax has not been provided on estimated assessed losses of subsidiary companies amounting to R41,9 million (2005: R50,9 million).

	2006 R'000	2005 R'000
13. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Unlisted investments		
At the beginning of the year	168	178
Disposals during the year	–	(10)
Impairment of investment during the year	(168)	–
At the end of the year	–	168
The following information relates to the group's interest in unlisted investments:		
The group holds an industry-related investment in Binga Construções Mozambique Limitada. The details of the investment are as follows:		
Number of shares held: 490		
Proportion owned: 49%		
Nature of business: Civil engineering and building		
The group does not exercise significant influence over the operational and financial activities of Binga Construções Mozambique Limitada. The company has not traded since incorporation.		
The directors value the unlisted investment at RNil (2005: R168 000). This approximates its fair value.		
Listed investments		
At the end of the year	650	2
At the beginning of the year	2	2
Additions during the year	200	–
Acquisition of subsidiary	217	–
Mark-to-market adjustment through equity	231	–
The following information relates to the company's interest in listed investments:		
The group purchased 200 000 shares in Top Fix Holdings Limited during the year. This investment represents less than 1% of the total issued share capital in Top Fix Holdings Limited. The company is listed on the JSE Limited on the ALTX exchange.		
Through the acquisition of Stone and Allied Industries Limited, the group acquired an investment in Investec Limited, comprising 3 240 shares. This investment represents less than 1% of the total issued share capital in Investec Limited. The company is listed on the JSE Limited under the Investment Banks sector.		
The carrying value of listed investments approximates their fair value.		
	650	170

	2006 R'000	2005 R'000
14. INVENTORIES		
Consumables at cost	6 659	1 141
15. CONTRACT AND TRADE DEBTORS		
Contract debtors	73 348	36 848
Contract debtors	77 398	40 210
Provision for impairment of contract debtors	(4 050)	(3 362)
Trade receivables	22 371	18 881
Trade receivables	23 875	18 881
Provision for impairment of trade receivables	(1 504)	–
Retention debtors	11 657	–
Work in progress	12 693	9 033
Costs incurred to date	411 912	320 751
Profit recognised to date	3 958	6 883
Progress payments received and receivable	(403 177)	(318 601)
	120 069	64 762
<p>The trade receivables of Stone and Allied Industries Limited, amounting to R5,7 million, have been ceded as security for bank guarantees issued, currently totalling R3,1 million (refer note 26).</p> <p>The trade receivables of Spray Pave (Pty) Limited, amounting to R12,6 million, have been ceded as security for the bank overdraft facility in place, currently totalling R4,1 million (refer note 17).</p>		
16. RECEIVABLES AND PRE-PAYMENTS		
Other receivables	7 789	1 764
Pre-payments	9 834	690
	17 623	2 454
17. CASH AND CASH EQUIVALENTS		
Bank balances	270 062	90 988
Cash on hand	456	261
	270 518	91 249
Bank overdraft	(4 081)	–
	266 437	91 249
<p>The bank overdraft is secured by a cession over trade receivables of Spray Pave (Pty) Limited (refer note 15).</p>		

18. STATED CAPITAL**Authorised**

Ordinary shares

76 000 000 ordinary no par value shares (2005: 70 000 000)

	No par value ordinary shares R'000	Treasury shares R'000	Total R'000
Issued			
Ordinary shares			
Year ended 31 December 2005			
55 100 000 ordinary no par value shares at the beginning of the year	58 264	–	58 264
450 000 ordinary no par value shares issued to Basil Read			
Share Incentive Scheme	630	–	630
Less: 245 837 ordinary no par value shares held as treasury stock	–	(344)	(344)
55 304 163 ordinary no par value shares at the end of the year	58 894	(344)	58 550
Year ended 31 December 2006			
55 304 163 ordinary no par value shares at the beginning of the year	58 894	(344)	58 550
419 545 ordinary no par value shares issued to Basil Read			
Share Incentive Scheme	587	–	587
15 111 777 ordinary no par value shares issued in terms of the clawback offer – nett of costs	105 562	–	105 562
Less: 115 497 ordinary no par value shares held as treasury stock	–	(162)	(162)
70 719 988 ordinary no par value shares at the end of the year	165 043	(506)	164 537

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit.

	2006 R'000	2005 R'000
19. INTEREST BEARING BORROWINGS		
Instalment sale agreements		
Total amount outstanding	67 501	19 549
The instalment sale agreements for plant and equipment bear interest between the prime overdraft rate and prime less 2% per annum and are repayable in monthly instalments of between R5 800 and R180 136 over a period of between one and four years.		
The agreements are secured by plant and equipment with a book value of R70 532 606 (2005: R22 542 007). Refer to note 8 for further details.		
Banking loan		
Total amount outstanding	15 477	26 798
Banking loan	11 997	20 536
Interest rate swap	3 480	6 262
A swap agreement was concluded in 2005 (refer note 28) in terms of which interest is charged at 7,2% in US Dollar terms and is repayable in monthly instalments of \$192 250, with the final payment being made in October 2007.		
The original banking loan bears interest at the Botswanan prime overdraft rate less 1,75% per annum and is repayable in monthly instalments of BWP833 333, with the final payment being made in October 2007.		
A second banking loan, originated in 2005, is for a nominal amount of US\$ 553 846 at a rate of 6%. The term of the loan is 36 months, with the final payment being made in August 2008.		
The facilities are secured by plant and equipment with a book value of R14 491 730 (2005: R18 592 790). Refer to note 8 for further details.		
	82 978	46 347
Less: Current portion transferred to current liabilities	(32 996)	(23 539)
Instalment sale agreements	(18 457)	(5 177)
Banking loan	(14 539)	(18 362)
Total non-current interest bearing borrowings	49 982	22 808
The present value of future minimum payments on instalment sale agreements is as follows:		
Due within the next 12 months	18 457	5 177
Due between 1 and 3 years	49 044	14 372
Thereafter	-	-
	67 501	19 549
The present value of future minimum payments on banking loans is as follows:		
Due within the next 12 months	14 539	18 362
Due between 1 and 2 years	938	8 436
Thereafter	-	-
	15 477	26 798

