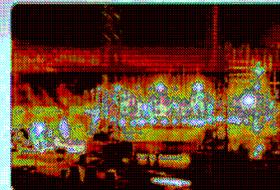


**BASIL READ**

> [www.basilread.co.za](http://www.basilread.co.za)

BASIL READ HOLDINGS LIMITED  
Incorporated in the Republic of South Africa  
(Registration number 1984/007758/06)  
("Basil Read" or "the group")  
ISIN: ZAE000029751  
Share code: BSR



- ▲ 88% increase in revenue
- ▲ 120% increase in net profit
- ▲ 110% increase in headline earnings
- ▲ 192% increase in cash on hand
- ▲ Order book of R2,3 billion

ROADS AND  
CIVIL ENGINEERING  
OPENCAST MINING  
BUILDINGS  
DEVELOPMENTS

# 2006 HIGHLIGHTS



# Basil Read Group

RESULTS PRESENTATION - 31 DECEMBER 2006

# AGENDA

- **Brief history of Basil Read**
- **Turnaround of Basil Read**
- **Construction industry overview**
- **Vision, mission and values**
- **Growth prospects**
- **Financial review**
- **Prospects**
- **Questions**



# BRIEF HISTORY OF BASIL READ

# A brief history of Basil Read

- Basil Leonard Read started Basil Read in 1952
- Basil Read, CMGM and McLaren & Eager formed Group 5 in 1974
- Management buyout of Basil Read from Group Five took place in 1984
- Basil Read listed on the JSE in 1987
- Bouygues bought 25% of Basil Read in 1993, increasing their shareholding to 70% by 2002

# A brief history of Basil Read (Continued)

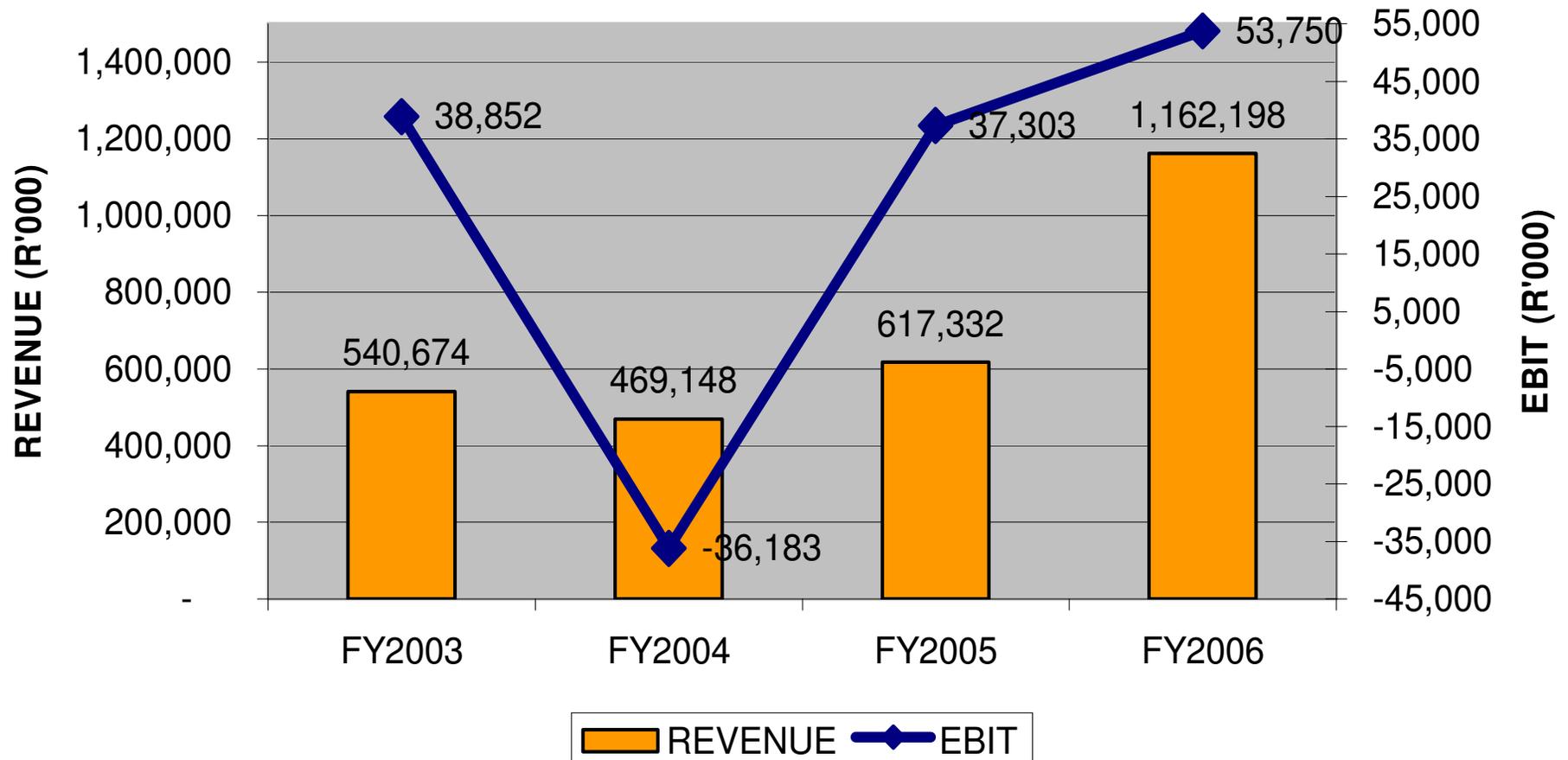
- Basil Read became the first truly black owned construction company in South Africa in December 2005 through Bouygues' sale of 51.9% of Basil Read shares to a consortium of Amabubesi Investments and Metallon
- Metallon sold its share into the market and to black shareholders including Amabubesi, Bulelani Ngcuka and Khaya Ngqula in May 2006. Basil Read currently has a 41% black shareholding

