



Revenue from continuing operations

**R3,3 billion**

(June 2013: R3,0 billion)

Earnings loss per share

**145,75 cents**

(June 2013: Earnings of 195,28 cents)

Headline loss per share

**145,74 cents**

(June 2013: Headline earnings of 43,69 cents)

Order book

**R12,4 billion**

(December 2013: R12,5 billion)

## UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

### Commentary

The period under review has proven to be challenging for Basil Read, characterised by the continued slow roll out of infrastructure spend, endemic labour unrest, particularly in the mining sector, and a difficult contractual environment. Changes to the executive management team have contributed to the challenges faced and the group has grappled with a number of loss-making contracts in the construction division and difficult trading conditions in the engineering division. This has resulted in the group reporting poor results for the six months to June 2014.

Revenue increased by 10% to R3,3 billion (June 2013: R3,0 billion) with operating loss from continuing operations reported at R295,5 million (June 2013: profit of R80,2 million). Earnings per share declined by 175% to a loss per share of 145,75 cents (June 2013: earnings per share of 195,28 cents). Headline loss per share decreased by 434% to a loss of 145,74 cents per share (June 2013: headline earnings of 43,69 cents per share). The comparative results for the six months ended June 2013 include the profit on disposal of the TWP group in the amount of R183 million.

The group's cash position was negatively impacted by the reported loss and decreased to R803,8 million (December 2013: R1,2 billion). Working capital management remains a key focus area for the group, particularly as contractual difficulties have resulted in a high proportion of work remaining uncertified, resulting in large work in progress balances.

The debt equity ratio, calculated using total non-current borrowings remains conservative at a level of 6,5% (December 2013: 13,8%). Total debt reduced to R383,8 million (December 2013: R426,4 million), as the group continued to pay down instalment sale agreements. The current portion of borrowings as reported in the statement of financial position includes note BSR11u issued under the group's domestic medium-term note programme for an amount of R125 million, which matures in June 2015. Subsequent to the statement of financial position date, the group raised a further R100 million on this programme through the issue of two notes – BSR12 for an amount of R60 million maturing in January 2016 and BSR13 for an amount of R40 million maturing in July 2016.

The balance sheet remained steady with total assets at R4,8 billion (December 2013: R4,7 billion).

### Prospects

The group has successfully maintained the order book at R12,4 billion, with work performed in the first half of the 2014 financial year being successfully replaced through the awarding of additional work. This excludes construction work totalling R4,5 billion that will be realised as the group develops its large-scale integrated housing developments.

While trading conditions remain challenging, opportunities do exist, particularly in other African countries where the group is steadily establishing a presence. Of key importance to the success of the group is to ensure that the current loss-making contracts are successfully completed as quickly and efficiently as possible. The contract to construct the airport on St Helena Island is evidence that Basil Read has the operational capacity and capabilities to successfully execute a project of this magnitude, on time and within budget.

Under the interim CEO, the executive management team has developed an 18-month turnaround strategy with the key components entailing the critical evaluation of the various businesses and assets in the group, into core and non-core categories. Mechanisms that will afford greater opportunities for synergy between the various teams and divisions are also in the early stages of implementation, with a view to creating a simplified structure and possible centralisation of support services.

With the recent announcement that Neville Nicolau will be taking up the position of chief executive officer on 1 September 2014 and the expectation that the chief financial officer position will be filled before the end of the 2014 financial year, the board is optimistic that stability will be restored to the group for the benefit of all stakeholders.

**SLL Peteni**

*Chairman*

**TD Hughes**

*Interim Chief Executive Officer*

27 August 2014

This announcement is a summarised version of the full announcement in respect of the interim financial results for the six months ended 30 June 2014 of Basil Read Holdings Limited and its subsidiaries (collectively "the group") and as such it does not contain full or complete details pertaining to the group's results. Any investment decisions should be made based on the full announcement.

The full announcement has been published on the JSE News Service (SENS) and can be found on the group's website ([www.basilread.co.za](http://www.basilread.co.za)). It is also available for inspection at our registered office, The Basil Read Campus, 7 Romeo Street, Hughes Extension, Boksburg, 1459, from 9:00 to 16:00 weekdays. This summarised announcement is the responsibility of the board of directors of Basil Read Holdings Limited and has been approved by the board of directors.

**Company secretary:** A Ndoni

**Registered office:** The Basil Read Campus, 7 Romeo Street, Hughes Extension, Boksburg, 1459

**Auditors:** PricewaterhouseCoopers Inc

**Transfer secretaries:** Link Market Services South Africa (Pty) Ltd

**Sponsor:** Macquarie First South Capital (Pty) Ltd

**Directors:** S L L Peteni\*† (Chairman), T D Hughes (Interim Chief Executive Officer), P C Baloyi\*†, D L T Dondur\*†, Dr C E Manning\*†, A C G Molusi\*, S S Ntsaluba\*, T A Tlelai\*

(\*Non-executive, †Independent)

**BASIL READ HOLDINGS LIMITED**

Incorporated in the Republic of South Africa  
(Registration number 1984/007758/06) ("Basil Read" or "the group")  
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