

Project hits Basil Read year

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Construction group Basil Read made a net loss of R53.6m in 2016, saying problems in trying to complete the Olifants River water resource development project for Trans Caledonian Water Agency weakened the company's profitability.



Basil Read, which released financial results on Friday, 10 March, said the project had cost it R61m in the financial year to December, bringing its loss to date for the project to R499m.

CEO Neville Nicolau said there was an after-tax loss of R53.6m, after the deduction of a tax expense of R25.4m, which had been incurred mainly from profits generated in subsidiary companies domiciled outside SA, as well as a loss of R33m on the SprayPave sale.

Basil Read restructured itself during the reporting period into five divisions from a holding company with subsidiaries.

The construction division, which houses the Olifants River project, contributed an overall operating loss of R108m.

The company recorded operating profit of R64m, thanks to its mining division contributing a R112m profit, and its St Helena airport project, which is accounted for as one of the construction group's five divisions, having contributed R86m in operating profit.

"Although this flagship project is coming to an end, Basil Read still has work worth R852m on its order book - R400m to complete the new bulk fuel facility and R452m to service the airport for the next nine years," the group said.

"In the reporting period, financial systems, Buildsmart and Hyperion, as well as a human resources and payroll solution were implemented to enable better information management and reporting from operational level to the corporate level. This has facilitated better decision-making and Basil Read now has a single accounting and procurement system operating throughout the organisation," said Nicolau.

The benefits included increased efficiency and reduced overheads.

"The availability of more timely and accurate information also supported better cost management and decision making across all areas of operation," Nicolau said.

The company chose not to pay a dividend, saying it needed to retain working capital.

Source: Business Day

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