Murray & Roberts

PRELIMINARY REPORT

FOR THE YEAR ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

R millions	Audited Annual 30 June 2012	Audited* Annual 30 June 2011
Continuing operations		
Revenue	35 406	30 535
Profit/(loss) before interest, depreciation and amortisation	522	(93)
Depreciation	(658)	(562)
Amortisation of intangible assets	(25)	(23)
Loss before interest and taxation (note 2)	(161)	(678)
Net interest expense	(248)	(194)
Loss before taxation	(409)	(872)
Taxation	(245)	(196)
Loss after taxation	(654)	(1 068)
Income from equity accounted investments	143	86
Loss from continuing operations	(511)	(982)
Loss from discontinued operations (note 3)	(81)	(666)
Loss for the year	(592)	(1 648)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(736)	(1 735)
– Non-controlling interests	144	87
	(592)	(1 648)
Loss per share from continuing and discontinued operations (cents)		
– Diluted	(214)	(528)
– Basic	(214)	(530)
Loss per share from continuing operations (cents)		
– Diluted	(199)	(349)
– Basic	(199)	(351)
Net asset value per share (Rands)	13	13
SUPPLEMENTARY STATEMENT OF FINANCIAL PERFORMANCE INFORMATION		
Number of ordinary shares in issue ('000)	444 736	331 893
Reconciliation of weighted average number of shares in issue ('000)		
Weighted average number of ordinary shares in issue	382 712	367 784
Less: Weighted average number of shares held by The Murray & Roberts Trust	(6 338)	(7 466)
Less: Weighted average number of shares held by Murray & Roberts Limited	(736)	(749)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(32 115)	(32 044)
Weighted average number of shares used for basic per share calculation	343 523	327 525
Add: Dilutive adjustment for share options	699	1 029
Weighted average number of shares used for diluted per share calculation	344 222	328 554

* *The weighted average number of shares in issue have been adjusted in the prior year due to the rights issue made to shareholders in April 2012.*

Headline loss per share from continuing and discontinued operations (cents) (note 4)		
– Diluted	(246)	(454)
– Basic	(246)	(456)
Headline loss per share from continuing operations (cents) (note 4)		
– Diluted	(210)	(356)
– Basic	(211)	(357)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2012

R millions	Audited Annual 30 June 2012	Audited Annual 30 June 2011
Loss for the year	(592)	(1 648)
Effects of cash flow hedges	20	(39)
Taxation related to effects of cash flow hedges	(4)	12
Effects of available-for-sale financial assets	(1)	-
Foreign currency translation movements	617	4
Total comprehensive income/(loss) for the year	40	(1 671)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(298)	(1 787)
– Non-controlling interests	338	116
	40	(1 671)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2012

R millions	Audited 30 June 2012	Audited 30 June 2011
ASSETS		
Non-current assets	8 394	5 563
Property, plant and equipment	3 600	3 325
Goodwill	437	435
Deferred taxation assets	634	470
Investments in associate companies	885	564
Amounts due from contract customers (note 5)	2 060	–
Other non-current assets	778	769
Current assets	13 143	11 137
Inventories	731	817
Trade and other receivables	2 127	1 846
Amounts due from contract customers (note 5)	6 806	5 290
Current taxation assets	91	83
Cash and cash equivalents	3 388	3 101
Assets classified as held-for-sale	905	2 860
TOTAL ASSETS	22 442	19 560
EQUITY AND LIABILITIES		
Total equity	7 102	5 321
Attributable to owners of Murray & Roberts Holdings Limited	5 887	4 221
Non-controlling interests	1 215	1 100
Non-current liabilities	1 596	1 873
Long-term liabilities[1]	494	1 223
Long-term provisions	165	127
Deferred taxation liabilities	211	311
Other non-current liabilities	726	212
Current liabilities	13 495	11 184
Amounts due to contract customers (note 5)	3 019	2 244
Accounts and other payables	8 609	7 705
Current taxation liabilities	175	116
Bank overdrafts[1]	39	47
Short-term loans[1]	1 653	1 072
Liabilities directly associated with assets classified as held-for-sale	249	1 182
TOTAL EQUITY AND LIABILITIES	22 442	19 560

[1] *Interest-bearing borrowings*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2012