	2006 R'000	2005 R'000
20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES		
Non-current provisions		
Environmental rehabilitation provisions		
Balance at the beginning of the year	–	–
Acquisition of subsidiaries	2 562	–
Additional provision due to establishment of new site	103	–
Inflation charge	153	–
Balance at the end of the year – non-current provisions	2 818	–
Environmental rehabilitation provisions relate to end-of-site restoration costs. The following key assumptions were used when calculating the provision: Inflation rate: 4,4% Discount rate: between 11,25% and 12,5% depending on the expected life of the site.		
Current provisions		
Employee provisions		
Balance at the beginning of the year	1 833	4 191
Acquisition of subsidiaries	864	–
Provisions created	32 031	11 478
Provisions utilised	(13 661)	(13 836)
Balance at the end of the year	21 067	1 833
Employee provisions consist mainly of employee incentives.		
Contract provisions		
Balance at the beginning of the year	22 561	8 172
Provisions created	16 717	16 457
Provisions utilised	(7 814)	(2 068)
Balance at the end of the year	31 464	22 561
Contract provisions consist mainly of provision for losses to end-of-site and provision for end-of-site maintenance period.		
Balance at the end of the year – current provisions	52 531	24 394
21. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	190 501	117 330
Shareholders for dividend	229	229
Advance payments received for contract work	91 114	38 643
	281 844	156 202
The carrying value of trade and other payables approximate their fair value due to the short-term maturities of these balances.		

	2006 R'000	2005 R'000
22. CASH GENERATED BY OPERATING ACTIVITIES		
Operating profit	53 750	37 303
Adjustment for non-cash items:	19 026	23 274
Depreciation	23 484	19 570
Impairment loss	168	–
Profit on sale of property, plant and equipment	(579)	(1 181)
Fair value adjustment – investment properties	(2 000)	(500)
Profit on sale of associates	–	(877)
Amortisation of intangible asset	735	–
Unrealised portion of interest rate swap	(2 782)	6 262
Operating cash flow	72 776	60 577
Movements in working capital:	70 533	56 918
Inventories	(1 454)	(655)
Contract and trade debtors	(48 142)	(26 757)
Receivables and pre-payments	16 664	130
Trade and other payables	75 506	66 050
Provisions for other liabilities and charges	28 393	12 031
Foreign currency translation differences	(434)	6 119
Cash generated by operating activities	143 309	117 495
Excluded from the cash flow statement are additions to fixed assets amounting to R62,9 million (2005: R11,7 million) which were funded by instalment sale agreements.		
23. DIVIDENDS PAID		
Dividends due at the beginning of the year	(229)	(281)
Dividends declared per the statement of changes in equity	(75)	–
Dividends due at the end of the year	229	229
Dividends paid	(75)	(52)
24. TAXATION PAID		
Net taxation due at the beginning of the year	(4 974)	(3 208)
Normal and STC taxation charged to the income statement	(4 329)	(2 142)
Acquisition of subsidiaries	(304)	–
Net taxation due at the end of the year	3 186	4 974
Taxation paid	(6 421)	(376)

	2006 R'000	2005 R'000
25. PROCEEDS ON DISPOSAL OF ASSOCIATE		
Cost of investment	-	-
Share of losses taken to date of disposal	-	(877)
Book value of investment at date of disposal	-	(877)
Profit on date of sale	-	877
Proceeds on disposal of associate	-	-
26. GUARANTEES AND CONTINGENT LIABILITIES		
The group has the following guarantees and suretyships outstanding at the year end:		
Payment guarantees	21 980	144
Performance and construction guarantees	202 445	130 484
Bond retention guarantees	41 089	18 925
Bid and other bonds	54 562	25 230
	320 076	174 783
The bank guarantees of Stone and Allied Industries Limited are secured by a cession over trade receivables. Total issued bank guarantees at year end amounted to R3,1 million.		
It is not expected that any loss will arise out of the issue of the above guarantees.		
27. CAPITAL AND OPERATING LEASE COMMITMENTS		
Capital expenditure contracted for at the balance sheet date	63 809	15 083
The above capital expenditure will be financed from funds generated from operations and borrowings.		
Operating lease commitments contracted for at the balance sheet date:		
Due within the next 12 months	1 004	851
Due between 1 and 2 years	909	775
Thereafter	793	-
	2 706	1 626
The operating leases for office equipment are payable in monthly instalments of between R2 870 and R72 787, escalating annually by 5% and 9% respectively, over a period of between two and three years.		
The operating lease for office space is payable in monthly instalments of R12 957. The current lease expires in January 2008.		

28. FINANCIAL INSTRUMENTS

Details of forward exchange contracts included in the balance sheet at year-end are as follows:

	Foreign amount 2006 '000	Rand amount 2006 '000	Foreign amount 2005 '000	Rand amount 2005 '000
Foreign currency sold – US Dollars	–	–	152	963
Foreign currency sold – Botswana Pula	–	–	1 866	2 148
Foreign currency sold – Euros	–	–	395	2 981
Foreign currency bought – Euros	–	–	395	2 987

The above forward exchange contracts have been marked-to-market at balance sheet date.

