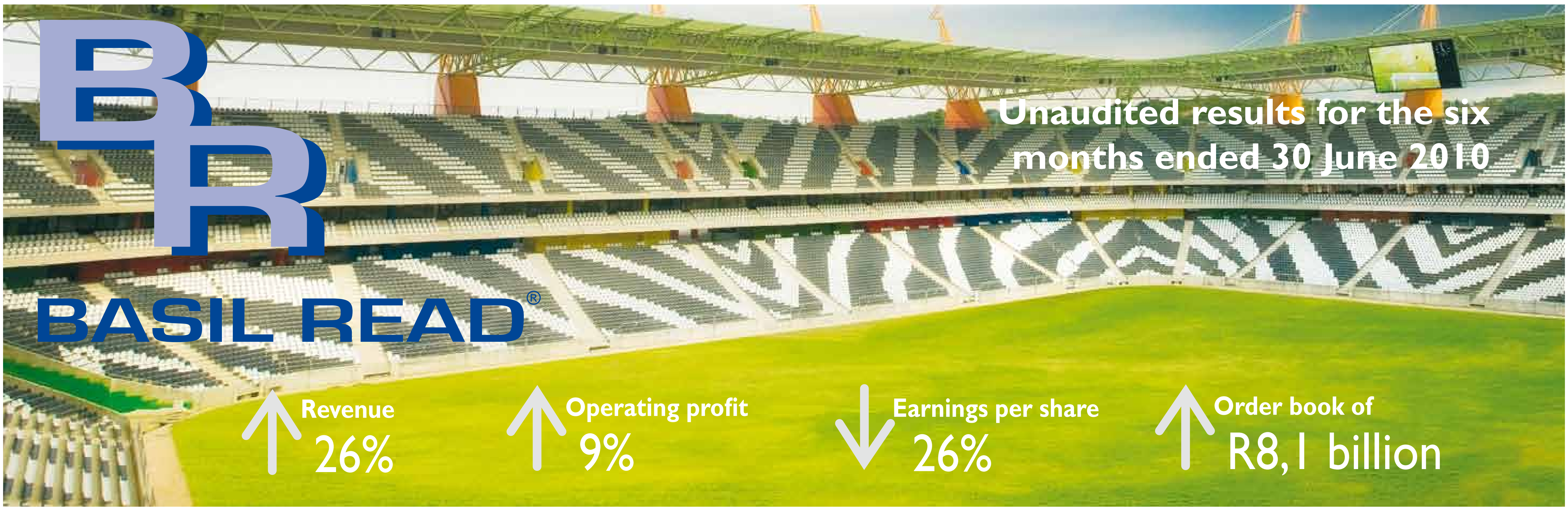

Summarised consolidated income statement

	Unaudited 6 months 30 June 2010 R'000	Unaudited 6 months 30 June 2009 R'000	Audited 12 months 31 December 2009 R'000
Revenue	**2 621 176**	2 073 897	4 662 492
Operating profit for the period	**202 207**	186 310	429 238
Amortisation of intangible assets	**(23 498)**	(4 502)	(20 488)
Net finance income	**547**	36	3 019
Share of profits from associates	**502**	25	10
Profit for the period before taxation	**179 758**	181 869	411 779
Taxation	**(52 239)**	(59 277)	(140 869)
Profit for the period after taxation	**127 519**	122 592	270 910
Profit for the period attributable to the following:			
Equity shareholders of the company	**128 629**	122 116	274 270
Minority interest	**(1 110)**	476	(3 360)
Net profit for the period	**127 519**	122 592	270 910
Earnings per share (cents)	**103,90**	141,21	317,15
Diluted earnings per share (cents)	**103,90**	141,21	316,49
Dividend paid per share (cents)	**42,00**	58,00	58,00
Dividend declared per share (cents)*	**—**	—	42,00