R millions	Audited Annual 30 June 2012	Audited Annual 30 June 2011
Cash (utilised in)/generated from operations	(1 580)	872
Interest received	107	106
Interest paid	(388)	(358)
Taxation paid	(429)	(286)
Operating cash (outflow)/inflow	(2 290)	334
Dividends paid to owners of Murray & Roberts Holdings Limited	(7)	(187)
Dividends paid to non-controlling interests	(75)	(87)
Cash (outflow)/inflow from operating activities	(2 372)	60
Acquisition of businesses (note 7)	(15)	(70)
Acquisition of share capital in start up company	(10)	-
Acquisition of non-controlling interests	(48)	-
Dividends received from associate companies	46	25
Acquisition of associates	(133)	(7)
Increase in investments	(67)	-
Purchase of other investments by discontinued operations	(40)	-
Purchase of investment property	(20)	-
Purchase of intangible assets other than goodwill	(17)	(12)
Purchase of property, plant and equipment by discontinued operations	(34)	(35)
Purchase of property, plant and equipment	(959)	(832)
– Replacements	(569)	(465)
– Additions	(390)	(367)
Proceeds on disposal of property, plant and equipment	164	132
Proceeds on disposal of businesses (note 7)	822	-
Proceeds on disposal of assets held-for-sale	127	635
Proceeds on disposal of investments in associates	15	-
Advance payment received in respect of investment disposal	-	170
Cash related to acquisition/disposal of businesses	(271)	-
Cash related to assets held-for-sale	258	(111)
Proceeds from loan repayments and dividends received	165	45
Other (net)	2	(2)
Cash outflow from investing activities	(15)	(62)
Net increase in borrowings	342	529
Treasury share disposals (net)	43	20
Proceeds on share issue to non-controlling interests	23	-
Proceeds from rights issue to owners of Murray & Roberts Holdings Limited (net of transaction costs)	1 910	-
Cash inflow from financing activities	2 318	549
Net (decrease)/increase in cash and cash equivalents	(69)	547
Net cash and cash equivalents at beginning of year	3 054	2 566
Effect of foreign exchange rates	364	(59)
Net cash and cash equivalents at end of year	3 349	3 054

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS
for the year ended 30 June 2012

R millions	Audited Annual 30 June 2012	Audited Annual 30 June 2011
Revenue[3]		
Construction Africa and Middle East	8 108	9 108
Engineering Africa	5 213	4 094
Construction Products Africa	3 738	4 157
Construction Global Underground Mining	9 859	7 789
Construction Australasia Oil & Gas and Minerals	8 484	5 387
Corporate & Properties	4	-
Continuing operations	35 406	30 535
Discontinued operations	1 738	2 646
	37 144	33 181
Continuing operations		
Loss before interest and taxation[4]		
Construction Africa and Middle East	(1 317)	(1 399)
Engineering Africa	200	(51)
Construction Products Africa	197	192
Construction Global Underground Mining	605	602
Construction Australasia Oil & Gas and Minerals	286	269
Corporate & Properties	(132)	(291)
Loss before interest and taxation	(161)	(678)
Net interest expense	(248)	(194)
Loss before taxation	(409)	(872)
Discontinued operations		
Loss before interest and taxation[4]	(17)	(710)
Net interest expense	(32)	(58)
Loss before taxation	(49)	(768)

[3] *Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R257 million (2011: R506 million).*
[4] *The chief operating decision maker utilises loss before interest and taxation in the assessment of a segment's performance.*

SEGMENTAL ASSETS
at 30 June 2012

R millions	Audited 30 June 2012	Audited 30 June 2011
Construction Africa and Middle East	5 683	5 201
Engineering Africa	2 102	1 241
Construction Products Africa	2 755	3 166
Construction Global Underground Mining	3 606	2 708
Construction Australasia Oil & Gas and Minerals	3 995	3 354
Corporate & Properties	188	236
	18 329	15 906
Reconciliation of segmental assets		
Total assets	22 442	19 560
Deferred taxation assets	(634)	(470)
Current taxation assets	(91)	(83)
Cash and cash equivalents	(3 388)	(3 101)
	18 329	15 906

NOTES

1. Basis of preparation
The Group operates in the construction, engineering and mining environment and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress. Refer to commentary for a more detailed report on the performance of the different operating platforms within the Group.

The condensed consolidated annual financial statements for the year ended 30 June 2012 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the AC 500 standards as issued by the Accounting Practices Board or its successor, IAS 34: Interim Financial Reporting and in compliance with the requirements of the Companies Act, No. 71 of 2008 of South Africa. This report was compiled under the supervision of AJ Bester (CA) SA, Group financial director and has been audited in terms of Section 29(1) of the Act.

The accounting policies used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited annual financial statements for the year ended 30 June 2011.

External auditors, Deloitte & Touche, have issued their opinion on the Group's financial statements for the year ended 30 June 2012. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised provisional financial statements have been derived and are consistent in all material respects with the Group's financial statements. A copy of their audit report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2012

R millions	Stated capital, share capital and share premium	Other reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total
Balance at 30 June 2010	737	215	5 251	6 203	974	7 177
Total comprehensive (loss)/income for the year	-	(52)	(1 735)	(1 787)	116	(1 671)
Net movement in non-controlling interests loans	-	-	-	-	36	36
Movement in treasury shares	20	-	-	20	-	20
Recognition of share-based payment	-	32	-	32	-	32
Transfer to non-controlling interests	-	(3)	-	(3)	3	-
(Disposal)/purchase of non-controlling interests (net)	-	-	(54)	(54)	58	4
Transferred to statement of financial performance	-	(3)	-	(3)	-	(3)
Dividends declared and paid	-	-	(187)	(187)	(87)	(274)
Balance at 30 June 2011	757	189	3 275	4 221	1 100	5 321
Total comprehensive income/(loss) for the year	-	438	(736)	(298)	338	40
Rights issue to owners of Murray & Roberts Holdings Limited (net of transaction costs)	1 910	-	-	1 910	-	1 910
Treasury shares acquired (net)	43	-	-	43	-	43
(Disposal)/purchase of non-controlling interests (net)	-	-	(12)	(12)	(152)	(164)
Net movement in non-controlling interests loans	-	-	-	-	(21)	(21)
Disposal of business	-	(1)	-	(1)	-	(1)
Issue of shares to non-controlling interests	-	-	-	-	23	23
Transfer to retained earnings	-	(32)	32	-	-	-
Transfer to non-controlling interests	-	(2)	-	(2)	2	-
Recognition of share-based payment	-	33	-	33	-	33
Dividends declared and paid[2]	-	-	(7)	(7)	(75)	(82)
Balance at 30 June 2012	2 710	625	2 552	5 887	1 215	7 102

