BASIL READ®

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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

Unaudited results for the period ended 30 June 2011

Revenue up by 12%

Operating profit decreased by 26%

Order book of R10,2 billion

Summarised consolidated income statement

R'000	Unaudited 6 months 30 June 2011	Unaudited 6 months 30 June 2010	Audited 12 months 31 December 2010
Revenue	**2 944 986**	2 621 176	5 389 769
Operating profit for the period	**150 047**	202 207	408 798
Amortisation of intangible assets	**(5 393)**	(23 498)	(39 303)
Net finance (costs)/income	**(11 915)**	547	619
Share of (losses)/profits from jointly controlled entities	**(846)**	—	1 662
Share of (losses)/profits from associates	**(156)**	502	(188)
Profit for the period before taxation	**131 737**	179 758	371 588
Taxation	**(38 889)**	(52 239)	(119 370)
Profit for the period after taxation	**92 848**	127 519	252 218
Profit for the period attributable to the following:			
Equity shareholders of the company	**98 263**	128 629	260 753
Non-controlling interests	**(5 415)**	(1 110)	(8 535)
Net profit for the period	**92 848**	127 519	252 218
Earnings per share (cents)	**79,37**	103,90	210,63
Diluted earnings per share (cents)	**79,37**	103,90	210,63
Dividend paid per share (cents)	**30,00**	42,00	42,00
Dividend declared per share (cents)*	**—**	—	30,00

*Based on the year to which the dividend relates

Summarised consolidated statement of comprehensive income

R'000	Unaudited 6 months 30 June 2011	Unaudited 6 months 30 June 2010	Audited 12 months 31 December 2010
Net profit for the period	**92 848**	127 519	252 218
Other comprehensive income for the period	**(5 172)**	(3 089)	(2 697)
Movement in foreign currency translation reserve	**(1 524)**	(2 423)	(8 622)
Movement in fair value adjustment reserve	**(3 648)**	(666)	6 222
Deferred tax effect on other comprehensive income	**—**	—	(297)
Total comprehensive income for the period	**87 676**	124 430	249 521
Total comprehensive income for the period attributable to the following:			
Equity shareholders of the company	**93 386**	125 238	259 463
Retained income	**98 263**	128 629	260 753
Other reserves	**(4 877)**	(3 391)	(1 290)
Non-controlling interests	**(5 710)**	(808)	(9 942)
Total comprehensive income for the period	**87 676**	124 430	249 521

Summarised consolidated statement of financial position

R'000	Unaudited 30 June 2011	Unaudited 30 June 2010	Audited 31 December 2010
ASSETS			
Non-current assets	**2 026 892**	1 844 319	1 854 008
Property, plant and equipment	**1 041 502**	976 449	873 390
Intangible assets	**837 790**	754 283	843 183
Investments in jointly controlled entities	**30 210**	22 345	20 423
Investments in associates	**14 163**	1 851	1 413
Available-for-sale financial assets	**34 930**	27 661	36 264
Deferred income tax asset	**68 297**	61 730	79 335
Current assets	**2 605 550**	2 668 724	2 430 905
Inventories	**59 065**	49 711	47 700
Development land	**360 952**	324 871	351 938
Trade and other receivables	**1 193 839**	1 140 269	842 692
Work in progress	**318 188**	269 603	150 775
Investments in jointly controlled entities	**—**	359	—
Current income tax asset	**43 105**	15 264	26 250
Cash and cash equivalents	**630 401**	868 647	1 011 550
Non-current assets held-for-sale	**—**	—	92 558
	4 632 442	4 513 043	4 377 471
EQUITY AND LIABILITIES			
Capital and reserves	**1 767 821**	1 590 861	1 715 289
Stated capital	**948 667**	948 667	948 667
Retained income	**820 978**	626 787	758 472
Other reserves	**(3 131)**	(355)	1 746
Non-controlling interests	**1 307**	15 762	6 404
Non-current liabilities	**504 191**	440 060	439 156
Interest bearing borrowings	**409 430**	260 854	337 658
Other borrowings	**27 455**	96 245	26 188
Deferred income tax liability	**67 306**	82 961	75 310
Current liabilities	**2 360 430**	2 482 122	2 219 938
Trade and other payables	**1 142 337**	1 171 451	970 223
Amounts due to customers	**530 618**	423 803	583 399
Current portion of borrowings	**406 406**	650 112	438 836
Provisions for other liabilities and charges	**174 872**	152 034	152 235
Current income tax liability	**35 902**	39 431	42 351
Bank overdraft	**70 295**	45 291	32 894
Liabilities directly associated with non-current assets classified as held-for-sale	**—**	—	3 088
	4 632 442	4 513 043	4 377 471