A grayscale photograph of a large-scale construction site. In the foreground, a white excavator is positioned on a dirt embankment. In the background, several multi-story buildings are under construction, with visible rebar and concrete structures. A blue semi-transparent banner is overlaid across the middle of the image, containing the title text.

# TURNAROUND OF BASIL READ

# Basil Read has shown an impressive turnaround

## REVENUE / EBIT



# Reasons for the turnaround

- 50% cost reduction in fixed overhead costs in 2005
- Appointment of managers / directors that understand the local markets
- Sale of old and unproductive plant
- Task team formed to collect old African debts and claims
- Re-launching of the building division
- The start of phase 1 of Cosmo City

# Our unique history has provided many strengths for the future

- We have a unique culture (one family)
- We have an exceptional set of people, many of whom have been with Basil Read for many years
- We endure the good times and the bad (we are in our 54<sup>th</sup> year as a group)
- We have a brand known for quality and reliability (we always finish the job)

# Our unique history has provided many strengths for the future (Continued)

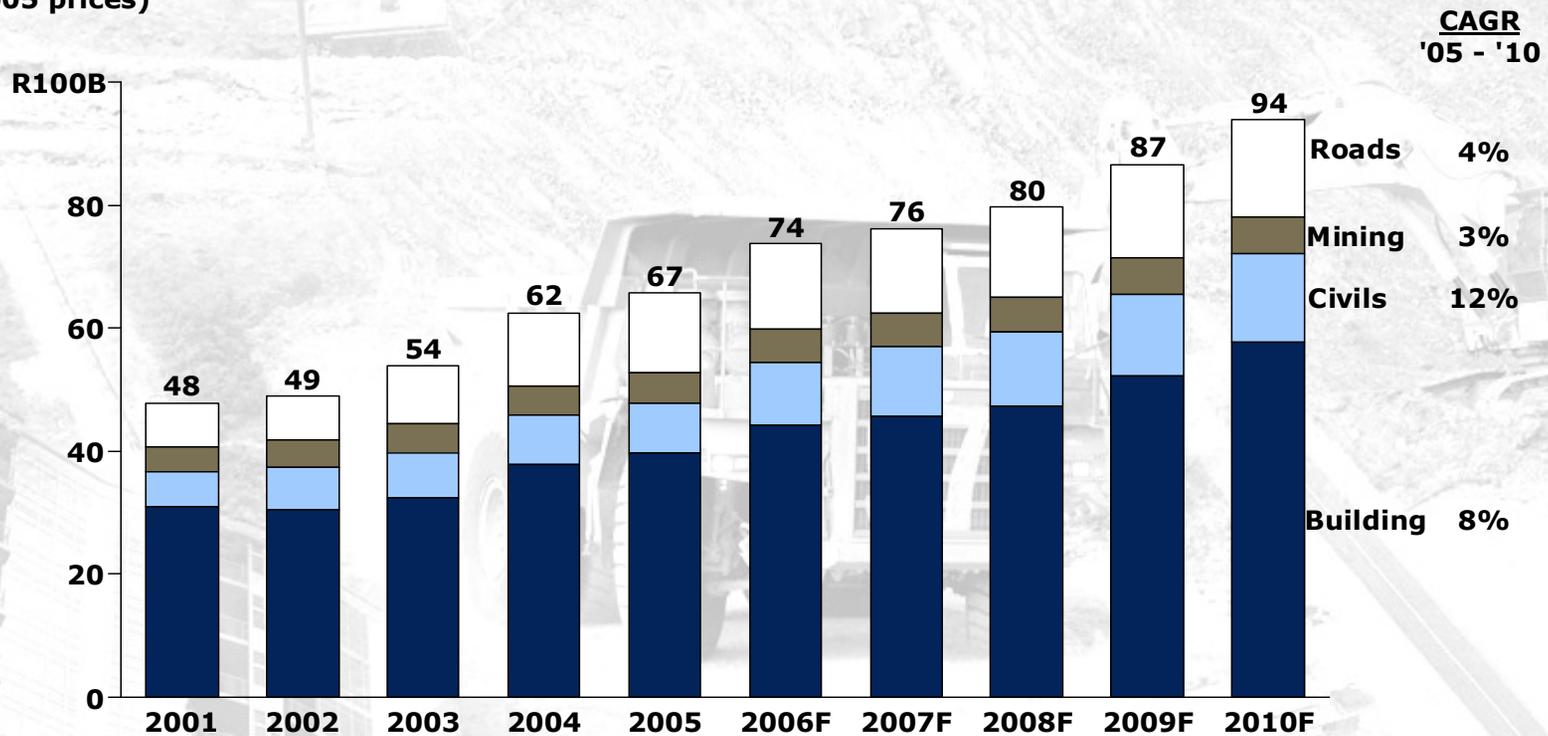
- We are respected by our clients
- We are the leading black empowered construction company in South Africa
- Our independence gives us unique customer focus and agility
- Bouygues has provided us with world-class management processes and systems

A grayscale background image of a construction site. The top portion shows a deep excavation with workers and rebar. The middle portion shows a white excavator and a truck. The bottom portion shows a multi-story building under construction with a sign that says 'N GRAY'S'.

# CONSTRUCTION INDUSTRY OVERVIEW

# We are standing at the door of a unique opportunity – a sustained growth outlook like this has not been seen in over two decades

Construction industry revenue breakdown  
(at 2005 prices)