[2] *Dividends relate to distributions made by entities that hold treasury shares.*

NOTES (continued)

2. Loss before interest and taxation
Loss before interest and taxation includes the following significant items:

R millions	30 June 2012	30 June 2011
Competition Commission penalties/Gautrain	-	(1 150)
GPMOF	(1 189)	(582)
Middle East operations	(387)	(164)
Other impairments	(25)	(79)
	(1 601)	(1 975)
Items by nature		
Cost of sales	(33 702)	(28 428)
Distribution and marketing expenses	(262)	(271)
Administration expenses	(2 524)	(3 138)
Other operating income	921	624
	(35 567)	(31 213)

3. Loss from discontinued operations
The Group disposed of its shareholding in Johnson Arabia LLC, RSC Ekusasa Mining, Alert Steel Polokwane Proprietary Limited, Freyssinet Posten Proprietary Limited, BRC Arabia LLC and Clough's Marine construction business during the course of this financial year and continues to dispose of its investment properties.

The remaining discontinued operations relates mainly to Clough Properties and SA Steel Business. The Group signed a sales agreement to dispose of the bulk of the SA Steel Business at net book value during August 2012 which is subject to Competition Commission approval. The remaining portion of the SA Steel Business is expected to be realised at net book value in the next 12 months.

R millions	30 June 2012	30 June 2011
Revenue	1 738	2 646
Loss before interest, depreciation and amortisation	(11)	(641)
Depreciation and amortisation	(6)	(69)
Loss before interest and taxation	(17)	(710)
Net interest expense	(32)	(58)
Taxation (expense)/credit	(33)	118
Income/(loss) from equity accounted investments	1	(16)
Loss from discontinued operations	(81)	(666)
Non-controlling interests relating to discontinued operations	29	79
Cash flows from discontinued operations include the following:		
Cash outflow from operating activities	(253)	(129)
Cash inflow from investing activities	765	574
Cash outflow from financing activities	(100)	(466)
Net increase/(decrease) in cash and cash equivalents	412	(21)

4. Reconciliation of headline loss

R millions	30 June 2012	30 June 2011
Loss attributable to owners of Murray & Roberts Holdings Limited	(736)	(1 735)
Investment property fair value adjustments	(32)	5
Profit on disposal of businesses (net)	(47)	(17)
Profit on disposal of associates (net)	(13)	-
Profit on disposal of property, plant and equipment (net)	(44)	(49)
Impairment of goodwill and other assets	24	398
Fair value adjustment and (profit)/loss on disposal of assets held-for-sale	(29)	32
Adjustments relating to business acquisitions	-	(62)
Other	(4)	1
Non-controlling interests effects on adjustments	21	(5)
Taxation effects on adjustments	14	(61)
Headline loss	(846)	(1 493)
Adjustments for discontinued operations:		
Loss from discontinued operations	81	666
Non-controlling interests	(29)	(79)
Investment property fair value adjustments	20	(5)
Profit on disposal of businesses (net)	47	17
Profit on disposal of property, plant and equipment (net)	-	1
Loss on sale of associate	(2)	-
Impairment of goodwill and other assets	-	(324)
Fair value adjustment and profit/(loss) on disposal of assets held-for-sale	27	(34)
Adjustments relating to business acquisitions	-	1
Non-controlling interests effects on adjustments	(18)	6
Taxation effects on adjustments	(4)	74
Headline loss from continuing operations	(724)	(1 170)

5. Contracts-in-progress and contract receivables

R millions	30 June 2012	30 June 2011
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	2 849	557
Uncertified claims and variations less payments received on account (recognised in terms of IAS 11: Construction Contracts)	1 951	1 968
Uncertified claims and variations	2 001	2 302
Less: Payments received on account	(50)	(334)
Amounts receivable on contracts (net of impairment provisions)	3 642	2 340
Retentions receivable (net of impairment provisions)	424	425
	8 866	5 290
Amounts received in excess of work completed	(3 019)	(2 244)
	5 847	3 046
Disclosed as:		
Amounts due from contract customers – non-current	2 060	-
Amounts due from contract customers – current	6 806	5 290
Amounts due to contract customers – current	(3 019)	(2 244)
	5 847	3 046

During the year under review, circumstances have changed and developed which resulted in a portion of amounts due from contract customers being expected to be received only after 12 months from the end of the current year under review. Therefore, these amounts have been classified as non-current on the statement of financial position. Management considers these amounts to be fully recoverable.