Statement of changes in equity

R'000	Unaudited 6 months 30 June 2011	Unaudited 6 months 30 June 2010	Audited 12 months 31 December 2010
Issued capital			
Ordinary share capital			
Balance at the beginning and end of the period	**948 667**	948 667	948 667
Retained income			
Balance at the beginning of the period	**758 472**	549 213	549 213
Total comprehensive income for the period	**98 263**	128 629	260 753
Share-based payment – equity settled	**—**	1 829	1 193
Transactions with minorities	**1 387**	(883)	(697)
Dividend declared	**(37 144)**	(52 001)	(51 990)
Balance at the end of the period	**820 978**	626 787	758 472
Other reserves			
Balance at the beginning of the period	**1 746**	3 036	3 036
Total comprehensive income for the period	**(4 877)**	(3 391)	(1 290)
Balance at the end of the period	**(3 131)**	(355)	1 746
Non-controlling interests	**1 307**	15 762	6 404

Summarised consolidated statement of cash flows

R'000	Unaudited 6 months 30 June 2011	Unaudited 6 months 30 June 2010	Audited 12 months 31 December 2010
Operating cash flow	**262 782**	308 365	616 878
Movements in working capital	**(397 536)**	(401 076)	(200 245)
Net cash (used)/generated by operations	**(134 754)**	(92 711)	416 633
Net finance (costs)/income	**(11 915)**	547	619
Dividends paid	**(37 187)**	(51 572)	(51 558)
Taxation paid	**(58 534)**	(91 577)	(165 672)
Cash flow from operating activities	**(242 390)**	(235 313)	200 022
Cash flow from investing activities	**(4 707)**	(19 430)	(123 095)
Cash flow from financing activities	**(171 453)**	(143 706)	(320 076)
Movement in cash and cash equivalents	**(418 550)**	(398 449)	(243 149)
Cash and cash equivalents at the beginning of the period	**978 656**	1 221 805	1 221 805
Cash and cash equivalents at the end of the period	**560 106**	823 356	978 656

Additional information to the interim financial statements

	Unaudited 6 months 30 June 2011	Unaudited 6 months 30 June 2010	Audited 12 months 31 December 2010
Number of shares in issue ('000)	**123 798**	123 798	123 798
Headline earnings per share (cents)	**75,21**	104,34	209,25
Diluted headline earnings per share (cents)	**75,21**	104,34	209,25
Reconciliation of basic earnings to headline earnings	**R'000**	R'000	R'000
Basic earnings	**98 263**	128 629	260 753
Adjusted by			
– Profit on sale of subsidiary	**(3 527)**	—	—
– (Profit)/loss on sale of property, plant and equipment	**(1 630)**	536	(2 234)
– Impairment of fixed assets	**—**	—	531
Headline earnings	**93 106**	129 165	259 050
Reconciliation between weighted average number of shares and diluted average number of shares	**'000**	'000	'000
Weighted average number of shares	**123 798**	123 798	123 798
Adjusted by – Share Incentive Scheme	**—**	—	—
Diluted average number of shares	**123 798**	123 798	123 798
Net asset value per share (cents)	**1 426,93**	1 285,05	1 380,39
Tangible net asset value per share (cents)	**750,19**	675,76	699,29
Capital expenditure for the period (R'000)	**312 048**	256 626	422 798
Depreciation (R'000)	**118 731**	105 291	220 794
Impairment (R'000)	**—**	—	531
Amortisation of intangible asset (R'000)	**5 393**	23 498	39 303