Based on the year to which the dividend relates

Summarised consolidated statement of comprehensive income

	Unaudited 6 months 30 June 2010 R'000	Unaudited 6 months 30 June 2009 R'000	Audited 12 months 31 December 2009 R'000
Net profit for the period	**127 519**	122 592	270 910
Other comprehensive income for the period, net of tax	**(3 089)**	(5 054)	(4 125)
Movement in foreign currency translation reserve	**(2 423)**	(5 054)	(4 404)
Movement in fair value adjustment reserve	**(666)**	—	279
Total comprehensive income for the period	**124 430**	117 538	266 785
Total comprehensive income for the period attributable to the following:			
Equity shareholders of the company	**125 238**	117 062	269 495
Retained income	**128 629**	122 116	274 270
Other reserves	**(3 391)**	(5 054)	(4 775)
Minority interest	**(808)**	476	(2 710)
Total comprehensive income for the period	**124 430**	117 538	266 785

Summarised consolidated statement of financial position

	Unaudited 30 June 2010 R'000	Unaudited 30 June 2009 R'000	Audited 31 December 2009 R'000
ASSETS			
Non-current assets	**1 844 319**	912 807	1 647 284
Property, plant and equipment	**976 449**	726 302	798 490
Intangible assets	**754 283**	145 813	723 174
Investments in jointly controlled entities	**22 345**	12 001	26 324
Investments in associates	**1 851**	171	1 383
Available-for-sale financial assets	**27 661**	2	25 414
Deferred income tax asset	**61 730**	28 518	72 499
Current assets	**2 668 724**	1 789 506	2 543 292
Inventories	**49 711**	32 796	24 928
Development land	**324 871**	188 051	280 718
Trade and other receivables	**1 140 269**	633 639	782 934
Work in progress	**269 603**	118 957	197 644
Investments in jointly controlled entities	**359**	1 351	—
Current income tax asset	**15 264**	9 823	11 029
Cash and cash equivalents	**868 647**	804 889	1 246 039
Non-current assets held-for-sale	**—**	48 055	—
	4 513 043	2 750 368	4 190 576
EQUITY AND LIABILITIES			
Capital and reserves	**1 590 861**	864 042	1 499 704
Stated capital	**948 667**	466 138	948 667
Retained income	**626 787**	392 600	549 213
Other reserves	**(355)**	2 757	3 036
Minority interests	**15 762**	2 547	(1 212)
Non-current liabilities	**440 060**	255 192	515 947
Interest bearing borrowings	**260 854**	180 900	350 852
Other borrowings	**96 245**	39 378	79 357
Deferred income tax liability	**82 961**	34 914	85 738
Current liabilities	**2 482 122**	1 609 961	2 174 925
Trade and other payables	**1 171 451**	855 193	997 740
Amounts due to customers	**423 803**	395 867	485 893
Current portion of borrowings	**650 112**	254 873	459 979
Provisions for other liabilities and charges	**152 034**	64 828	130 174
Current income tax liability	**39 431**	39 200	76 905
Bank overdraft	**45 291**	—	24 234
Liabilities directly associated with non-current assets classified as held-for-sale	**—**	21 173	—
	4 513 043	2 750 368	4 190 576

Statement of changes in equity

	Unaudited 6 months 30 June 2010 R'000	Unaudited 6 months 30 June 2009 R'000	Audited 12 months 31 December 2009 R'000
Issued capital			
Ordinary share capital			
Balance at the beginning of the year	**948 667**	466 134	466 134
Issued to share incentive scheme (net of treasury shares)	**—**	4	10
Acquisition of subsidiary	**—**	—	482 523
Balance at the end of the period	**948 667**	466 138	948 667
Retained income			
Balance at the beginning of the year	**549 213**	315 607	315 607
Total comprehensive income for the period	**128 629**	122 116	274 270
Share based payment – equity settled	**1 829**	5 043	9 612
Transactions with minorities	**(883)**	—	(128)
Dividend declared	**(52 001)**	(50 166)	(50 148)
Balance at the end of the period	**626 787**	392 600	549 213
Other reserves			
Balance at the beginning of the year	**3 036**	7 811	7 811
Total comprehensive income for the period	**(3 391)**	(5 054)	(4 775)
Balance at the end of the period	**(355)**	2 757	3 036
Minority interests	**15 762**	2 547	(1 212)