6. Contingent liabilities
Contingent liabilities are related to disputes, claims and legal proceedings in the ordinary course of business. The Group does not account for any potential contingent liabilities where a back to back arrangement exists with clients or subcontractors, and there is a legal right to offset.

R millions	30 June 2012	30 June 2011
Operating lease commitments	2 058	2 155
Contingent liabilities	1 445	983
Financial institution guarantees	10 285	10 408

The Competition Commission ("Commission") engaged the construction industry in April 2011 and the Group submitted applications through the April 2011 Fast-Track process. A provision was raised based on the potential violations that were identified as a result of this process. The Board is of the opinion that the provision raised for this liability is adequate to cover any additional penalties that may arise as a result of the investigation. However, there is no guarantee as to the size of the penalty or the sufficiency of the provision.

7. Business acquisitions/disposals
The Group did not make any material acquisitions in the year ended 30 June 2012. These immaterial acquisitions resulted in a cash outflow of R15 million.

The Group disposed of the following businesses during the course of this financial year:
- Johnson Arabia LLC on 31 October 2011 for proceeds of R109 million;
- RSC Ekusasa Mining, Alert Steel Polokwane Proprietary Limited and Freyssinet Posten Proprietary Limited for combined proceeds of R120 million;
- BRC Arabia LLC during June 2012 for a consideration of R2 million; and
- Clough's Marine construction business on 22 December 2011 for proceeds of R591 million, net of borrowings and other costs.

In addition, the Group disposed of its shareholding in Murray & Roberts (Zimbabwe) Limited (associate) for a consideration of R10 million as well as Gryphon Logistics Proprietary Limited (associate) for proceeds of R5 million. Furthermore, the Group acquired the remaining 33% equity interest in PT Operational Services Proprietary Limited (subsidiary) for R48 million and an additional interest of 3% in Forge Group Limited (associate) for R133 million.

8. Liquidity, Debt Restructuring & Rights Issue
During the year under review, the Board of Directors announced that it had given due consideration to the continued implementation of the Group's Recovery and Growth plan, the expected funding requirements of the order book, optimal balance sheet structure, debt repayment tenure and the protracted nature of the claims settlement process.

As at November 2011, the Group had restructured its South African term debt and bank facilities, the new debt package of approximately R4,3 billion (previously R3,4 billion) includes facilities ranging from on-demand to four-year facilities, achieving the objective of extending the average tenure of the Group's debt structure. The facilities are supported by cross guarantees from Group companies and have been secured by the pledging of Clough Limited (Clough) shares.

On Monday, 26 March 2012 a rights offer circular was posted to shareholders relating to a renounceable rights offer of 112 843 490 shares at an issue price of R18.00 per share, in the ratio of 34 rights offer shares for every 100 Murray & Roberts shares held at the close of business on Friday, 23 March 2012. The renounceable rights offer closed on Friday, 20 April 2012. On 23 April 2012 shareholders were advised of the results of the renounceable rights offer. Due to rounding principles as set out in the rights offer circular, 112 843 499 renounceable rights offer shares were issued and listed due to rounding up of fractional entitlements.

9. Dividend
The Board has resolved not to declare a dividend.

10. Related party transactions
There have been no significant changes to the nature of related party transactions since 30 June 2011.

11. Events after reporting date
The Group signed a sales agreement to dispose of the bulk of the SA Steel Business at net book value during August 2012 which is subject to Competition Commission approval. The remaining portion of the SA Steel Business is expected to be realised at net book value in the next 12 months.

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group annual financial statements, which significantly affects the financial position at 30 June 2012 or the results of its operations or cash flows for the year then ended.

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CELEBRATING 110 YEARS: 1902 TO 2012

Salient Features

- Revenue up 16% to R35,4 billion
- Attributable loss reduced to R736 million
- Net cash up 58% to R1,2 billion
- Order book of R45,3 billion
- Strong improvement in safety performance
- GPMOF commitments discharged
- Achievement of full operation of the Gautrain system
- Resolution of Medupi Civils Contract commercial issues
- Sale of non-core assets, as well as the discontinued Steel Business subsequent to year-end