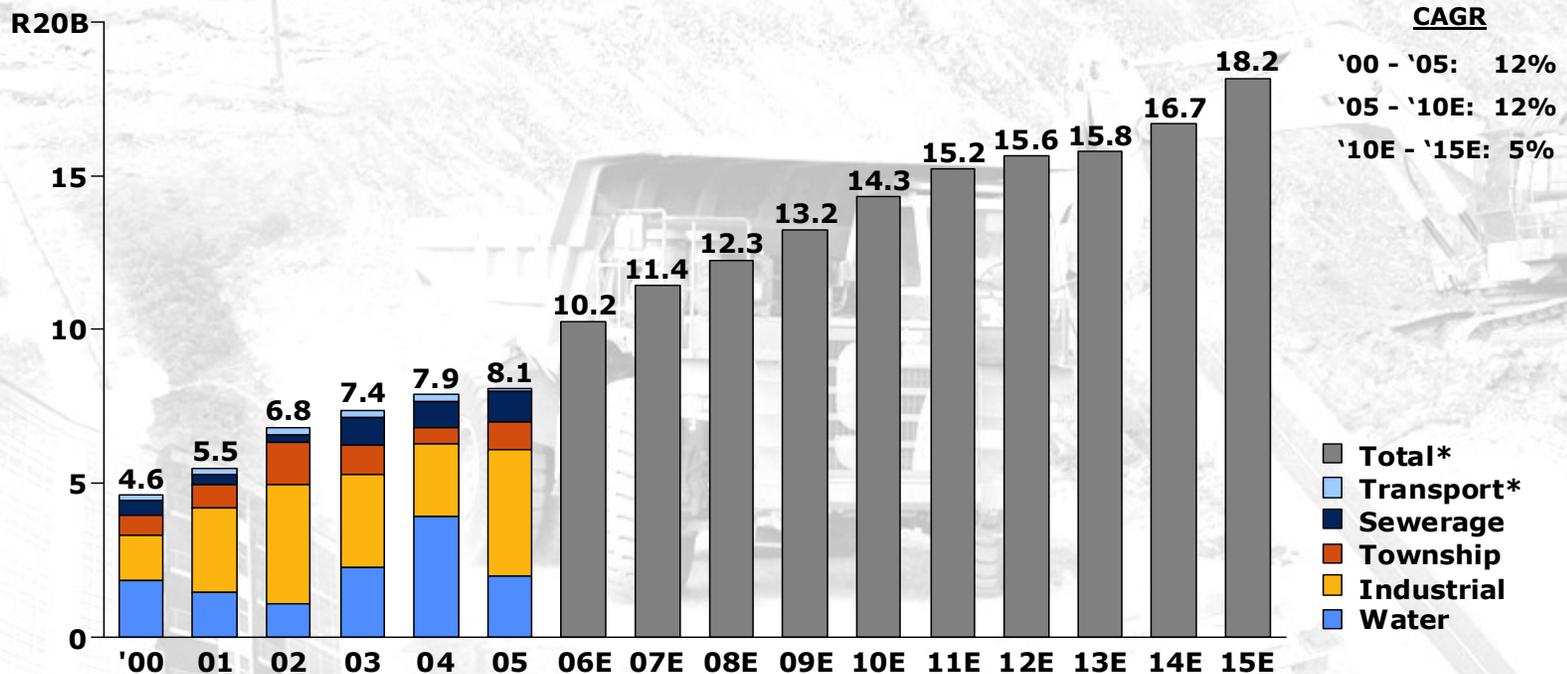


Note: All growth real

Source: Stats SA, SAFCEC, Treasury, SANRAL, Industry Insight

# Strong growth in civil