Summarised consolidated statement of cash flows

	Unaudited 6 months 30 June 2010 R'000	Unaudited 6 months 30 June 2009 R'000	Audited 12 months 31 December 2009 R'000
Operating cash flow	**308 365**	277 125	624 756
Movements in working capital	**(401 076)**	(110 827)	(122 419)
Net cash generated by operations	**(92 711)**	166 298	502 337
Net finance income	**547**	36	3 019
Dividends paid	**(51 572)**	(50 616)	(50 623)
Taxation paid	**(91 577)**	(126 642)	(203 095)
Cash flow from operating activities	**(235 313)**	(10 924)	251 638
Cash flow from investing activities	**(19 430)**	(48 044)	(141 077)
Cash flow from financing activities	**(143 706)**	(74 681)	167 487
Movement in cash and cash equivalents	**(398 449)**	(133 649)	278 048
Cash and cash equivalents at the beginning of the year	**1 221 805**	943 757	943 757
Cash and cash equivalents at the end of the period	**823 356**	810 108	1 221 805
Included in cash and cash equivalents as per the balance sheet	**823 356**	804 889	1 221 805
Included in the assets of the disposal group	**—**	5 219	—
	823 356	810 108	1 221 805

Summarised consolidated segment report

	Revenue 30 June 2010 R'000	**Operating profit 30 June 2010 R'000**	**Operating margin 30 June 2010 %**	Operating margin 30 June 2009 %	Operating margin 31 December 2009 %
Construction	**1 932 865**	**159 318**	**8,24**	7,80	7,90
Mining	**362 730**	**46 158**	**12,73**	15,02	16,77
Developments	**14 688**	**2 074**	**14,12**	8,04	9,08
Engineering	**310 893**	**(5 343)**	**(1,72)**	—	—
Total	**2 621 176**	**202 207**	**7,71**	8,98	9,21

Additional information to the interim financial statements

	Unaudited 6 months 30 June 2010	Unaudited 6 months 30 June 2009	Audited 12 months 31 December 2009
Number of shares in issue ('000)	**123 797**	86 476	123 797
Headline earnings per share (cents)	**104,34**	153,66	333,12
Diluted headline earnings per share (cents)	**104,34**	153,66	332,43
Reconciliation of basic earnings to headline earnings	**R '000**	R '000	R '000
Basic earnings	**128 629**	122 116	274 270
Adjusted by			
– Loss on sale of subsidiary	**—**	130	130
– Loss/(profit) on sale of property, plant and equipment	**536**	(1 102)	2 151
– Impairment of fixed assets in disposal group	**—**	11 737	11 528
Headline earnings	**129 165**	132 881	288 079
Reconciliation between weighted average number of shares and diluted average number of shares	**'000**	'000	'000
Weighted average number of shares	**123 797**	86 476	86 479
Adjusted by – Share Incentive Scheme	**—**	—	181
Diluted average number of shares	**123 797**	86 476	86 660
Net asset value per share (cents)	**1 285,06**	999,17	1 211,42
Tangible net asset value per share (cents)	**675,77**	830,55	627,26
Capital expenditure for the period (R'000)	**256 626**	80 941	170 675
Depreciation (R'000)	**105 291**	86 922	171 669
Impairment (R'000)	**—**	11 737	11 528
Amortisation of intangible asset (R'000)	**23 498**	4 502	20 488

Commentary

The consolidated abridged interim financial statements have been prepared in terms of International Financial Reporting Standards ("IFRS"), IAS 34 on Interim Financial Reporting, AC 500 Standards as issued by the Accounting Practices Board or its successor, Schedule 4 of the South Africa Companies Act as amended and the JSE Listings Requirements. The principal accounting policies used in the preparation of the unaudited results for the six months ended 30 June 2010 are consistent with those applied for the year ended 31 December 2009 and for the unaudited results for the six months ended 30 June 2009 in terms of IFRS.