COMMENTARY

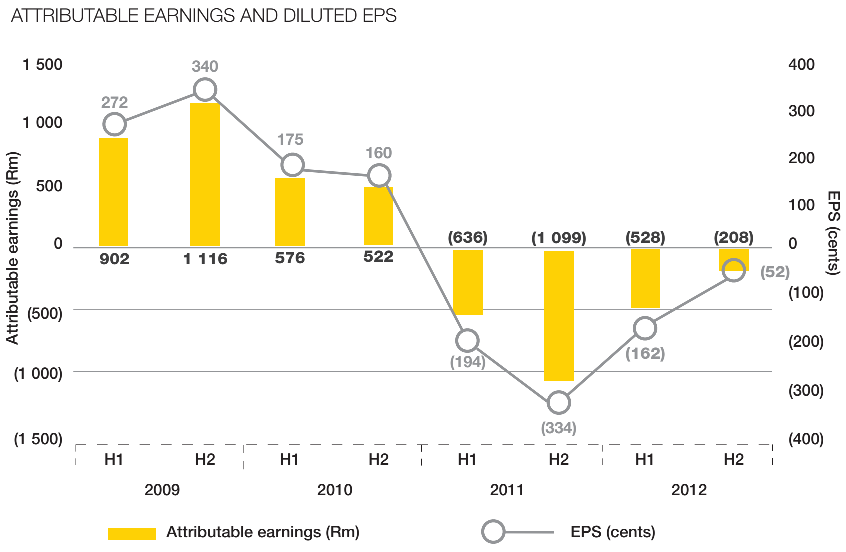
Recovery and Growth

The year to June 2012 was defined as the Group's Recovery year and the following two years as its Growth years. The Recovery year has been an exceptional one for the Group, in the context of the achievement of the following Recovery objectives:

- Revenue up 16% to R35,4 billion
- Attributable loss reduced to R736 million
- Net cash up 58% to R1,2 billion
- Strong improvement in safety performance
- Successful transition to new leadership team
- Successful reorganisation (operating platforms) and restructuring
- Successful R4,3 billion debt restructuring
- Successful R2,0 billion rights issue
- Strong improvement in liquidity
- GPMOF commitments discharged
- Achievement of full operation of the Gautrain system
- Resolution of Medupi Civils Contract commercial issues
- Sale of non-core assets, as well as the discontinued Steel Business subsequent to year-end
- Vibrant and positive atmosphere within the Group

Financial year to 30 June 2012

ATTRIBUTABLE EARNINGS AND DILUTED EPS



Revenue from continuing operations increased by 16% to R35,4 billion (2011: R30,5 billion). An attributable loss of R736 million (2011: R1 735 million) was incurred, of which R208 million was recorded for the second half of the year.

This result is after accounting for the following losses:

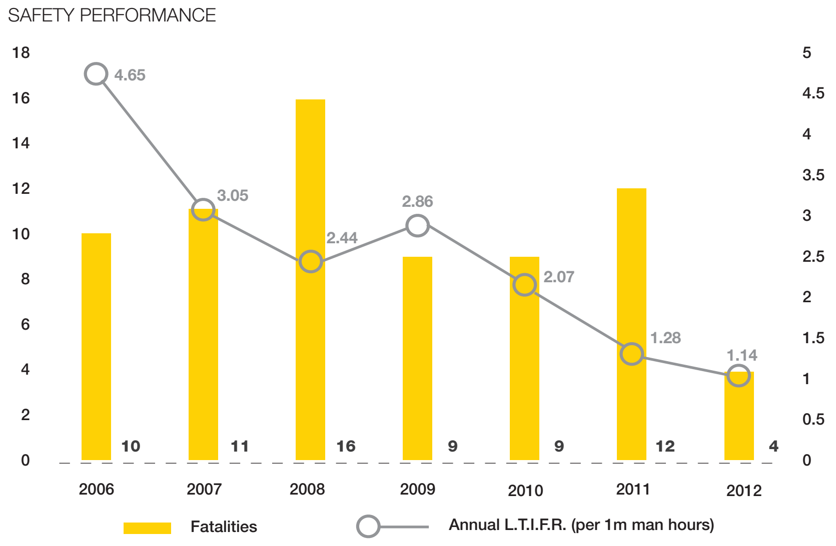
- R1 189 million Gorgon Pioneer Material Offloading Facility ("GPMOF") contract completion costs; and
- R454 million in the Middle East, of which R387 million primarily related to close-out costs on legacy projects.

The Group recorded a diluted headline loss per share of 246 cents (2011: 454 cents) and a diluted loss per share of 214 cents (2011: 528 cents) for the year to 30 June 2012, representing a material reduction of the loss reported for the previous financial year.

The Group ended the year with an order book of R45,3 billion. The order book for the Australian-based entities increased by R8,2 billion or 66% year on year. The average margin in the order book is within the Group's strategic range of 5,0% to 7,5%. This order book is inclusive of R1,7 billion from the Middle East and R7,6 billion from the civils and mechanicals major contracts on Eskom's power programme. There are no other major projects remaining in the order book.

Health and Safety

SAFETY PERFORMANCE



Good progress was made in implementing the Group's Zero Harm programme this year.
Highlights included:

- a continued reduction in the lost time injury frequency rate to 1.14 (2011:1.28), the lowest rate ever recorded by the Group;
- a significant reduction in fatal incidents; and
- achievement of OHSAS 18001 certification by most businesses.

Two operations, Technicrete and Concor Engineering, achieved 12 months without a lost time injury. This positive development was overshadowed by the deaths of four employees (2011:12 employees). All four fatalities occurred at underground mining operations.

The board of directors of Murray & Roberts ("Board") extends its condolences to the families, friends and colleagues of the four employees who lost their lives while at work in the Group's operations.