engineering is forecast for the next 5 years after which it is expected to slow

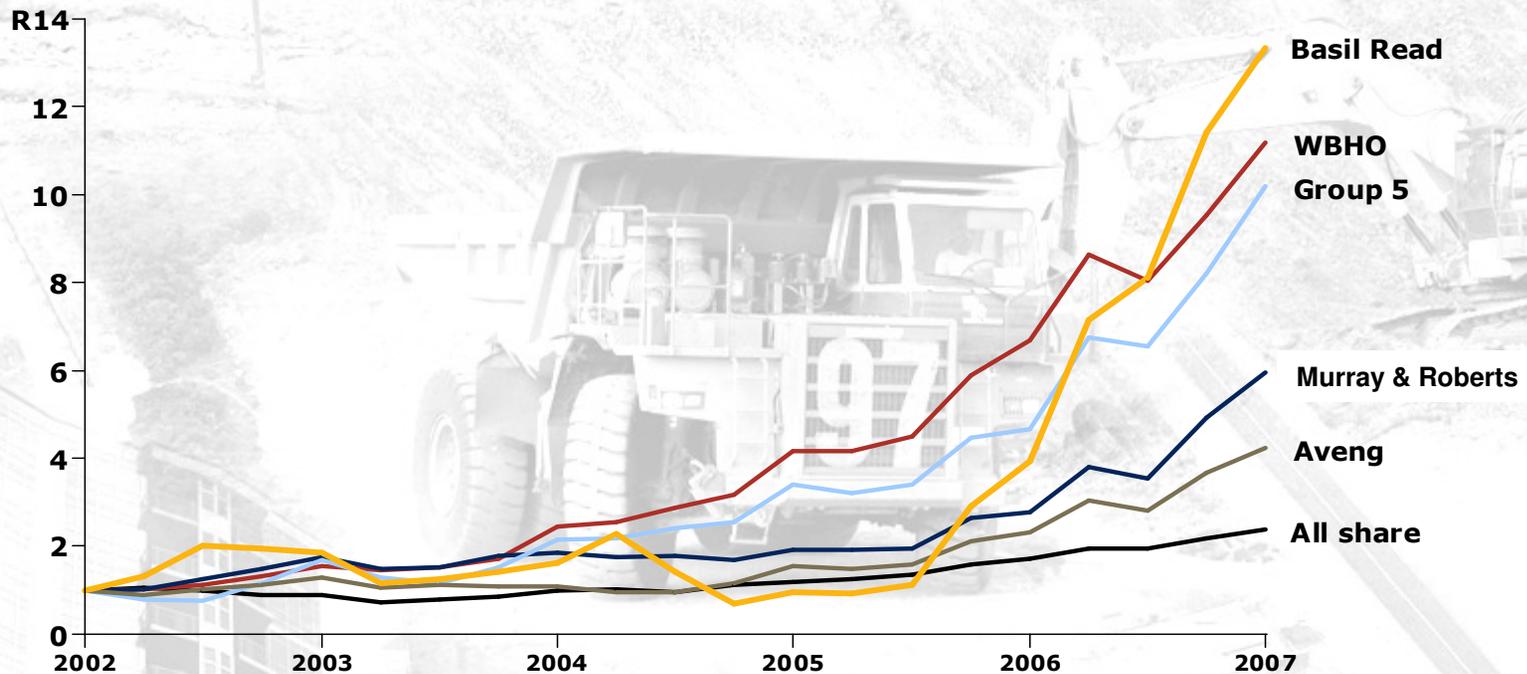
Industry turnover (nominal)