The group used an interest rate swap to manage its exposure to interest rate movements on its bank borrowings in Botswana. The fair value of the swap entered into at 31 December 2006 is estimated at a loss of R3 480 476 (2005: R6 262 207). The fair value adjustment has been included in profit for the year.

	2006 R'000	2005 R'000
29. EMPLOYEE BENEFITS		
a) Staff costs	194 969	118 970
Salaries and wages	178 971	105 927
Pension costs – defined contribution plans	11 411	7 425
Pension costs – defined benefit plan	224	182
Termination benefits	–	1 788
Social security costs	4 363	3 648
Segment employees analysis	Number	Number
Number of employees employed by the group: Geographical	2 193	827
Local	1 953	685
International	240	142
b) Defined contribution and defined benefit plan		
<p>The Basil Read Group Pension Fund, the Basil Read Group Provident Fund or the Construction Industry Retirement Benefit Plan covers permanent employees of the group and its subsidiary companies. The Pension Fund is a defined benefit plan while the Provident Fund and Construction Industry Retirement Benefit Plan are both defined contribution plans. All three funds are registered under the Pension Funds Act of 1965 as privately administered funds.</p> <p>The Basil Read Group Pension Fund was actuarially valued on 1 September 2002. The surplus apportionment, as required by the Pension Funds Second Amendment Act 2001, was approved by the Financial Services Board during January 2007. Due to the delay in approval, a provisional actuarial valuation was undertaken as at 31 August 2005. The information below relates to this provisional valuation.</p>		
		R'000
Present value of funded obligations		(34 510)
Fair value of plan assets		60 430
Surplus		25 920
The principal actuarial assumptions used for valuation purposes were as follows:		
Discount rate		7,90%
Expected return on assets		7,20%
Future salary increases		8,10%
Future pension increases		6,60%
<p>The group has not recognised any portion of the pension fund surplus in its balance sheet. The directors do not expect a significant portion of this surplus to be allocated to the group once the final apportionment has been approved by the trustees of the fund.</p>		

29. EMPLOYEE BENEFITS (continued)**c) Company contribution**

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

d) Medical aid

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

e) Share incentive scheme

In terms of the Basil Read Share Incentive Scheme, the group's share incentive trust holds the right to issue shares to employees who exercised this option in September 2002. The qualifying employees are able to acquire such shares at a price of R1,40 per share when the group issues these shares at the vesting periods indicated below. The scheme is administered through the Basil Read Share Trust. The fair value of these unissued shares amounted to R4 552 767 (2005: R2 439 034) based on the group's year end share price.

The movement in the rights to acquire Basil Read shares is as follows:

	Number 2006 '000	Number 2005 '000
Rights outstanding at the beginning of the year	717	1 052
Rights exercised during the year	(300)	(204)
Lapsed during the year due to resignations	(56)	(131)
Rights outstanding at the end of the year	361	717
The maturity date and maximum amount of shares that can be purchased are limited to the following vesting periods:		
September 2005	94	275
September 2006	68	221
September 2007	199	221
	361	717

30. FINANCIAL RISK MANAGEMENT**Financial risk exposure**

The group's activities expose it to a variety of financial risks, including foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. From time to time the group uses derivative financial instruments such as foreign exchange contracts to hedge certain exposures.

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

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures from the dates that foreign currency transactions are entered into (foreign sales and purchases) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). Companies within the group may from time to time use forward exchange contracts, approved through treasury and the board of directors, to hedge their exposure to foreign currency risk in connection with the measurement currency.

Interest rate risk

The group is exposed to interest rate risk through its cash and cash equivalents and interest bearing long-term liabilities. The group manages this risk through adequate working capital policies and an effective treasury function. Companies within the group may from time to time use interest rate swaps to manage their exposure to interest rate movements on their bank borrowings.

Credit risk

The group has no significant concentrations of credit risk after taking into account provisions created. The group has policies in place to ensure that contract activity and the sales of products and services are only made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions within South Africa, after evaluating the credit rating of these respective financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

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.

Fair value of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arm's length transaction between willing parties. The estimated values of the group's financial instruments are:

	2006 R'000	2006 R'000	2005 R'000	2005 R'000
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Available-for-sale financial assets	650	650	170	170
Contract and trade debtors	120 069	120 069	64 762	64 762
Receivables and pre-payments	17 623	17 623	2 454	2 454
Cash and cash equivalents	270 518	270 518	91 249	91 249
Financial liabilities				
Interest bearing borrowings	82 978	82 978	46 347	46 347
Provisions for other liabilities and charges	55 349	55 349	24 394	24 394
Trade and other payables	281 844	281 844	156 202	156 202
Bank overdraft	4 081	4 081	–	–

31. SEGMENT REPORT

The group classifies its primary activities into five distinct operating areas, namely civil engineering and roads, opencast mining, buildings, developments and plant and head office.

