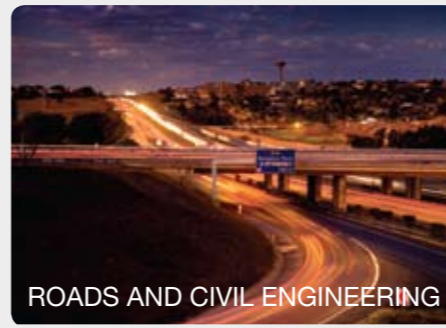


➤ 57% increase in revenue ➤ Cash on hand R467,6 million
 ➤ 64% increase in EPS ➤ 70% increase in total assets to R1,8 billion
 ➤ 82% increase in operating profit ➤ Order book of R5,4 billion



UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

Summarised consolidated income statement

	Unaudited 6 months 30 June 2008 R'000	Unaudited 6 months 30 June 2007 R'000	Audited 12 months 31 December 2007 R'000
Revenue	1 411 455	900 660	2 010 559
Operating profit for the period	126 893	69 906	170 335
Net finance costs	(8 893)	(2 538)	(6 030)
Share of profits from associates	57	—	15
Profit for the period before taxation	118 057	67 368	164 320
Taxation	(32 123)	(18 715)	(46 678)
Profit for the period after taxation	85 934	48 653	117 642
<i>Profit for the period attributable to the following:</i>			
Equity shareholders of the company	85 552	50 010	117 788
Minority interest	382	(1 357)	(146)
Net profit for the period	85 934	48 653	117 642
Earnings per share (cents)	113,14	68,98	159,18
Fully diluted earnings per share (cents)	111,46	68,80	156,92
Ordinary dividend per share (cents)	50,00	30,00	30,00

Summarised consolidated balance sheet

	Unaudited 30 June 2008 R'000	Unaudited 30 June 2007 R'000	Audited 31 December 2007 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	589 462	290 782	489 021
Intangible assets	41 252	11 010	41 486
Investments in jointly controlled entities	11 949	—	8 281
Investments in associates	21 638	66	21 581
Available-for-sale financial assets	208	292	208
Deferred taxation	29 632	14 043	26 497
Current assets	1 117 121	747 114	732 682
Inventories	19 798	7 738	20 533
Trade and other receivables	629 704	374 339	263 822
Investments in jointly controlled entities	—	—	11 200
Cash and cash equivalents	467 619	365 037	437 127
	1 811 262	1 063 307	1 319 756
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	233 996	233 738	233 954
Accumulated profit	181 070	52 582	117 901
Other reserves	4 730	21 463	4 008
Minority interests	1 654	4 875	2 060
Non-current liabilities	201 337	125 235	195 539
Interest-bearing borrowings	163 555	119 221	149 443
Other borrowings	20 705	—	27 432
Provisions for other liabilities and charges	3 846	3 166	3 493
Deferred taxation	13 231	2 848	15 171
Current liabilities	1 188 475	625 414	766 294
Trade and other payables	1 012 972	521 294	575 609
Current portion of borrowings	99 689	49 446	102 620
Provisions for other liabilities and charges	75 814	46 592	85 709
Bank overdraft	—	8 082	2 356
	1 811 262	1 063 307	1 319 756

Statement of changes in equity

	Unaudited 6 months 30 June 2008 R'000	Unaudited 6 months 30 June 2007 R'000	Audited 12 months 31 December 2007 R'000
Issued capital			
Ordinary share capital	—	—	—
Balance at the beginning of the period	233 954	164 537	164 537
Issued to share incentive scheme (net of treasury shares)	42	15 201	15 417
Private placement	—	54 000	54 000
Balance at the end of the period	233 996	233 738	233 954
Accumulated profit			
Balance at the beginning of the period	117 901	24 430	24 430
Transfer from other reserves	—	—	20 072
Transactions with minorities	—	—	(22 531)
Share-based payment – equity settled	15 437	—	—
Net profit for the period	85 552	50 010	117 788
Dividend declared	(37 820)	(21 858)	(21 858)
Balance at the end of the period	181 070	52 582	117 901
Other reserves			
Balance at the beginning of the period	4 008	4 264	4 264
Share-based payment – equity settled	—	17 252	20 072
Transfer to accumulated profit	—	—	(20 072)
Movement in foreign currency translation reserve	722	105	(14)
Disposal of available-for-sale financial asset	—	—	(246)
Movement in fair value adjustment reserve	—	(158)	4
Balance at the end of the period	4 730	21 463	4 008
Minority interests	1 654	4 875	2 060