\*Excludes turnover due to roads and bridges  
Source: SAFCEC Economic Unit, Industry Insight

# Recent share outperformance points to high investor expectations

Normalised share price



Source: [www.sharedata.co.za](http://www.sharedata.co.za) (31 Jan 2007)





# VISION, MISSION AND VALUES

# Basil Read – Vision, Mission & Values

## Vision

“A R5B+ diversified construction group, competing with the “Big 4” in the industry”

## Mission

“Building the Future”

## Values

- Value our people
- Quality and Service Excellence
- Integrity, Honesty and Respect
- Professionalism and Accountability

A grayscale background image of a construction site. The top half shows a deep excavation with workers and rebar structures. The middle section features a white excavator and a yellow truck. The bottom half shows a modern multi-story building under construction. A dark blue horizontal band is overlaid across the middle of the image.

# GROWTH PROSPECTS

# Our approach to growth

**Stable growth**

- Managed cyclical growth allows for exploitation of the medium-term construction boom without substantial need to restructure during a downturn

**Consistent**

- Limited variations in growth simplifies resource planning and maintains investor confidence

**Controlled**

- A managed growth trajectory allows the group to retain strong control over operations and quality

**Core**

- The focus on growth in the core business allows for maximal returns

**Mostly organic**

- An 80% organic, 20% acquisitive growth plan helps to preserve corporate culture and minimise integration risks while selectively exploiting new market entry opportunities

# Challenges we must overcome

- Finding the right people to meet the capacity needs
- Developing the skill base
- Transferring of knowledge
- Securing the finance
- Securing plant and materials
- Scaling up our support functions



**Moving from a medium-sized company to a large company**

# We have made two strategic acquisitions in 2006

## Stone and Allied

- Aggregates and associated products
- A number of crushing operations
- Strong geographical positions
- Access to Basil Read projects and Gautrain
- Growth potential

## Spray Pave

- Bitumen products
- Supply Contracts with Sasol
- Access to Basil Read projects
- Growth potential



**Both of these are viewed as strategic materials supply opportunities and in the last 6 months have both doubled in Turnover & Profit**



# FINANCIAL REVIEW - 2006

# Financial highlights

| FINANCIAL HIGHLIGHTS                |   | % Change<br>2005 to 2006 | FY2006    | FY2005    | FY2004  | FY2003  |
|-------------------------------------|---|--------------------------|-----------|-----------|---------|---------|
| Revenue (R'000)                     | ↑ | 88.26                    | 1,162,198 | 617,332   | 469,148 | 540,674 |
| Net profit for the year (R'000)     | ↑ | 120.06                   | 54,960    | 24,975    | -42,338 | 40,329  |
| Earnings per Share (Cents)          | ↑ | 106.42                   | 93.53     | 45.31     | -76.84  | 73.19   |
| Headline earnings per share (Cents) | ↑ | 109.83                   | 89.62     | 42.71     | -179.72 | 18.08   |
| Cash on hand                        | ↑ | 191.99                   | 266,437   | 91,249    | 5,992   | 84,197  |
| Order book (R'000)                  | ↑ | 76.92                    | 2,300,000 | 1,300,000 | 640,000 | 450,000 |