Business segmentation

	Civil engineering and roads R'000	Opencast mining R'000	Buildings R'000	Developments R'000	Plant and head office R'000	Total R'000
2006						
Revenue	624 187	274 666	180 757	82 588	–	1 162 198
Operating profit	39 677	5 085	4 977	4 011	–	53 750
Total assets	–	–	–	–	630 948	630 948
Total liabilities	–	–	–	–	431 485	431 485
Capital expenditure	–	–	–	–	98 548	98 548
Depreciation	–	–	–	–	23 484	23 484
2005						
Revenue	195 413	302 034	66 028	53 857	–	617 332
Operating profit/(loss)	29 831	6 449	(1 261)	2 284	–	37 303
Total assets	–	–	–	–	266 829	266 829
Total liabilities	–	–	–	–	233 444	233 444
Capital expenditure	–	–	–	–	33 024	33 024
Depreciation	–	–	–	–	19 570	19 570

Geographical segmentation

	Local R'000	International R'000	Total R'000
2006			
Revenue	971 243	190 955	1 162 198
Operating profit	40 786	12 964	53 750
Total assets	515 227	115 721	630 948
Capital expenditure	65 630	32 918	98 548
2005			
Revenue	480 633	136 699	617 332
Operating profit	24 396	12 907	37 303
Total assets	202 950	63 879	266 829
Capital expenditure	27 466	5 558	33 024

Segment assets and liabilities are not allocated to operating divisions as the group operates under a centralised working capital structure.

32. RELATED PARTY TRANSACTIONS

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

Costs incurred by the group:

Nature of relationship/Amounts paid to	Nature of transaction	2006 R'000	2005 R'000
Amabubesi Investments (Pty) Limited	Directors' fees	775	–
Vuwa Investments (Pty) Limited	Directors' fees	312	–
Amounts paid to other non-executive directors	Directors' fees	258	–
Amounts paid to key management	Remuneration and incentives	13 064	4 763

33. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Provision for impairment of contract debtors

A provision for impairment of contract debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contract debtor is impaired. The amount of the provision is the difference between the contract debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Refer to note 15 for the carrying value.

Accounting for construction contracts

The group makes estimates and assumptions concerning the future, particularly as regards construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to note 20 for details of the group's contract provisions.

Property, plant and equipment

Property, plant and equipment is depreciated on a straight line basis over its useful life to residual value. Residual values and useful lives are based on management's best estimate and actual future outcomes may differ from these estimates. Refer to note 8 for details of the group's property, plant and equipment.

Deferred taxation

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

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

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

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

Refer to note 12 for details of the group's deferred tax assets.

33. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Defined benefit plan**

The defined benefit obligation calculation is subject to estimates of future contributions, mortality tables and discount rates. These estimates could change materially over time. The principal actuarial assumptions used for valuation purposes of the group's defined benefit plan can be found in note 29(b) of this report.

Provision for environmental rehabilitation costs

The group's stone crushing activities are subject to various laws and contractual agreements with supply partners. The Group recognises management's best estimate for environmental rehabilitation costs in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws, contractual agreements and discount rates could affect the carrying amount of this provision. Refer to note 20 for the carrying value of the environmental rehabilitation provisions.

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. Refer to note 28 for details of the group's derivatives.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgement and estimates of the outcome of future events (refer to note 26).

34. INVESTMENT IN JOINT VENTURES

Joint venture name	Nature of work	% of joint venture
BRSB joint venture	Marine works	70%
Basil Read Quinisa joint venture	Building works	50%
Basil Read Sivukile joint venture	Building works	70%
Basil Read Bothakga Burrow joint venture	Opencast mining	70%
Basil Read Newport joint venture	Civil engineering	76%

	2006 R'000	2005 R'000
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The group's aggregate proportionate share of joint ventures:

ASSETS

Non-current assets	–	–
Current assets	34 604	25 790
	34 604	25 790

EQUITY AND LIABILITIES

Reserves	(15 641)	97
Current liabilities	50 245	25 693
	34 604	25 790

INCOME STATEMENT

Revenue	129 300	80 689
Cost	(140 186)	(79 397)
Net (loss)/profit for the year	(10 886)	1 292

	2006 R'000	2005 R'000
35. ASSOCIATES		
The group's proportionate share of associates:		
Assets		
Non-current assets	12	424
Current assets	696	8 916
	708	9 340
Equity and liabilities		
Reserves	66	(1 262)
At end of year	66	(2 139)
Sale of interest in associate during the year	-	877
Current liabilities	642	10 602
	708	9 340
INCOME STATEMENT		
Revenue	6 092	62 780
Cost	(6 092)	(62 622)
Net profit for the year	-	158

36. SCHEDULE OF GROUP COMPANIES

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

	Currency	Issued ordinary share capital	Proportion held 2006 %	2005 %
African Road Maintenance and Construction (Pty) Limited	R	1	100	100
Basil Read (Pty) Limited	R	200	100	100
Basil Read Botswana (Pty) Limited (incorporated in Botswana)	BWP	2	100	100
Basil Read Civils Namibia (Pty) Limited (incorporated in Namibia)	N\$	10	100	–
Basil Read Contracting (Pty) Limited	R	20 000	100	100
Basil Read Homes (Pty) Limited	R	2	100	100
Basil Read International (Pty) Limited	R	100	100	100
Basil Read Mozambique Limitada (incorporated in Mozambique)	MT	1 500 000	100	100
Basil Read Properties No. 2 (Pty) Limited	R	389 000	100	100
Basil Read Zambia Limited (incorporated in Zambia)	K	5 000	100	100
Basil Read Zimbabwe (Pvt) Limited (incorporated in Zimbabwe)	Z\$	2 000	100	100
Binga Construções Mozambique Limitada (incorporated in Mozambique)	MT	30 000 000	49	49
BR-Tsima Construction (Pty) Limited	R	100	51	32
BR-Ijima Construction (Pty) Limited	R	100	31,5	31,5
BRM Services Limited (incorporated in Mauritius)	US\$	100	100	100
Codevco (Pty) Limited	R	1	50	50
Newport Construction (Pty) Limited	R	100	51	40
Protea Parkway Concession (Pty) Limited	R	100	25	25
SBB Mozambique Limitada (incorporated in Mozambique)	MT	10 000 000	30	30
Spray Pave (Pty) Limited	R	200	61	–
Stone and Allied Industries Limited	R	250	60,8	–
Swaziland Construction Company (Pty) Limited (incorporated in Swaziland)	E	2	100	100

The holding company's interest in the aggregate net profits earned by subsidiaries amounted to R54,1 million for the year (2005: R25 million).