Summarised consolidated cash flow statement

	Unaudited 6 months 30 June 2008 R'000	Unaudited 6 months 30 June 2007 R'000	Audited 12 months 31 December 2007 R'000
Operating cash flow	213 233	106 715	261 823
Movements in working capital	56 813	(6 304)	141 131
Net cash generated by operations	270 046	100 411	402 954
Net finance costs	(8 893)	(2 538)	(6 030)
Dividends paid	(38 608)	(21 787)	(21 920)
Taxation paid	(41 702)	(5 824)	(7 021)
Cash flow from operating activities	180 843	70 262	367 983
Cash flow from investing activities	(80 198)	(29 163)	(189 248)
Cash flow from financing activities	(67 797)	49 419	(10 401)
Movement in cash and cash equivalents	32 848	90 518	168 334
Cash and cash equivalents at the beginning of the period	434 771	266 437	266 437
Cash and cash equivalents at the end of the period	467 619	356 955	434 771

Summarised consolidated segment report

	Total R'000	Roads and civil engineering R'000	Buildings R'000	Mining R'000	Develop- ments R'000	Inter- segment R'000
Revenue	1 411 455	668 250	409 691	355 722	24 677	(46 885)
Operating profit	126 893	67 108	19 737	35 913	4 135	—
Operating margin	8,99%	10,04%	4,82%	10,10%	16,76%	—

Additional information to the annual financial statements

	Unaudited 6 months 30 June 2008	Unaudited 6 months 30 June 2007	Audited 12 months 31 December 2007
Number of shares in issue ('000)	75 619	75 434	75 588
Headline earnings per share (cents)	113,98	68,80	158,54
Fully diluted headline earnings per share (cents)	112,29	68,62	156,29
Reconciliation of basic earnings to headline earnings			
Basic earnings	R'000	R'000	R'000
Adjusted by:			
– Profit on sale of available-for-sale financial asset	—	(175)	(175)
– Loss/(profit) on sale of property, plant and equipment	638	48	(301)
Headline earnings	86 190	49 883	117 312
Reconciliation between weighted average number of shares and diluted average number of shares			
Weighted average number of shares	'000	'000	'000
Adjusted by – Share Incentive Scheme	1 135	191	1 065
Diluted average number of shares	76 754	72 691	75 060
Net asset value per share (cents)	557,34	414,48	473,52
Capital expenditure for the period (R'000)	178 339	143 442	287 791
Depreciation (R'000)	69 927	21 886	71 546
Amortisation of intangible asset (R'000)	234	234	468

Commentary

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: "Interim Financial Reporting", the South African Companies Act, as amended, and the JSE Listings Requirements. The principal accounting policies used in the preparation of the unaudited results for the period ended 30 June 2008 are consistent with those applied for the year ended 31 December 2007 and for the unaudited results for the six months ended 30 June 2007 in terms of IFRS.

Overall review

Basil Read has produced a solid set of results in the six months to June 2008, confirming that it is on track to achieving its goal of becoming a R5 billion turnover group by 2010. With renewed commitment to quality, safety and minimising its environmental footprint, the group is well positioned for future growth, strengthening its reputation as a leader in the construction industry.

The board is proud to report sustained growth, with operating profit of R126,9 million (June 2007: R69,9 million), at an improved margin of 9,0% (June 2007: 7,8%) and profit attributable to ordinary shareholders of R85,6 million (June 2007: R50 million), a substantial increase of 71,1%. Turnover increased by 56,7% to R1,4 billion (June 2007: R900,7 million). Cash generated by operating activities was satisfactory at R213,2 million (June 2007: R106,7 million) and was utilised for investment activities and to reduce debt levels. Cash on hand now stands at R467,6 million with the debt equity ratio at a modest 43,7% (June 2007: 38,1%).

The group experienced significant balance sheet growth, with total assets at a level of R1,8 billion (June 2007: R1,1 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 R2,8 billion (June 2007: R1,7 billion) and the order book is a healthy R5,4 billion (June 2007: R3,4 billion). Commensurate with the growth of the group, and in line with its strategic intentions, Basil Read has successfully targeted large scale contracts, with several under negotiation.

The group continues to investigate opportunities for international expansion and as yet has not identified a suitable target company for acquisition. Given that the global economy has slowed to some extent, with market corrections taking place across the board, the group aims to exercise caution in this regard.

Locally, the group is in the process of acquiring Roadcrete Africa (Pty) Limited, an established and respected civil engineering contractor, for a purchase consideration of R160 million. Roadcrete's current order book is R800 million. The application to the Competition Commission is pending and further announcements regarding the transaction will be made in due course.

With higher levels of current and projected activity, the group invested in new plant worth R178,3 million (June 2007: R143,4 million). Included in this figure, is the cost of a new head office block, currently under construction at the group's premises in Boksburg, to accommodate the growing workforce.

At the reporting date, the group had issued guarantees in the amount of R1,2 billion (June 2007: R547 million). 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.

The group continues with its commitment to transformation and the main operating company, Basil Read (Pty) Limited, was certified as a level 4 BBBEE contributor in terms of both the DTI Generic Scorecard and the Construction Sector Charter, which means that clients can accumulate 100% of their expenditure with the company towards their own scorecard.