# Income statement

| INCOME STATEMENT                    | % Change<br>2005 to 2006 | FY2006    | FY2005  | FY2004  | FY2003  |
|-------------------------------------|--------------------------|-----------|---------|---------|---------|
| Revenue (R'000)                     | ↑ 88.26                  | 1,162,198 | 617,332 | 469,148 | 540,674 |
| Operating profit (R'000)            | ↑ 44.09                  | 53,750    | 37,303  | -36,183 | 38,852  |
| Operating profit %                  |                          | 4.62      | 6.04    | -7.71   | 7.19    |
| Net profit for the year (R'000)     | ↑ 120.06                 | 54,960    | 24,975  | -42,338 | 40,329  |
| Net profit %                        |                          | 4.73      | 4.05    | -9.02   | 7.46    |
| Earnings per Share (Cents)          | ↑ 106.42                 | 93.53     | 45.31   | -76.84  | 73.19   |
| Headline earnings per share (Cents) | ↑ 109.83                 | 89.62     | 42.71   | -179.72 | 18.08   |
| Dividends per share (Cents)         |                          | -         | -       | 80.00   | -       |

# Key financial ratios

| FINANCIAL RATIOS                   | FY2006        | FY2005 | FY2004  | FY2003 |
|------------------------------------|---------------|--------|---------|--------|
| Net profit for the year %          | <b>4.73</b>   | 4.05   | -9.02   | 7.46   |
| Revenue per employee (R000)        | <b>787</b>    | 746    | 548     | 512    |
| Debt to equity ratio (times)       | <b>0.42</b>   | 1.39   | 7.82    | 1.17   |
| Capital expenditure (R000)         | <b>98,548</b> | 33,024 | 22,648  | 47,838 |
| Current ratio (Times)              | <b>1.11</b>   | 0.76   | 0.53    | 0.76   |
| Return on shareholders interests % | <b>28.89</b>  | 74.81  | -648.06 | 44.46  |

# Cash Flow

| CASH FLOW                           | FY2006  | FY2005  | FY2004  | FY2003  |
|-------------------------------------|---------|---------|---------|---------|
| Operating cash flow                 | 72,776  | 60,577  | -65,229 | 41,162  |
| Movements in working capital        | 70,533  | 56,918  | 53,681  | -54,066 |
| Net cash generated by operations    | 143,309 | 117,495 | -11,548 | -12,904 |
| Other                               | -3,017  | -13,623 | -54,101 | 20,150  |
| Cash flow from operating activities | 140,292 | 103,872 | -65,649 | 7,246   |
| Cash flow from investing activities | -40,767 | 3,746   | 86      | 59,574  |
| Cash flow from financing activities | 75,663  | -22,361 | -12,642 | -46,066 |
| Movement in cash & cash equivalents | 175,188 | 85,257  | -78,205 | 20,754  |

# Business segments performance

| BUSINESS SEGMENTS                            | % Change<br>2005 to 2006 | FY2006  | FY2005  |
|--|--------------------------|---------|---------|
| <b>Revenue (R'000)</b>                       |                          |         |         |
| Roads and civils engineering                 | 219.42                   | 624,187 | 195,413 |
| Opencast mining                              | -9.06                    | 274,666 | 302,034 |
| Buildings                                    | 173.76                   | 180,757 | 66,028  |
| Developments                                 | 53.35                    | 82,588  | 53,857  |
| <b>Operating profit for the year (R'000)</b> |                          |         |         |
| Roads and civils engineering                 | 33.01                    | 39,677  | 29,831  |
| Opencast mining                              | -21.15                   | 5,085   | 6,449   |
| Buildings                                    | 494.69                   | 4,977   | -1,261  |
| Developments                                 | 75.61                    | 4,011   | 2,284   |

# Solid Capital Base

- Basil Read has solidified its share capital base through the rights issue done in 2006
- The capital increase was necessary once Bouygues became a minority shareholder
- Today we are well capitalised and this will enable us to pay regular dividends in coming years and raise competitive performance bonds when needed



# PROSPECTS

# Prospects

Basil Read has emerged from a challenging period in recent years as a well capitalised, appropriately structured and managed group, ideally positioned to capitalise on buoyant conditions in the construction sector, and the accelerated programme of infrastructural development under way.