We shall not celebrate our safety performance until such time as we are able to report zero fatalities, but we must acknowledge the hard work that has gone into creating a safety culture in all of our operations.

We remain committed to addressing safety in the work place with an initiative primarily focused on attitudes to safety and safe behaviour across the organisation.

Improved Liquidity

Achievements for this year include the successful restructuring of the R4,3 billion debt package (previously R3,4 billion) and conclusion of an oversubscribed R2,0 billion rights issue.

The R1,9 billion net proceeds from the rights issue were used to repay R1,0 billion of long-term debt during June this year, with the balance applied to the reduction of short-term debt. Long-term debt will be further reduced by R500 million and R650 million during September 2012 and March 2013, respectively.

Notwithstanding significant funding requirements for the completion of the GPMOF project, the Group completed the year with a substantially improved net cash position of R1,2 billion (June 2011: R0,8 billion).

Completing Challenging Projects

The uncertified revenues remained unchanged compared to June 2011. The Group's uncertified revenues previously recognised on challenging projects are considerably lower than the estimated value of its claims. The Board and management remain committed to the resolution of all contractual disputes and the collection of proceeds from claim settlements, while recognising that this will be a challenging and protracted process. These claims have been taken to book in compliance with IAS11 (Construction Contracts) following engagement with independent legal, commercial and claims consultants.

GPMOF: The Group's commitments on GPMOF were discharged, although later and at a greater cost than had been anticipated. The cash outlay of more than R2,0 billion on GPMOF over the past 16 months, represents one of the largest single cash losses in recent times. The Board is pleased to announce that the arbitration rulings on the first three disputes on this project, relating primarily to scope changes from the tendered design, have been awarded in the Group's favour. The value of these claims will be determined through a further arbitration scheduled for the final quarter of this calendar year. It is expected that the commercial process on this project will be closed out by December 2013.

Gautrain Rapid Rail Link ("Gautrain"): The achievement of Operating Commencement Date 2 (OCD2) on Gautrain, with the opening of the final section of the system between Rosebank and Park Stations on 7 June 2012, removed substantial risks associated with a delayed OCD2. OCD2 was certified by the Independent Certifier after the remedial work to address water ingress in the Rosebank to Park Stations section of tunnel was completed. A dispute with the Gauteng Provincial Government ("Province"), regarding the terms and proper interpretation of the concession agreement and the resultant completion of the water ingress remedial work (if any), is scheduled to be heard in arbitration during the final quarter of this calendar year. Depending on the outcome, further costs may have to be incurred in the Park-to-Rosebank tunnel.

Resolution through arbitration of the major delay and disruption claim against Province is expected by December 2014.

No further costs were incurred in the current year on Gautrain which had not been provided for in the prior year.

Dubai International Airport: The arbitration on the Dubai International Airport is following its course and the Group expects resolution towards the end of the 2013 calendar year.

Medupi Power Station Civils: A resolution of all major commercial issues with Eskom relating to the civil engineering contract at the Medupi power station was reached during the year under review. The agreement settled all commercial disputes on the project to date, with the remaining R3,0 billion of civils work on this project carrying no more than normal construction risks at acceptable margins.

Operating Performance**

Two of the five operating platforms that are mostly dependent on the South African construction sector, have continued to experience challenging market conditions. However, the Group's resilience was ensured through the diversity of its operations and markets.

Construction Africa and Middle East:

	Construction Africa		Marine		Middle East		Total	
R millions	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**5 848**	5 597	**903**	1 031	**1 357**	2 480	**8 108**	9 108
Operating profit/(loss)	**321**	(653)	**(1 184)**	(582)	**(454)**	(164)	**(1 317)**	(1 399)
Ongoing construction activities	**69**	237	**(1 184)**	(582)	**(67)**	–	**(1 182)**	(345)
PPP Investments and Services	**252**	260	–	–	–	–	**252**	260
Competition Commission penalties/Gautrain	–	(1 150)	–	–	–	–	–	(1 150)
Additional contract completion and impairments	–	–	–	–	**(387)**	(164)	**(387)**	(164)
Segment assets	**3 447**	2 926	**658**	358	**1 578**	1 605	**5 683**	4 889
People	**7 393**	8 891	**131**	511	**199**	318	**7 723**	9 720
LTIFR (Fatalities)	**1.0 (0)**	1.6 (1)	**0.6 (0)**	4.2 (0)	**0.5 (0)**	0.3 (0)	**0.7 (0)**	0.9 (1)
Order book	**7 163**	6 929	**178**	606	**1 654**	2 430	**8 995**	9 965

Revenues declined 11% to R8,1 billion (2011: R9,1 billion) with an operating loss of R1,3 billion (2011: R1,4 billion operating loss). The order book decreased to R9,0 billion (June 2011: R10,0 billion) .

While most businesses performed well, given the depressed market conditions in which they operated, the effects of GPMOF and a deterioration of the financial position in the Middle East accounted for the year's loss. The contractual loss on this project reached R1,8 billion at completion, of which R582 million was accounted for the previous year. The Middle East had to account for losses of R454 million related to the close out of sub-contractor accounts on completed projects, an increase in costs to complete a project in Abu Dhabi and weak market conditions.