Operational review

Buildings

The buildings division reported acceptable results for the six months to June 2008, with operating margins of 4,8% (June 2007: 3,7%). The division has been largely unaffected by the downturn in the residential property market and continues to focus on the construction of schools, hospitals and shopping centres. The order book currently stands at R1,1 billion.

The division, in joint venture with Murray & Roberts Construction, was appointed as the main contractor for the construction of the Galleria Shopping Centre in Umbogintwini, KwaZulu-Natal. The contract, which involves the construction of an 80 000 m² retail shopping centre and a 76 000 m² parking garage, is valued at R670 million.

Roads and Civils

Considered a leader in road construction, the division secured new contracts in the amount of R1,9 billion, and the order book currently stands at a robust level of R3,1 billion. The division continues to be a solid performer for the group and contributed revenues of R668,3 million (June 2007: R534,2 million) at operating margins of 10,0% (June 2007: 8,4%).

Work on the Mbombela Stadium is slightly behind schedule but is still expected to be completed well in advance of the 2010 Soccer World Cup. Delays have been experienced due to numerous instances of unprocedural, illegal and unfair industrial action which left Basil Read with little choice but to issue a final ultimatum in terms of an order of the labour court. Following further illegal industrial action, notice to dismiss was issued to all staff members involved. Following further negotiations with all affected parties, the situation has now been resolved to the satisfaction of all parties concerned, the majority of the workforce has been reemployed and work on the site has resumed.

The division was awarded two of the Gauteng Freeway Improvement Projects, worth a combined value of R1,8 billion. These projects link to the division's current contract at the Atterbury interchange, which is progressing according to schedule.

Following on the success of the Pier One Container Terminal project, the division secured the contract to provide the complete infrastructure to Pier Two in the Port of Durban, valued at R430 million.

Under the direction of the group's subsidiary company, Newport Construction, the division was awarded further contracts in the Coega Development Zone in Port Elizabeth, including the contract to construct the Coega River bridges valued at R180,8 million.

Mining

The mining division has had an exceptional six-month period, securing several new contracts, contributing to an order book which is currently in excess of R1 billion. The division has grown exponentially, generating revenues of R355,7 million (June 2007: R172,9 million), a significant increase of 106%.

The division was awarded a three year contract to mine for Debswana in Botswana, commencing July 2008, with a contract value of R413 million. A three year contract extension at Rössing Uranium Limited in Namibia worth R382,6 million will commence in September 2008.

Blasting & Excavating continues to perform well and has proven to be a sound investment for the group. The business has integrated well into the division and significant synergies have been realised. Through the expansion of its range of services, the division is well placed to capitalise on opportunities in the contract mining and civil engineering industries.

Developments

The developments division continues to be a key growth area for the group, with several new projects in the pipeline. This type of contract is characterised by long lead times with significant costs being incurred prior to the breaking of ground. Despite this, the division reported turnover of R24,7 million (June 2007: R27 million) at a generous operating margin of 16,8% (June 2007: 15,2%).

Work continues on several projects around the country including the successful Cosmo City. The project with Old Mutual Investment Group for a housing development south of Johannesburg is at an advanced stage and the division expects construction to commence in early 2009. Other projects, including an industrial park south of Johannesburg and housing developments in Welkom and Cape Town, are still in the planning phase. Feasibility studies are currently underway at various other sites.

Prospects

The Basil Read group continues to flourish in a local market buoyed by improved infrastructural spend and is ideally positioned to capitalise on these favourable market conditions. On the back of a healthy balance sheet and effective management structure, the group will continue to grow in a controlled and structured manner.

The view that the construction sector will not be sustained beyond 2010, due to the completion of the 2010 World Cup Soccer stadiums is not a view that Basil Read shares with the market. Government has demonstrated their commitment to infrastructure with the commencement of the Gauteng Freeway Improvement Project, with several new projects in the pipeline including the upgrade of the N1/N2 freeway in Cape Town. Eskom have a dire need for improved and increased infrastructure and the contracts to construct new power plants will continue well beyond 2010. Basil Read is part of a consortium that will be bidding for the construction of these projects.

Low cost housing continues to be a focus area for government as communities become impatient with the slow delivery of homes and services. Basil Read has created a niche for itself in this market, which is characterised by longer term projects that create secondary work for the group.

Basil Read is also actively pursuing other business ventures, both locally and internationally, to further secure the future of the group. One such project is the construction of the airport on St Helena Island, for which Basil Read has pre-qualified. A preferred bidder is expected to be announced before the end of the 2008 financial year. The group is also interested in becoming involved in the engineering consultancy and project management market as a means of diversifying revenue streams.

Risk management is an integral part of the group's operations and risks are closely monitored at every stage of each contract that Basil Read undertakes. Risk mitigation is imperative to ensure that expansion is systematically and effectively achieved without disrupting day-to-day operations.

Basil Read is a well-capitalised and stable group and will continue to build the future for generations to come.

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 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.

Dividends

The board has reviewed the current period's results together with the forecasts for 2008/2009 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

M L Heyns (Chief Executive Officer)

7 August 2008