COMMENTARY

The consolidated abridged interim financial statements have been prepared in terms of section 8.57 of the JSE Listings Requirements, incorporating IAS34 on Interim Financial Reporting and AC500 Standards as issued by the Accounting Practices Board or its successor, and the Companies Act of South Africa. The principal accounting policies used in the preparation of the unaudited results for the six months ended 30 June 2011 are consistent with those applied in the annual financial statements for the year ended 31 December 2010 and for the unaudited results for the six months ended 30 June 2010 in terms of IFRS.

OVERALL REVIEW

The current economic climate presents new challenges for the engineering industry. Although work opportunities continue to exist, greater competition in the sector has resulted in pressure on margins. As a group, Basil Read has responded through innovation and diversification of service offering, while retaining focus on cost containment and improving efficiencies.

Despite a contraction in margins in the construction division, the group's performance was supported by solid results in the mining division and an encouraging recovery in the engineering business, TWP.

The global economic environment is once again faced with volatile conditions and a degree of uncertainty and it is evident that the economic recovery will be protracted. A strong order book and equally strong relationships with clients, suppliers and subcontractors will enable the group to manage these conditions effectively.

The board is pleased to report a satisfactory set of results despite extremely difficult trading conditions, with revenue of R2,9 billion (June 2010: R2,6 billion), a modest increase of 12%. Operating profit decreased by 26% to R150,0 million (June 2010: R202,2 million), which translated into an operating margin of 5,1% (June 2010: 7,7%). Net profit decreased by 27% to R92,8 million (June 2010: R127,5 million).

Cash on hand as at 30 June 2011 decreased to R560,1 million (December 2010: R978,7 million) as the group continued to be hampered by increased working capital levels, mostly due to a significant increase in trade and other receivables. The majority of the group's trade and other receivables comprise government debtors which represent a greatly reduced credit risk. However, delays in receiving payment have negatively impacted the cash flow of the group. Included in trade and other receivables is an amount in excess of R250 million that represents government debtors that have exceeded the contractual payment terms.

Debt levels remained steady at R843,3 million (December 2010: R802,7 million). Repayments of banking loans and deferred payments were offset by an increase in instalment sale agreements used to fund expansionary capital expenditure of R295,4 million (June 2010: R256,6 million). Under the domestic medium-term note programme, the group successfully refinanced its maturing note of R125 million through the further issue of a R150 million note, maturing in July 2013. The second note in issue of R125 million matures in June 2012 and is classified as part of the short-term portion of interest-bearing borrowings. The group's debt equity ratio is currently at 24,7%.

The group experienced moderate balance sheet growth, with total assets at a level of R4,6 billion (December 2010: R4,4 billion), and 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 R5,3 billion (June 2010: R2,6 billion) and the order book is a healthy R10,2 billion (June 2010: R8,1 billion).

Tenders to the value of R35 billion were submitted in the six months to June 2011 for the construction and mining divisions. The group's historic strike rate stands at between 11% and 18%.

At the reporting date, the group had guarantees in issue in the amount of R2,0 billion (June 2010: R1,5 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 (Pty) Limited, the group's main construction operating company, attained a level 3 BBBEE contributor rating, meaning that companies are entitled to recognise 110% of the amounts spent with the company in calculating their procurement spend. In addition, Basil Read (Pty) Limited was further rated as a value added supplier, which affords a further 25% benefit.

CORPORATE ACTIVITY

Basil Read is increasing and diversifying its products and services as part of its integrated growth strategy, driven by dedicated business development professionals. For this reason, the group made two strategic investments in the first half of 2011.