In the medium to long term, the outlook for Construction Africa remains positive, given the major – and growing – infrastructural backlog in South Africa and commitment of R845 billion infrastructure spend announced by National Government. The platform continues to focus on opportunities in the road, rail, power, renewable energy and water sectors and through partnerships with other organisations to access major project opportunities.

The Group was pleased to announce the appointment of Jerome Govender as the new platform executive for the Construction Africa & Middle East operating platform. Jerome has been the Managing Director of Bombela Concession Company since 2007, having joined Murray & Roberts in 2002.

This year the Construction operations of Concor and Murray & Roberts Construction were successfully merged and two chief operating officers were appointed, one to oversee the civil engineering businesses and another for the building businesses.

Construction Global Underground Mining:

	Africa		Australasia		The Americas		Total	
R millions	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**5 687**	4 789	**958**	714	**3 214**	2 286	**9 859**	7 789
Operating profit	**250**	307	**90**	99	**265**	196	**605**	602
Segment assets	**1 508**	1 288	**639**	409	**1 459**	1 011	**3 606**	2 708
People	**16 650**	15 265	**469**	313	**1 494**	1 374	**18 613**	16 952
LTIFR (Fatalities)	**2.6 (3)**	2.1 (10)	**2.9 (0)**	6.9 (0)	**1.7 (1)**	1.1 (0)	**2.5 (4)**	2.2 (10)
Order book	**3 529**	12 035	**1 184**	959	**4 095**	3 724	**8 808**	16 718

Revenues increased 27% to R9,9 billion (2011: R7,8 billion) while operating profit remained steady at R605 million (2011: R602 million). The order book decreased to R8,8 billion (June 2011: R16,7 billion) due to the termination of the Aquarius contract. The impact of this termination was a R7,5 billion reduction at year end.

The mining business is performing well and continues to secure significant contracts globally with major international mining houses. However, the local platinum sector is being impacted by the lower platinum price and industrial unrest. Operations in Australia, the Pacific Rim, Canada and the United States of America all achieved exceptional growth and, overall, margins were in excess of the Group's strategic target range.

A significant development this financial year was the mutual decision to terminate the contract mining agreement between Aquarius Platinum South Africa (AQPSA) and Murray & Roberts Cementation. Murray & Roberts Cementation agreed to provide the necessary support to AQPSA with the take-over of all resources to ensure a smooth transition to the owner-operator model. Support could extend to December 2012.

Construction Global Underground Mining will continue to pursue opportunities globally, which may include acquisitions to further accelerate revenue growth in key markets, such as Western Australia.

Construction Australasia Oil & Gas and Minerals:

	Clough		Forge[5]	
R millions	**2012**	2011	**2012**	2011
Revenue	**8 484**	5 387	**6 204**	2 926
Operating profit	**286**	269	**584**	396
Segment assets	**3 810**	2 056		
People	**4 785**	3 527		
LTIFR (Fatalities)	**0.1 (0)**	0.2 (0)		
Order book	**19 444**	11 467		

[5] *Reflected at 100%. Forge is equity accounted at 36% (2011:33%) within the consolidated results.*

Clough, in which Murray & Roberts has a 62% share, increased its revenues by 58% to R8,5 billion (2011: R5,4 billion) with an operating profit of R286 million (2011: R269 million). Operating profit did not increase in line with revenue, due to significant revenue growth on fixed-fee contracts and the close-out of a loss-making contract in the first half of the year. Commercial arrangements on the fixed-fee contracts are under negotiation. The order book increased substantially to R19,4 billion (June 2011: R11,5 billion), to be delivered in line with margins achieved in a much-improved second half of the year.

The new leadership of the company implemented a successful restructuring process, which will position Clough well to maintain and extend its market share of infrastructure projects in Australasia's energy, chemicals, mining and minerals sectors.

The sale of Clough's Marine business was concluded in December 2011, realising net proceeds of R591 million. The newly-established Clough Seam Gas business secured its first significant order. Forge Limited returned another strong performance and during the year, Clough's investment in Forge increased from 33% to 36%, following the exercise of a put option by previous executives.

The construction market in Western Australia remains buoyant with significant ongoing investment in oil & gas and mining infrastructure. The Group will be optimising its investment in this key growth market.

Full details of the Clough financial results for the year and its prospects have been published on its website www.clough.com.au.

Engineering Africa:

	Power Programme[6]		Engineering[7]		Total	
R millions	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**4 327**	3 337	**886**	757	**5 213**	4 094
Operating profit/(loss)	**237**	(34)	**(37)**	(17)	**200**	(51)
Segment assets	**1 556**	901	**546**	340	**2 102**	1 241
People	**6 222**	4 362	**2 061**	831	**8 283**	5 193
LTIFR (Fatalities)	**0.8 (0)**	1.5 (0)	**0.2 (0)**	1.0 (0)	**0.7 (0)**	1.3 (0)
Order book	**6 121**	13 411	**647**	800	**6 768**	14 211

[6] *Murray & Roberts Projects power programme contracts and Genrec.*
[7] *Includes Wade Walker, Concor Engineering and Murray & Roberts Projects non-power programme projects.*

Revenues increased 27% to R5,2 billion (2011: R4,1 billion) with an increase in operating profit to R200 million (2011: R51 million operating loss). The order book declined to R6,8 billion (June 2011: R14,2 billion), which is primarily due to the progress in delivering the Medupi and Kusile power stations, as well as de-scoping by Hitachi Power in terms of the cost-reimbursable agreement reached in June 2011. The agreement gives greater predictability to work that will continue until 2018. The Group does not anticipate any costs as a result of Aveng Limited's DSE claim against Genrec, as it is a flow-through cost to Hitachi.