37. BUSINESS COMBINATIONS**Newport Construction (Pty) Limited**

On 1 January 2006, the group acquired 11% of the share capital of Newport Construction (Pty) Limited, thereby giving the group an effective 51% interest in the company. Newport Construction (Pty) Limited is a civil engineering and construction company, specialising in projects in the Coega Development Zone in Port Elizabeth. The acquired business contributed revenues of R46,9 million and net profit of R1,0 million. These amounts have been calculated using the group's accounting policies.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	150
Fair value of net assets acquired	(150)
Goodwill	–

The assets and liabilities as of 1 January 2006 arising from the acquisition are as follows:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	1 312	1 312
Property, plant and equipment (note 8)	1 060	1 060
Contract-based intangible asset	1 170	–
Deferred tax assets	1 004	–
Contract debtors and retentions	2 922	2 922
Receivables and prepayments	10 476	10 476
Trade and other payables and provisions	(19 357)	(19 357)
Net liabilities	(1 413)	(3 587)
Equity accounted	1 563	1 563
Minority interests (49%)	–	–
Net assets acquired	150	(2 024)

	R'000
Purchase consideration settled in cash	150
Cash and cash equivalents in subsidiary acquired	(1 312)
Cash inflow on acquisition	(1 162)

BR-Tsima Construction (Pty) Limited

On 1 January 2006, the group acquired 19% of the share capital of BR-Tsima Construction (Pty) Limited, thereby giving the group an effective 51% interest in the company. BR-Tsima Construction (Pty) Limited is a civil engineering and construction company, specialising in projects in the North-West Province, Limpopo Province and Mpumalanga. The acquired business contributed revenues of R78,8 million and net profit of R0,4 million. These amounts have been calculated using the group's accounting policies.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	450
Fair value of net assets acquired	(450)
Goodwill	–

	Fair value R'000	Acquiree's carrying amount R'000
37. BUSINESS COMBINATIONS (continued)		
The assets and liabilities as of 1 January 2006 arising from the acquisition are as follows:		
Cash and cash equivalents	2 822	2 822
Contract-based intangible asset	267	–
Contract debtors and retentions	3 218	3 218
Receivables and prepayments	5 486	5 486
Trade and other payables and provisions	(10 101)	(10 101)
Deferred tax liabilities	(224)	(224)
Taxation	(249)	(249)
Net assets	1 219	952
Equity accounted	(302)	(302)
Minority interests (49%)	(467)	(467)
Net assets acquired	450	183

	R'000
Purchase consideration settled in cash	450
Cash and cash equivalents in subsidiary acquired	(2 822)
Cash inflow on acquisition	(2 372)

Basil Read Civils Namibia (Pty) Limited

On 1 January 2006, the group acquired 100% of the share capital of Basil Read Civils Namibia (Pty) Limited. The company is a civil engineering and construction company, specialising in projects in Namibia. The acquired business contributed revenues of R53,4 million and net profit of R7,3 million. These amounts have been calculated using the group's accounting policies.

Details of net assets acquired and goodwill are as follows:

Purchase consideration:	
– cash paid	–
Fair value of net assets acquired	–
Goodwill	–

	Fair value R'000	Acquiree's carrying amount R'000
37. BUSINESS COMBINATIONS (continued)		
The assets and liabilities as of 1 January 2006 arising from the acquisition are as follows:		
Cash and cash equivalents	514	514
Deferred tax assets	1 248	1 248
Contract debtors and retentions	1 025	1 025
Receivables and prepayments	263	263
Trade and other payables and provisions	(3 050)	(3 050)
Net assets acquired	–	–
		R'000
Purchase consideration settled in cash		–
Cash and cash equivalents in subsidiary acquired		(514)
Cash inflow on acquisition		(514)
Stone and Allied Industries Limited		
On 1 July 2006, the group acquired 60,8% of the share capital of Stone and Allied Industries Limited. The company is a stone crushing company. The acquired business contributed revenues of R27,0 million and net profit of R1,7 million. These amounts have been calculated using the group's accounting policies.		
Details of net assets acquired and goodwill are as follows:		
		R'000
Purchase consideration:		
– cash paid		10 032
Fair value of net assets acquired		(7 728)
Goodwill		2 304
The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise following the acquisition of Stone and Allied Industries Limited.		
The assets and liabilities as of 1 July 2006 arising from the acquisition are as follows:		
	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	3 823	3 823
Property, plant and equipment (note 8)	13 893	13 893
Available-for-sale investments	217	217
Inventories	2 460	2 460
Receivables and prepayments	6 364	6 364
Environmental rehabilitation provision	(2 562)	(2 562)
Borrowings	(3 839)	(3 839)
Trade and other payables and provisions	(5 753)	(5 753)
Deferred tax liabilities	(1 837)	(1 837)
Taxation	(55)	(55)
Net assets	12 711	12 711
Minority interests (39,2%)	(4 983)	(4 983)
Net assets acquired	7 728	7 728

37. BUSINESS COMBINATIONS (continued)

	R'000
Purchase consideration settled in cash	10 032
Cash and cash equivalents in subsidiary acquired	(3 823)
Cash outflow on acquisition	6 209

Spray Pave (Pty) Limited

On 1 July 2006, the group acquired 61% of the share capital of Spray Pave (Pty) Limited, a supplier and sprayer of bitumen and related products. The acquired business contributed revenues of R36,4 million and net profit of R1,0 million. These amounts have been calculated using the group's accounting policies.