Overall review

The successful hosting of the 2010 FIFA World Cup in the first half of 2010 showcased the achievements of the construction sector with the various stadiums, airports and networks of roads proudly on display for all football lovers to enjoy. Basil Read is proud to have been a contributor to the success of the tournament through the construction of the Mbombela Stadium in Nelspruit and having reached the required milestone on packages D1 and D2 of the Gauteng Freeway Improvement Project. The abundance of work that the construction sector has enjoyed in recent years has enabled Basil Read to grow and develop into a well managed sustainable entity.

On the back of solid growth in domestic construction operations, the group has successfully secured contracts in various African countries as it seeks to mitigate geographic risk and establish a global presence. Despite trying economic times, Basil Read has produced a satisfactory set of results for the six months to June 2010.

The board is proud to report steady growth, with revenue of R2,6 billion (June 2009: R2,1 billion), an increase of 26%. Operating profit increased by 9% to R202,2 million (June 2009: R186,3 million), which translated into an operating margin of 7,7% (June 2009: 9,0%). Net profit attributable to ordinary shareholders increased by 5% to R128,6 million (June 2009: R122,1 million).

Earnings per share decreased by 26% to 103,90 cents (June 2009: 141,21 cents). Headline earnings per share was 104,34 cents (June 2009: 153,66 cents), a decrease of 32%. Although earnings increased for the period under review, earnings per share and headline earnings per share decreased due to the 43% increase in the weighted average number of shares in issue.

Other divisional results were mixed with a contraction in the mining division being partly offset by strong growth being reported in the construction division, bolstered by the acquisition of the Gerolemou/Mvela group in the 2009 financial year.

The poor performance of TWP can be attributed to the slow recovery in the commodities market with mining houses remaining cautious regarding the commissioning of new projects. Their performance was in line with expectations at the time of acquisition and as the economic recovery gains traction, the group expects the performance of TWP to improve, albeit more slowly than was originally anticipated. The TWP group has integrated well into the Basil Read structure and the group is exploring numerous areas of synergy.

Further impacting the results was the amortisation of intangible assets which was at a level of R23,5 million (June 2009: R4,5 million). This included an amount of R10,3 million relating to the acquisition of the TWP group. Intangible assets are raised at the time of new acquisitions based on the future benefit that is expected to accrue to the group from contracts that exist at time of acquisition.

Operating cash flow was satisfactory at R308,4 million (June 2009: R277,1 million) but due to a significant increase in working capital and the utilisation of cash to reduce debt levels, cash on hand declined from the December level of R1,2 billion to a balance of R823,4 million (June 2009: R810,1 million) at the reporting date.

The increase in working capital is largely due to an increase in trade and other receivables, a direct result of the prevailing economic environment as debtors extended their terms. A significant portion of the group's cash is tied up in its property portfolio, which comprises both residential and industrial components. While the residential sector has been slow to recover from the economic crisis, momentum is gathering in the industrial space and the group expects to realise a portion of this cash in the foreseeable future.

The group continues to monitor its debt levels closely. Total debt increased to R1,0 billion (December 2009: R890 million) largely as a result of a significant investment in capital expenditure. New plant worth R256,6 million (June 2009: R80,9 million) was acquired, of which R173,9 million (June 2009: R15,2 million) was funded by instalment sale agreements.

Included in the short-term portion of interest-bearing borrowings is the group's domestic medium-term note programme totalling R225 million. Of this amount, R100 million matured in August 2010 and was funded through a further issue under the programme of R125 million, maturing in August 2011. The remaining R125 million matures in February 2011. Also included in short-term interest-bearing borrowings is a banking loan of R85 million, which was settled out of cash balances during August 2010.

Total assets are reported at a level of R4,5 billion (December 2009: R4,2 billion), and the group considers the balance sheet to be appropriately structured to enable further growth.

The group secured new contracts in the period under review in the amount of R2,6 billion (June 2009: R2,0 billion) and the order book is a healthy R8,1 billion (June 2009: R6,2 billion), of which R3,5 billion will be constructed in 2011. The group has come in as the lowest bidder on a number of significant tenders across the African continent, totalling R3,5 billion, and awaits further communication in this regard.