Results for the year underscore the solid base now in place to sustain steady organic and acquisitive growth ahead.



# QUESTIONS

# Income Statement

## SUMMARISED CONSOLIDATED INCOME STATEMENT

|  | Reviewed<br>12 months<br>31 December<br>2006<br>R'000 | Audited<br>12 months<br>31 December<br>2005<br>R'000 |
|--|---|--|
| Revenue  | 1 162 198   | 617 332  |
| Operating profit for the year                          | 53 750  | 36 426   |
| Profit on sale of associate                            | —   | 877  |
| Net finance income/(costs)                             | 3 479   | (13 195)   |
| Profit for the year after net finance income/(costs)   | 57 229  | 24 108   |
| Profit from associates                                 | —   | 158  |
| Profit for the year before taxation                    | 57 229  | 24 266   |
| Taxation   | (2 269)   | 709  |
| Normal and foreign taxation                            | (4 310)   | (2 142)  |
| Secondary taxation on companies                        | (19)  | —  |
| Deferred taxation                                      | 2 060   | 2 851  |
| 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 interest                                      | 857   | —  |
| Net profit for the year                                | 54 960  | 24 975   |
| Earnings per share (cents)                             | 93,53   | 45,31  |
| Fully diluted earnings per share (cents)               | 93,05   | 45,19  |

## SUMMARISED CONSOLIDATED SEGMENT REPORT

|                  | Total<br>R'000 | Roads and civil<br>engineering<br>R'000 | Opencast<br>mining<br>R'000 | Developments<br>R'000 | Buildings<br>R'000 |
|------------------|----------------|---|-----------------------------|-----------------------|--------------------|
| Revenue          | 1 162 198      | 624 187                                 | 274 666                     | 82 588                | 180 757            |
| Operating profit | 53 750         | 39 677                                  | 5 085                       | 4 011                 | 4 977              |

# Balance Sheet

## SUMMARISED CONSOLIDATED BALANCE SHEET

|  | Reviewed<br>12 months<br>31 December<br>2006<br>R'000 | Audited<br>12 months<br>31 December<br>2005<br>R'000 |
|--|---|--|
| <b>ASSETS</b>                                  |   |  |
| <b>Non-current assets</b>                      | 215 007   | 106 933  |
| Property, plant and equipment                  | 176 438   | 82 293   |
| Intangible assets                              | 10 444  | —  |
| Investment property                            | —   | 1 500  |
| Available-for-sale financial assets            | 650   | 170  |
| Investments in associates                      | 66  | 428  |
| Deferred taxation                              | 27 409  | 22 542   |
| <b>Current assets</b>                          | 415 941   | 159 896  |
| Inventories                                    | 6 659   | 1 141  |
| Trade and other receivables                    | 138 764   | 67 506   |
| Cash and cash equivalents                      | 270 518   | 91 249   |
|  | 630 948   | 266 829  |
| <b>EQUITY AND LIABILITIES</b>                  |   |  |
| <b>Capital and reserves</b>                    | 199 463   | 33 385   |
| Issued capital                                 | 164 537   | 58 550   |
| Accumulated profit / (loss)                    | 24 430  | (29 673)   |
| Other reserves                                 | 4 394   | 4 508  |
| Minority interests                             | 6 232   | —  |
| <b>Non-current liabilities</b>                 | 55 775  | 24 045   |
| Interest bearing borrowings                    | 49 982  | 22 808   |
| Provisions for other liabilities and charges   | 2 818   | —  |
| Deferred taxation                              | 2 975   | 1 237  |
| <b>Current liabilities</b>                     | 375 710   | 209 399  |
| Trade and other payables                       | 296 102   | 161 466  |
| Provisions for other liabilities and charges   | 52 531  | 34 394   |
| Current portion of interest bearing borrowings | 32 996  | 23 539   |
| Bank overdraft                                 | 4 081   | —  |
|  | 630 948   | 266 829  |