Details of net assets acquired and goodwill are as follows:

	R'000
Purchase consideration:	
– cash paid	4 800
Fair value of net liabilities acquired	2 638
Goodwill	7 438

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise following the acquisition of Spray Pave (Pty) Limited.

The assets and liabilities as of 1 July 2006 arising from the acquisition are as follows:

	Fair value R'000	Acquiree's carrying amount R'000
Cash and cash equivalents	(4 904)	(4 904)
Property, plant and equipment (note 8)	5 358	5 358
Investments in associates	66	66
Deferred tax assets	878	878
Inventories	1 604	1 604
Receivables and prepayments	9 244	9 244
Borrowings	(3 009)	(3 009)
Trade and other payables and provisions	(11 875)	(11 875)
Net liabilities	(2 638)	(2 638)
Minority interests (39%)	–	–
Net liabilities acquired	(2 638)	(2 638)

	R'000
Purchase consideration settled in cash	4 800
Cash and cash equivalents in subsidiary acquired	4 904
Cash outflow on acquisition	9 704

	Notes	2006 R'000	2005 R'000
Revenue		-	-
Contracting revenue		-	-
Other		-	-
Contracting and other costs		-	-
Gross profit		-	-
Other losses	38	-	(4)
Operating loss		-	(4)
Interest paid	39	(3 146)	(1 262)
Interest received	39	3 146	1 262
Loss before taxation		-	(4)
Taxation		-	-
Loss after taxation		-	(4)

	Notes	2006 R'000	2005 R'000
ASSETS			
Non-current assets			
		104 942	(493)
Investments in subsidiaries	40	104 940	(495)
Available-for-sale financial assets	41	2	2
Current assets			
		61 600	60 844
Receivables and pre-payments	42	219	–
Cash and cash equivalents	43	61 381	60 844
TOTAL ASSETS		166 542	60 351
EQUITY AND LIABILITIES			
Capital and reserves			
		166 271	60 122
Stated capital	44	165 043	58 894
Retained earnings		1 228	1 228
Current liabilities			
Trade and other payables	45	271	229
TOTAL EQUITY AND LIABILITIES		166 542	60 351

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Share capital R'000	Retained earnings R'000	Total R'000
Balance at 1 January 2005	58 264	1 232	59 496
Consideration received for the issue of shares to Basil Read Share Incentive Scheme	630	–	630
Loss for the year	–	(4)	(4)
Balance at 31 December 2005	58 894	1 228	60 122
Consideration received for the issue of shares to Basil Read Share Incentive Scheme	587	–	587
Consideration received for the issue of shares in terms of the clawback offer	109 560	–	109 560
Costs relating to the clawback offer	(3 998)	–	(3 998)
Profit for the year	–	–	–
Balance at 31 December 2006	165 043	1 228	166 271

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 R'000	2005 R'000
CASH FLOW FROM OPERATING ACTIVITIES		(177)	55
Cash utilised in operating activities	46	(177)	–
Net finance costs		–	–
Dividends paid	47	–	(52)
Taxation received	48	–	107
CASH FLOW FROM INVESTING ACTIVITIES			
Loans (advanced to)/repaid by subsidiaries		(105 435)	94 384
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		106 149	630
MOVEMENT IN CASH AND CASH EQUIVALENTS		537	95 069
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		60 844	(34 225)
CASH AND CASH EQUIVALENTS – END OF YEAR	43	61 381	60 844

	2006 R'000	2005 R'000
38. OTHER LOSSES		
Impairment of subsidiary	-	(4)
39. NET FINANCE COSTS		
Interest paid		
Bank loans and other borrowings	(3 146)	(1 262)
Interest received		
Bank	3 146	1 262
	-	-
40. INVESTMENTS IN SUBSIDIARIES		
Unlisted investments		
Shares at cost	1	1
Loans to/(from) subsidiaries	104 939	(496)
	104 940	(495)
Details of the group's investments in subsidiaries are as follows:		
Basil Read (Pty) Limited	101 410	(1 884)
Shares at cost	1	1
Loans to subsidiary	101 409	(1 885)
Basil Read Properties No. 1 (Pty) Limited	-	-
Shares at cost	-	4
Impairment of subsidiary due to deregistration	-	(4)
Basil Read Contracting (Pty) Limited		
Loans to subsidiary	1 427	1 045
Basil Read Share Incentive Scheme		
Loans to trust	1 988	344
African Road Maintenance and Construction (Pty) Limited		
Loans to subsidiary	115	-
	104 940	(495)

At 31 December 2006, the net asset value of the group was R199,5 million and the market capitalisation was R895,6 million, based on the group's year end share price.