At the reporting date, the group had issued guarantees in the amount of R1,5 billion (June 2009: R1,4 billion). These guarantees have arisen in the ordinary course of business and it is not expected that any loss will arise out of the issue of these guarantees.

Basil Read has maintained its rating as a level 4 BBBEE contributor, meaning that companies are entitled to recognise 100% of the amount spent with our group in calculating their procurement spend.

The group still faces challenges in certain areas to reach its goal of real, sustainable economic empowerment, specifically management control, employment equity and skills development. Several initiatives are under way to address these areas, including the monitoring of middle to senior black management and the provision of support and mentoring to all previously disadvantaged individuals in the group's employ.

Corporate activity

The 2009 financial year was characterised by significant acquisitive growth and the six months to June 2010 have been spent integrating the newly acquired companies. Basil Read's strategy continues to be growth, not only organic, but also through acquisition. During the first half of 2010 the group made a strategic acquisition of a roads and civil engineering company based in Botswana.

On 1 May 2010, the group acquired Sladden International (Botswana) (Pty) Limited through an initial cash payment of R30,5 million and the recognition of a deferred payment liability of R32,4 million, conditional on the company achieving BWP 67,6 million net profit after tax in the three years post-acquisition. Based on the provisional purchase price allocation, the acquisition gave rise to the recognition of a contract based intangible asset of R6,8 million and goodwill of R19,0 million. The company has been operating in Botswana and neighbouring countries for more than 40 years and has an established reputation with a valued client base. The acquisition provides Basil Read with the ideal opportunity to expand its African footprint for a relatively low initial investment.

On 1 June 2010, the group increased its stake in Newport Construction (Pty) Limited from 70% to 100% through the buyout of the remaining minorities. The purchase consideration for 30% of the company was R4,0 million and the transaction resulted in the recognition of a loss on transactions with minorities of R0,9 million.

Operational review

Safety, health, environmental, risk management and quality

Basil Read remains committed to safety, health, the environment, risk management and quality ('SHERQ') and continuously looks to improve in all of these aspects. SHERQ is the cornerstone of Basil Read's operations – the driving force behind project delivery, teamwork, operational discipline and overall business excellence.

The disabling injury frequency rate ('DIFR') was a low 0,37 (December 2009: 0,58) for the period under review. Unfortunately, the group suffered two fatalities on our sites during this period, which emphasizes the need to continually train and teach staff regarding the various hazards associated with construction sites.

Construction

Basil Read's largest division continued to perform well in the review period and reported revenue of R1,9 billion (June 2009: R1,7 billion) with operating profit of R159,3 million (June 2009: R132,8 million). The order book remains acceptable at a level of R5,3 billion (June 2009: R5,0 billion).

The roads division is currently working on a number of projects that form part of the Gauteng Freeway Improvement Project – packages D1 and D2, covering improvements between the Brakfontein and Flying Saucer interchanges, and the N4 interchanges from Atterbury to Scientia as well as the improvement and rehabilitation of section 19 of the busy N12 highway in Gauteng, which runs from the R21 to the Tom Jones offramp.

New contracts secured locally by the division include two contracts on the Free State Provincial Network. The first contract valued at R305,2 million involves the rehabilitation and repair of 72,8km of road between Kroonstad and Vredefort. The second contract, awarded to subsidiary Roadcrete Africa (Pty) Limited, involves the repair and rehabilitation of the Bultfontein to Wesselsbron Road, comprising 18,2km. This contract has a duration of 12 months and is valued at R165,5 million.

Work continued on the 18 month project to upgrade 160km of gravel road to tar between Gobabis and Otjinandi in Namibia, valued at R381 million.

The division secured a further cross border roads contract in Sierre Leone for a reputable private client. This initial 14 month contract is valued at USD30 million. Site establishment commenced in March 2010 and the contract is progressing well.

Further roads opportunities are apparent throughout the African continent and the group is actively pursuing a number of these. Tenders have been submitted for contracts in excess of R2 billion in Tanzania and Zambia and the group is well placed to secure work in these areas.