The group acquired a 50% stake in Siyaya Energy (Pty) Limited, a company that operates in the petroleum supply chain, for a purchase consideration of R10 million. The new venture has secured a R1 billion supply contract.

The group further acquired a 35% stake in Metrowind (Pty) Limited, a provider of alternative energy sources, for an amount of R10 million. Metrowind is in the process of developing a wind farm in the Nelson Mandela Bay Metropolitan area.

On 1 February 2011, the group disposed of 100% of Basil Read Contracting (Pty) Limited, a property holding company, for a cash consideration of R93,6 million. The transaction resulted in a profit on disposal of subsidiaries of R4,1 million.

On 1 June 2011, the group disposed of 30% of its stake in Newport Construction (Pty) Limited to a local BEE partner. The sale consideration was R2,0 million and the transaction resulted in the recognition of a gain on transactions with minorities of R1,4 million.

OPERATIONAL REVIEW

SUSTAINABILITY, RISK MANAGEMENT AND QUALITY

Strategy, risk, performance and sustainability are inseparable in the modern business environment. A renewed focus on good corporate citizenship and governance, increased scrutiny by providers of project capital, the expansion of directors' fiduciary duties and the need to embed risk in business decisions and processes have made implementing an integrated enterprise risk management process a business priority.

Basil Read has adopted an integrated approach to the management of safety, health, environment and quality ("SHEQ") in order to ensure that SHEQ objectives are met and maintained. In addition, Basil Read has implemented a behaviour based safety programme that has been rolled out to all construction sites, which is helping to keep the disabling injury frequency rate at a low 0,43. Consequently, fewer incidents have been recorded during the period under review and Basil Read's SHEQ client assessment feedback reported group audit results above 90%.

Basil Read is committed to reducing its environmental impact and improving green initiatives to increase resource efficiency, creativity and employee motivation. Green initiatives endeavour to save energy and waste, preserve precious capital, and give precise focus to the group's innovation efforts and strategic priorities. The group aims to continue its commitment to reconfigure its business and infrastructure to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using fewer natural resources and creating less waste.

CONSTRUCTION

	June 2011	June 2010	Dec 2010
Revenue (R'000)	**2 023 468**	1 932 865	3 900 481
Operating profit (R'000)	**48 241**	159 318	293 024
Operating margin (%)	**2,38%**	8,24%	7,51%
Order book (R'000)	**6 300 000**	5 300 000	4 900 000

The period under review was challenging for the group's largest division as a result of current market conditions, with competition remaining fierce. The first half of 2011 has seen fewer tenders being advertised at lower values. The construction market is flooded with resources, both plant and people, which were built up for the increased infrastructure associated with the 2010 FIFA World Cup. With fewer tenders on offer, and significant pressure on margins, the challenge is to secure new work and keep resources occupied.

While local conditions remain depressed, there has been a natural progression from South Africa to other parts of Africa, where the need for quality construction groups is high. At present Basil Read is exploring niche markets with long-term prospects in infrastructural spend in Africa. With secured contracts in Botswana, Namibia, Zimbabwe and an office established in Zambia, the group is actively tendering for projects in East Africa, where there are a number of public and private work opportunities.

Despite the solid growth in the division, margins have been negatively impacted and the group has a number of loss making contracts, particularly in the roads sector, which has historically been one of the group's key performers. While these expected losses have been fully accounted for in the results to June 2011, some or all of the losses may be recovered if disputes with the relevant customers are successfully negotiated.

Performance in the division has been supported by the ongoing Gauteng Freeway Improvement Project contracts, particularly the D1 and D2 packages in Pretoria, which are nearing completion and the N12 (Jet Park to Tom Jones) package which continues into 2012.

The division has fulfilled all of its obligations related to the prestigious Gautrain project with the successful completion of both the Park and Hatfield stations, as well as the completion of selected works at the OR Tambo International Airport, Rhodesfield and Marlboro stations.