	2006 R'000	2005 R'000
41. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed investments		
At beginning and at the end of the year	2	2
The carrying value of listed investments approximates their fair value.		
42. RECEIVABLES AND PRE-PAYMENTS		
Other receivables	219	–
43. CASH AND CASH EQUIVALENTS		
Bank balances	61 381	60 844
Cash on hand	–	–
	61 381	60 844
44. STATED CAPITAL		
Authorised		
Ordinary shares		
76 000 000 ordinary no par value shares (2005: 70 000 000)		
		No par value ordinary shares R'000
Issued		
Ordinary shares		
Year ended 31 December 2005		
55 100 000 ordinary no par value shares at the beginning of the year		58 264
450 000 ordinary no par value shares issued to Basil Read Share Incentive Scheme		630
55 550 000 ordinary no par value shares at the end of the year		58 894
Year ended 31 December 2006		
55 550 000 ordinary no par value shares at the beginning of the year		58 894
419 545 ordinary no par value shares issued to Basil Read Share Incentive Scheme		587
15 111 777 ordinary no par value shares issued in terms of the clawback offer – nett of costs		105 562
71 081 322 ordinary no par value shares at the end of the year		165 043
The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit.		

	2006 R'000	2005 R'000
45. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	42	–
Shareholders for dividend	229	229
	271	229
The carrying value of trade and other payables approximate their fair value due to the short-term maturities of these balances.		
46. CASH UTILISED IN OPERATING ACTIVITIES		
Operating loss	–	(4)
Adjustment for non-cash items: impairment loss	–	4
Operating cash flow	–	–
Movements in working capital:	(177)	–
Receivables and pre-payments	(219)	–
Trade and other payables	42	–
Cash utilised in operating activities	(177)	–
47. DIVIDENDS PAID		
Dividends due at the beginning of the year	(229)	(281)
Dividends declared per the statement of changes in equity	–	–
Dividends due at the end of the year	229	229
Dividends paid	–	(52)
48. TAXATION RECEIVED		
Taxation receivable at the beginning of the year	–	107
Normal and STC taxation charged to the income statement	–	–
Taxation due at the end of the year	–	–
Taxation received	–	107
49. BORROWING POWERS		
The company has unlimited borrowing powers in terms of its articles of association.		
50. GUARANTEES AND CONTINGENT LIABILITIES		
The company has issued sureties for unlimited amounts in respect of amounts advanced to and sureties issued on behalf of subsidiary companies. It is not expected that any loss will arise out of the issue of the above guarantees.		

ORDINARY SHAREHOLDERS' ANALYSIS

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

	Number of shares held	% of shares held
Amabubesi Investments (Pty) Limited	21 825 041	30,70
Bouygues Travaux Publics SA (France)	10 308 188	14,50
Mquanda Trust	3 043 231	4,28
Vuwa Investments (Pty) Limited	2 783 210	3,92
Stanlib Asset Managers	2 241 115	3,15
Sanlam Industrial Fund	1 829 429	2,57

DESCRIPTION OF SHAREHOLDERS

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Public shareholding				
Corporate entities/Nominees/Trusts/Individuals	2 739	99,89	46 002 783	64,72
	2 739	99,89	46 002 783	64,72
Non-public shareholding				
Share Incentive Scheme	1	0,04	470 288	0,66
Major Black Economic Empowerment Partners	2	0,07	24 608 251	34,62
	3	0,11	25 078 539	35,28
Total	2 742	100,00	71 081 322	100,00

SHAREHOLDER SPREAD

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
1 – 1 000 shares	706	25,74	342 203	0,48
1 001 – 5 000 shares	1 153	42,07	2 994 707	4,21
5 001 – 10 000 shares	427	15,57	2 970 020	4,18
10 001 – 50 000 shares	361	13,16	7 198 683	10,13
50 001 – 100 000 shares	36	1,31	2 494 822	3,51
Over 100 001 shares	59	2,15	55 080 887	77,49
	2 742	100,00	71 081 322	100,00

Notice is hereby given that the twenty-second annual general meeting of the shareholders of Basil Read Holdings Limited which will be held at their offices on 388 Gild Road, Lilianton, Boksburg, on 10 May 2007 at 10:00 to consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions:

AS ORDINARY RESOLUTIONS

1. To consider and adopt the annual financial statements for the year ended 31 December 2006 and the reports of the directors and auditors.
2. To elect the following directors who retire in accordance with the provisions of the group's articles of association and being eligible offer themselves for re-election. Their short CV's are detailed on page 8 of the annual report:
 - 2.1 SS Ntsaluba (appointed 05/07/2006)
 - 2.2 CP Davies (appointed 05/07/2006)
 - 2.3 SLL Peteni (appointed 05/07/2006)
 - 2.4 AT Tlelai (appointed 05/07/2006)
3. To confirm fees payable to the directors (refer page 42).
4. To authorise the directors to approve the remuneration of the auditors PricewaterhouseCoopers Inc for the year under review.
5. To re-appoint PricewaterhouseCoopers Inc as auditors until the conclusion of the next annual general meeting.
6. To place the unissued ordinary shares in the authorised ordinary share capital of the company under the control of the directors in terms of sections 221 and 222 of the Companies Act, 1973, as amended ("the Act"), who are authorised to allot and issue these shares on such terms and conditions as they deem fit until the next annual general meeting, subject to the provisions of the Act and the JSE Limited regulations.
7. "Resolved that the directors have the powers to allot and issue ordinary shares for cash as and when the directors consider it appropriate in the circumstances, subject to the Act, any share incentive trust deed entered into by the company, the articles of association of the company and the JSE Listings Requirements, when applicable, and the following limitations, namely that:
 - this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 (fifteen) months from the date of this meeting;
 - there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) but not to related parties;
 - upon any issue of ordinary shares representing on a cumulative basis within a financial year, 5% (five percent) or more of the number of ordinary shares in issue, the company shall, by way of a paid press announcement in terms of 11.22 of the JSE Listings Requirements, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the company's directors;
 - that issues in the aggregate in any one financial year shall not exceed 15% (fifteen percent) of the number of issued ordinary shares of the company (including instruments which are compulsorily convertible into ordinary shares) at the date of application less any ordinary shares issued, or to be issued in the future arising from options/convertible securities issued during the current financial year;
 - the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors, and
 - under the JSE Listings Requirements, a 75% (seventy-five percent) majority of votes cast by the ordinary shareholders present or represented by proxy at the general meeting is required to approve the resolution."