Phase 1 infrastructure at the St Micheil's International Lifestyle Estate was completed in the period under review. Sales of serviced stands have been slow to date, largely due to the slump in the secondary residential property market. As the economy recovers, it is expected that sales will recover, albeit slowly. The group is currently investigating bringing in investment partners for the proposed hotel development and golf course. Infrastructure on phase 2 is only likely to commence when significant sales in phase 1 have been achieved.

The Gerolemou/Mvela group was successfully integrated into the buildings division by the end of the 2009 financial year, adding critical mass to the group's ability to target larger projects in South Africa and across borders.

Work continued on a number of hospital projects around the country. The further on-site projects that form part of the R315 million upgrade of Paarl Hospital are scheduled for completion in December 2010.

The ongoing R1,5 billion Natalspruit Hospital project involving a 760 bed facility for the Department of Public Works is progressing well and is scheduled for completion in November 2011.

The 300 bed facility at Germiston Hospital for the Department of Public Works has progressed to finishes and mechanical and electrical installations. Completion is scheduled for November 2010.

The division secured a further contract from the Department of Public Works comprising repair work to the Nurses College Residences for the Thaba Tshwane Department of Defence: SAMHA College. This 24 month contract commenced in March 2010 and is valued at R164 million.

Work continued on the R110 million contract to construct a new entrance building for the University of South Africa. The five-storey multi-purpose building will house offices, student gathering facilities and galleries.

The division continues to actively pursue private-public partnerships (PPPs) as this type of business model enables the group to partner with larger teams of architects and other development partners, in the process developing skills and creating jobs. PPPs are characterised by long lead times and substantial preliminary expenses, necessarily incurred in the preparation of this type of bid.

The civils division continued to work in joint venture on the R2,9-billion Kusile power station. Located next to the existing Kendal power station in the Witbank area of Mpumalanga province, Kusile's expected capacity will be 4 800MW, with the first unit planned for commercial operation in 2012.

Work continued in the Port of Durban on the complete infrastructure for Pier Two and the R130 million container vehicle repair

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Group Secretary: E Kruger **Registered office:** 7 Brook Road, Lilianton, Boksburg, 1459 **Auditors:** PricewaterhouseCoopers Inc
Transfer secretaries: Link Market Services South Africa (Pty) Limited **Sponsor:** Sasfin Capital *(a division of Sasfin Bank Limited)*

and straddle carrier workshop. The Khangela Bridge over the M4 south freeway, constructed in joint venture, was completed in the reporting period. Construction of the bridge proved to be a challenge due to the constraints of lateral and vertical space. The final structure was a unique and innovative design which led to a SAICE Durban branch award for Most Outstanding Civil Engineering Project in Technical Excellence.

The civils division secured the R172 million contract for the extension of the Sunderland Ridge waste water treatment works for client, City of Tshwane Municipality. This 16 month contract commenced in April 2010.

The division also secured the contract for the Grootgeluk – Medupi Expansion Project – plant workshop in Limpopo Province. Works consist of a 2 230m² steel frame and cladded workshop, including a double-storey office block and other satellite structures.

Mining

The mining division reported revenue of R362,7 million (June 2009: R339,7 million) and operating profit of R46,2 million (June 2009: R51,0 million). Despite the contraction in the review period, the division's order book remains promising at a level of R1,2 billion (June 2009: R1,0 billion).

The division continues to work at the Rössing uranium mine in Namibia for owner Rio Tinto, one of the world's largest mining houses.

Work is continuing at Venetia diamond mine, near Musina in Limpopo Province. The R138-million contract for the mine's percussion drilling project is expected to be complete in September 2011.

The division is currently working at the Mapochs Mine, in Mpumalanga, for Highveld Steel and Vanadium. The contract, which is being undertaken in extremely challenging conditions, involves the drilling and blasting, crushing, loading and hauling of 125 000 tons of material per month. The contract is expected to be completed in June 2011 and has a remaining contract value of R180 million.

The mining division commenced work at Jwaneng mine for Debswana in early 2010. The 12 month contract is valued at more than R200 million. Works include drilling, blasting and hauling of 20 million tons of waste.