MINING

	June 2011	June 2010	Dec 2010
Revenue (R'000)	**408 001**	362 730	801 718
Operating profit (R'000)	**48 316**	46 158	111 346
Operating margin (%)	**11,84%**	12,73%	13,89%
Order book (R'000)	**2 300 000**	1 200 000	1 300 000

The mining division continues to be a stable performer for the group, with ongoing contracts both locally, and in Namibia and Botswana. Higher commodity prices are boosting mining production and market sentiment is currently favourable.

Basil Read Mining has joined forces with Australian-based Leighton International and local Botswana company, Bothakga Burrow to form the Majwe Mining Joint Venture. Majwe was awarded a five year multi-billion rand mining service contract with the Debswana Diamond Company in Botswana. Awarded in May 2011, production is scheduled to commence in September 2011. Mobilisation is progressing well and is on schedule. Botswana remains a buoyant prospect for the mining division with various growth opportunities on the horizon.

Work has also been secured at Highveld Steel's Uitvlugt project in Mpumalanga and on De Beers' Venetia Mine in Limpopo.

Although Blasting & Excavating ("B&E") has performed well on its mining projects, the local civil and quarrying market remains under pressure. B&E has secured a new 12-month contract in Swaziland relieving some of the pressure in this area of the business.

Further enhancing B&E's mining operations was the award of a contract extension for the drilling and blasting operations at Jwaneng Mine in Botswana.

DEVELOPMENTS

	June 2011	June 2010	Dec 2010
Revenue (R'000)	**33 291**	14 688	24 191
Operating profit (R'000)	**7 395**	2 074	4 653
Operating margin (%)	**22,21%**	14,12%	19,23%
Order book (R'000)	**100 000**	100 000	100 000

Basil Read Developments has entrenched its reputation for developing sustainable communities, reflected in its Gauteng flagship project, Cosmo City – the first mixed-use, fully integrated sustainable human settlement in South Africa.

While still the smallest of Basil Read's divisions, it has the largest socio-economic impact with a total economic impact of R100 billion during construction and R71,2 billion post-construction. For the group, this division is strategically significant, given its focus on sustainable development and the secondary work it creates for the group. Some R3 billion in work, not yet included in the group's order book, will be created for other Basil Read divisions over the life of current 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.

Divisional performance improved in the six months to June 2011 bolstered by the first recorded sales of stands at Klipriver Business Park, a pivotal spine between Johannesburg, Meyerton and Ekurhuleni.

ENGINEERING

	June 2011	June 2010	Dec 2010
Revenue (R'000)	**480 226**	310 893	663 379
Operating profit (R'000)	**46 095**	(5 343)	(225)
Operating margin (%)	**9,60%**	(1,72%)	(0,03%)
Order book (R'000)	**1 500 000**	1 500 000	1 500 000

After a relatively slow start, the first half of 2011 has been buoyant for TWP.

TWP Projects has secured significant work in the mining, process and infrastructure divisions. Key execution contracts have continued well, providing a stable workload, while a variety of new jobs, many at feasibility stage, have kicked in. In the process division, work is ramping up as projects go into execution.

The mining division has a number of large projects in the construction phase. The division is also busy with a number of blue chip feasibility studies, including the Venetia underground study for De Beers as well as key work for Assmang, Mimosa, Anglo Gold and Lonmin. The coal portfolio is growing well on the back of work for Total Coal, Anglo Thermal Coal, Continental Coal as well as various new coal companies in Mozambique's Moatize region.

The infrastructure division is expanding rapidly, specifically to service much of Kumba's Sishen mine infrastructure expansion.

Basil Read Matomo, the group's turnkey business, is exceeding growth expectations with the Phoenix Project for Pan African Resources as well as the Mongwalu study of Anglogold Ashanti in the DRC.