8. SPECIAL RESOLUTION NUMBER 1

It is resolved hereby that the company be authorised to increase its Authorised Ordinary Share Capital presently consisting of 76 000 000 ordinary shares of no par value, to 100 000 000 authorised ordinary shares of no par value, representing an increase of 24 000 000 ordinary shares of no par value.

Reasons for and Effect of the Special Resolution

The increase in the authorised share capital of the company by 24 000 000 new ordinary shares of no par value shall enable the company, in due course, to proceed with increasing its issued ordinary share capital, as may be deemed necessary from time to time to fund expansion and growth of the company, and to enable the company to maintain an appropriate equity: debt ratio.

9. To transact such other business as may be transacted at an annual general meeting.

Voting

The ordinary resolutions are subject to a simple majority vote of shareholders present or represented by proxy at the annual general meeting. Every shareholder present in person or by proxy at the annual general meeting shall, on a show of hands, have one vote only, and on a poll, have one vote for each share of which he/she is the registered holder.

A shareholder entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, speak and vote in his/her stead.

Shareholders which are companies or other bodies corporate may, in terms of section 188(1) of the Act, by resolution of its directors or other governing body, authorise any person to act as its representative at the annual general meeting.

Certificated shareholders and own-name dematerialised shareholders who are unable to attend the annual general meeting but wish to be represented thereat should complete and return the attached form of proxy in accordance with the instruction contained therein so as to be received before the annual general meeting by the Transfer Secretaries, Link Market Services (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 by no later than 10h00 on Tuesday, 8 May 2007.

Ordinary shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Dematerialised shareholders who wish to attend the annual general meeting must request their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and their CSDP or broker.

By order of the board

E KRUGER

Company Secretary

Boksburg

18 April 2007



BASIL READ HOLDINGS LIMITED
 Registration number 1984/007758/06
 (Incorporated in the Republic of South Africa)
 ("the company")

For use by certificated and own-name dematerialised shareholders at the annual general meeting to be held at 10:00 on Thursday, 10 May 2007 at 388 Gild Road, Lilianton, Boksburg.

I/We (name in full)

being the holder/s of ordinary shares in the company appoint: (see note 1)

1. _____ or failing him/her

2. _____ or failing him/her

3. _____ the chairman of the annual general meeting,

as my/our proxy to attend, speak and vote for me/us at the annual general meeting of the company to be held at 10:00 on Thursday, 10 May 2007 at 388 Gild Road, Lilianton, Boksburg and at any adjournment thereof. I/We desire to vote as indicated below (see note 2):

Ordinary resolution		Number of shares		
		In favour of	Against	Abstain
1.	Adopt the annual financial statements			
2.	Re-elect the directors as listed/below			
	2.1 SS Ntsaluba			
	2.2 CP Davies			
	2.3 SLL Peteni			
	2.4 AT Tlelai			
3.	To confirm the fees payable to the directors			
4.	Approve auditors' remuneration			
5.	Re-appoint PricewaterhouseCoopers Inc as auditors			
6.	Place unissued shares under the control of directors			
7.	To grant the directors a general authority to issue ordinary shares for cash			
8.	Special resolution number 1: increase in authorised share capital			

Indicate instructions to proxy by way of a cross in the appropriate space(s) provided above

Signed at _____ on _____ 2007

Signature: _____

Each shareholder is entitled to appoint one or more proxies (who need not be a member of the company), to attend, speak and vote in place of that member at the annual general meeting.

INSTRUCTIONS ON SIGNING AND LODGING THE ANNUAL GENERAL MEETING PROXY FORM

1. A shareholder may insert the name(s) of two alternative proxies (neither of whom need be a shareholder of the company) in the space provided, with or without deleting the words “chairman of the annual general meeting”. The person whose name stands first on the form of proxy and has not been deleted and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the annual general meeting.
2. A shareholder’s instructions to the proxy must be indicated by the insertion of an “X” or the relevant number of votes exercisable by that shareholder in the appropriate box/boxes provided. If a proxy form, fully signed, is lodged without specific directions as to which way the proxy is to vote, the chairman of the annual general meeting will be deemed to have been authorised as he/she thinks fit. A shareholder or the proxy is obliged to use all the votes exercisable by the shareholder or by the proxy.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the authorised signatory/ies.
4. When there are joint holders of Basil Read shares, all joint Basil Read shareholders must sign the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the shareholders, who grants this proxy, from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries.
7. Where this form is signed under power of attorney, such power of attorney must accompany this form unless it has been previously registered with the company or the transfer secretaries.
8. A minor must be assisted by his/her parent or guardian unless the relevant document establishing his/her legal capacity has been produced or registered by the transfer secretaries.
9. Completed forms of proxy must be forwarded to the company’s transfer secretaries, Link Market Services (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 so as to be received at least 48 hours, excluding Saturdays, Sundays and public holidays, before the annual general meeting.
10. The chairman of the annual general meeting may in his absolute discretion, accept or reject any form of proxy, which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the transfer secretaries of Basil Read.
12. Dematerialised shareholders, other than by own name registration, must NOT complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.