In a joint venture, the division commenced a 24 month contract at the Trekkopje mine, situated 140km north-east of Swakopmund in Namibia in the Namib Desert. Contract work consists of the construction of the maxi leach pad, seven solution ponds and crushing of the filter material. The contract is being undertaken for Areva, a French company, whose core business is nuclear power plants and the enriching and extraction of uranium.

Developments

The developments division contributed revenue of R14,7 million (June 2009: R31,1 million) and operating profit of R2,1 million (June 2009: R2,5 million). The division's performance was affected by delays in the breaking of ground on several projects. Given that government has reaffirmed its commitment to eradicating informal settlements, with a concomitant effect on job creation and poverty reduction, this division remains of strategic importance to the group.

The development of the Doornkuil site, south of Johannesburg and recently named Savanna City, has yet to break ground. Although the record of decision has been received, delays have been experienced in the finalising of bulk service agreements with the local municipality. Savanna City is being developed in partnership with the Old Mutual group, which is providing funding. This planned development, a R9-billion project, will be larger than Cosmo City.

Klipriver Business Park, a pivotal spine between Johannesburg, Meyerton and Ekurhuleni, is progressing well. Although sales of this industrial development have been subdued to date, the group has received several serious enquiries in recent weeks. Negotiations are ongoing but are expected to gain momentum in the coming months.

In Cape Town, Basil Read is developing another integrated mixed-use residential area in partnership with Garden Cities, the largest private land owner in Cape Town and a non-profit group with an established track record of 90 years of providing affordable housing. Garden City New Town, a 700-hectare property has been identified for low-cost, middle-income and bonded housing. Similar to Cosmo City, the R9,7-billion project will include schools, community centres, clinics, churches, parks, commercial and light industrial areas. Regulatory approvals are beginning to flow and good relationships are being built with stakeholders, including municipalities, government bodies and communities.

Engineering

The engineering division reported revenue of R310,9 million and an operating loss of R5,3 million. The division's order book of R1,5 billion is defined as an 18 month order book, although a number of the contracts included in this figure will continue well beyond this 18 month period. The contract value for the portion of work that extends beyond this 18 month period has not been included in the divisional order book.

The group is in the process of finalising the purchase price allocation for the TWP group. Adjustments made to date have resulted in an increase in goodwill of R31,3 million. As Basil Read concludes this exercise, no material adjustments are anticipated.

The Wesizwe Ledig Project is being executed on a small scope until December 2010. The division is currently busy with work that will ready the project for full execution in 2011. The division is acting as EPCM contractor and is aiming to conclude full EPCM negotiations before the end of the 2010 financial year. Client negotiations for project funding are ongoing with a Chinese consortium.

Four years of intensive hard work and effort has resulted in the successful completion of the first phase of Konkola Copper Mine's ("KCM") Konkola Deeps Mining Project ("KDMP"). Responsible for the design of what is now one of the largest steel headgears in the world, as well as extensive underground infrastructure, the division considers KDMP to be one of its biggest design project achievements. The 81,5m tall headgear (Konkola No. 4 shaft) – which is a massive architectural feat – is part of the expansion project designed to substantially increase the mine's copper ore production from 2,5mtpa to 7,5mtpa. The division has also completed the design of the shaft steelwork for the deepening of Konkola No. 1 shaft from its current 1 000m depth to 1 505m. The design of the pumping and piping infrastructure is currently being completed. This will provide the biggest pumping capacity from a mine of this depth in the world – over 280 megalitres per day.

The twin shaft system project at Styldrift is set to start shaft sinking in October 2010. Project progress to date has been good with a high quality installation, and an excellent safety record. No lost time injuries have occurred since the project commenced in March 2009. This project is on schedule and on budget.

Underground infrastructure installation and commissioning at Impala's No. 20 shaft is in full swing and on track, with the first reef hoisting to occur by the end of 2010. Production is aiming to start in the first week of January 2011. Second reef hoisting is planned for March 2011.