TWP's two international offices in Australia and Peru are both expanding and operating profitably.

PROSPECTS

The current global economic situation, particularly related to the debt crises in America and Europe, is creating significant uncertainty and volatility in global markets. With a real risk of a double dip recession in these economies, the potential effect on South Africa's economy will need to be monitored. Slower economic growth in the global environment may have an adverse effect on the export market which in turn could drive the local economy lower.

Metals prices, however, are benefitting as investors use metals as a hedge against rising inflation, which bodes well for the mining sector.

Fundamentals in the construction sector have deteriorated significantly since 2009 and are expected to remain challenging for the foreseeable future. Although the South African government remains committed to infrastructure spend as a means of driving growth, significant delays in the roll out of projects are negatively impacting construction operations.

As a sector, operating performances in construction are likely to be affected by high cost increases and greater competition. A sustained recovery in the sector was always expected to lag a recovery in the larger South African economy, given the relatively long lead times associated with planning and executing large projects. With the recovery of the South African economy under threat due to recent international developments, the recovery in the construction sector may take longer than original forecasts.

Against this background, Basil Read remains committed to continued expansion, both organic and acquisitive, local and international despite difficult trading conditions. The group will continue to monitor opportunities to expand service offering and geographic footprint.

Construction opportunities exist within the rest of Africa particularly due to the influx of funding from international sources. Basil Read will continue to pursue contracts on the African continent within our defined set of risk parameters, which include the certainty of committed funding for the contract in question and upfront payments.

Among other planned or pending projects, the group is currently negotiating with the British government for the construction of an international airport on St Helena Island, 2 000 km off the coast of Namibia.

In joint venture, the group has also recently been appointed as one of two consortia to submit a best and final offer for the proposed N1/N2 toll road.

The group is also currently in negotiations with various developers for the construction of a 20 000 m^2 – 30 000 m^2 building which will serve as TWP's head office.

The group's order book remains strong at R10,2 billion, particularly in the engineering division which bodes well for growth potential for the next few years and supports TWP's strategic plan to continue on its path of diversified international expansion. Continued strong growth will rely to a large extent on firm commodity prices although TWP's market and geographic diversification will assist in reducing potential volatility.

The group remains cautious about the year ahead and will remain prudent in managing the uncertainty and volatility, backed by an effective management structure and loyal workforce.

CORPORATE GOVERNANCE

The directors and senior management of the group endorse the Code of Governance Principles and Report on Governance, together referred to as King III. Having regard for the size of the group, the board is of the opinion that the group substantially complies with the Code as well as with the Listings Requirements of the JSE Limited. The group performs regular reviews of its corporate governance policies and practices and strives for continuous improvement in this regard.

The group has engaged with its advisors and is actively addressing the principles and practices of King III and ensuring compliance with the new Companies Act.

On 1 June 2011, Macquarie First South Capital (Pty) Limited was appointed as the company's sponsor on the JSE Limited.

COMPETITION COMMISSION

The group's application to engage with the Competition Commission regarding a settlement is in the process of being assessed by the Competition Commission, and the outcome may result in the imposition of an administrative penalty to Basil Read. Current timing indications are that the outcome of this process will only be known in 2012 and due to the inherent uncertainty, no provision has been made in this regard in the period for the six months ended 30 June 2011.

DIVIDENDS

The board has reviewed the current period's results and in keeping with prior years, 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)*

25 August 2011

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

Auditors: PricewaterhouseCoopers Inc **Transfer secretaries:** Link Market Services South Africa (Pty) Limited **Sponsor:** Macquarie First South Capital (Pty) Limited

Directors: S L L Peteni*† *(Chairman)*, M L Heyns *(Chief Executive Officer)*, M D G Gouveia *(Deputy Chief Executive Officer and Financial Director)*, N J Townshend^, C P Davies*†, S S Ntsaluba*, A T Tlelai*, G R Sibiya*†

(* Non-executive, † Independent, ^British)