The division has secured the single biggest shaft sinking EPCM contract for the Impala 17 shaft project. This project will be commissioned in 2016 and it will take a further four years to develop the mine to full production. The project consists of three shafts being sunk concurrently, with the main shaft being the deepest at nearly 2000m. This project will be the engineering division's flagship project for many years to come.

During the first quarter of 2010, the engineering process division secured further work in the Democratic Republic of Congo and in Zambia. The projects improved the pipeline in the copper and cobalt portfolio and will continue to improve the pipeline with ramp-up to full production into 2013. In the second quarter of 2010 a local gold project expansion was secured with its planned production ramp-up starting in mid-2012. The sentiments around base metal production improved during the second quarter and the division saw a marked increase in request for tenders covering a broad range of commodities world wide.

Prospects

Basil Read continues to actively pursue growth, both organic and acquisitive, to build a company of critical mass for shareholders. The group remains committed to its stated target of becoming a global construction group with R10 billion turnover by 2013. Despite these uncertain economic times the trend of development, particularly in sub-Saharan Africa, is expected to resume in the near future.

Prospects remain good in the local economy with government's commitment to infrastructure investment reaffirmed, particularly relating to power supply, transport and water supply capacity. There has been a definite delay in the roll out of projects, but this is expected to resume post-World Cup. Budgetary constraints in certain municipal areas create opportunities for the group to partner with municipalities in developing innovative solutions to finance future projects, particularly for our developments division.

Private-public partnerships remain a viable option for government to undertake larger projects, without needing to commit the necessary funding. Given our long-standing and robust partnerships with international construction conglomerates and turnkey contractors, we are well placed to bid on projects of this nature. Various PPP projects are in the pipeline, including government office blocks, mixed classification correctional centres and toll roads. Basil Read has pre-qualified for a number of these and submitted bids, in joint venture, where applicable.

Government recently announced their intention to broaden the use of PPPs in the health sector. The flagship PPP hospital project is Chris Hani Baragwanath and the new George Mkhari and Polokwane academic health complexes are to be fast-tracked. Basil Read has particular expertise in this area and aims to submit bids in due course. The combined construction value for the group's targeted PPPs is over R17 billion.

Internationally, the group is building a presence in the rest of Africa, the Middle East, Australia and South America, in partnership with selected local contractors, where applicable.

Following a period in which commodity prices have been under pressure and mining companies have had severe financial constraints being imposed by their stakeholders, it is encouraging to report that the group has seen a significant change in sentiment in the last few months. In the six months to June, the group has secured work on new engineering projects with a capital value exceeding R16 billion. Sixty-five percent of the new awards are for projects outside the borders of South Africa. This freeing up in project flow is expected to improve the staff utilisation and recovery ratios in the latter part of 2010 and during 2011. A similar improvement has been noted in the Australasian region and in South America where TWP has recently established a presence in Peru.

On the back of a healthy balance sheet and effective management structure, Basil Read will adopt a prudent approach to managing the prevailing volatility to ensure the group continues to grow in a controlled and structured way.

Corporate governance

The directors and senior management of the group endorse the Code of Corporate Practices and Conduct as set out in the King II report on Corporate Governance. Having regard for the size of the group, the board is of the opinion that the group complies with the Code as well as with the Listings Requirements of the JSE Limited in all material respects. The group performs regular reviews of its corporate governance policies and practices and strives for continuous improvement in this regard.

The group is currently assessing the impact of King III and the new Companies Act.

Board of directors

At the group's annual general meeting, held on 6 May 2010, Mr Lungisa Dyosi resigned as non-executive director with immediate effect.

Dividends

The board has reviewed the current period's results and has decided not to declare an interim dividend.

Post-balance sheet review

No 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.

On behalf of the board

S L L Peteni *(Chairman)* **M L Heyns** *(Chief Executive Officer)*

31 August 2010

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BASIL READ HOLDINGS LIMITED **Incorporated in the Republic of South Africa**
(Registration number 1984/007758/06) ("Basil Read" or "the group")
ISIN: ZAE000029781 Share code: BSR

www.basilread.co.za

BASTION GRAPHICS