Genrec operated at full capacity this year, fabricating steel for the power programme, while Murray & Roberts Projects was similarly engaged on boiler erection work at Medupi and, increasingly, Kusile. A key achievement for Murray & Roberts Projects was the successful delivery of Transnet's New Multi-Product Pipeline ("NMPP") tank farm at Heidelberg, Gauteng.

In the short to medium term, Engineering Africa will maintain its focus on engineering and construction services in Southern Africa, whilst positioning itself for new opportunities in nuclear and renewable energy, water, minerals and the oil & gas market segments.

Construction Products Africa:

	Construction Products[8]		Industrial Products[9]		Total	
R millions	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**3 203**	3 147	**535**	1 010	**3 738**	4 157
Operating profit	**156**	75	**41**	117	**197**	192
Ongoing activities	**181**	154	**41**	117	**222**	271
Asset impairment	**(25)**	(79)	–	–	**(25)**	(79)
Segment assets	**1 682**	1 663	**324**	438	**2 006**	2 101
People	**3 530**	3 808	**962**	1 122	**4 492**	4 930
LTIFR (Fatalities)	**2.6 (0)**	2.6 (1)	**2.5 (0)**	7.6 (0)	**2.6 (0)**	3.9 (1)
Order book	**406**	587	**928**	2 421	**1 334**	3 008

[8] *Includes Hall Longmore, Rocla, Much Asphalt, Ocon and Technicrete.*
[9] *UCW*

Revenues declined 10% to R3,7 billion (2011: R4,2 billion) with a marginal increase in operating profit to R197 million (2011: R192 million). The order book decreased to R1,3 billion (June 2011: R3,0 billion).

Overall, the operating platform had a successful year although, given the variety of products and sectors, operational performances were divergent. Most businesses are heavily dependent on public sector work, which continued to be of limited scale.

Much Asphalt managed the increasing bitumen shortage exceptionally well and maintained last year's profitability levels, while Rocla continued to report reasonable results, although not achieving historic margins. Technicrete and Ocon Brick succeeded in containing costs and despite some rationalisation, marginally increased market share.

UCW performed well in the face of a scarcity of opportunities, but remains well positioned to benefit from Transnet's and PRASA's capital renewal programmes. Hall Longmore under-achieved, primarily due to intense competition and a shortage of orders, especially for its electric resistance welded products.

Disposal of non-core assets:

	Crane Hire Services (Johnson Arabia)		Steel Reinforcing Products		Clough Marine Services & Properties		Properties SA		Total	
R millions	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**117**	260	**1 179**	1 676	**384**	628	**58**	82	**1 738**	2 646
Operating (loss)/profit	–	(58)	**(42)**	(619)	**(43)**	(73)	**68**	40	**(17)**	(710)
Trading	–	(58)	**(42)**	(325)	**12**	(41)	**68**	40	**38**	(384)
Asset impairment	–	–	–	(294)	**(55)**	(32)	–	–	**(55)**	(326)
Segment assets	–	312	**749**	1 065	**185**	1 298	**33**	96	**967**	2 771
People	–	420	**699**	1 447	–	109	**6**	6	**705**	1 982

The remainder of the discontinued operations consists mainly of the Clough investment properties, as well as the Steel Business. The Steel Business, including Cisco, was disposed of at book value subsequent to the year-end in two separate transactions. The Steel Business transaction, excluding Cisco, is subject to Competition Commission ("Commission") approval.

Risk Management

Significant strides were made on risk management. The Group's revised operating structure now groups businesses with similar markets and core competencies into five operating platforms. Each operating platform is led by an operating platform executive reporting to the Group Chief Executive. Each operating platform is resourced with commercial and financial executives, allowing for improved risk management and decision-making across each platform.

This year, the internal audit function was further strengthened and a regulatory compliance function was established, which together with risk management form the three pillars of integrated assurance. This will enhance policies, procedures and controls to minimise risk exposures in managing the achievement of Group objectives and to avoid or mitigate the impact of unforeseen events.

The Murray & Roberts Limited Risk Committee has witnessed a considerable increase in activity, meeting more regularly this past year than in previous years. This increase is consistent with the enhanced risk management culture in the Group.

Competition Commission

The Commission engaged the construction industry on applications submitted through the 2011 Fast-Track process. The Group has not yet reached finality with the Commission regarding the applications and potential penalty relating to historic anti-competitive practices. The Board is of the view that the provision held as at 30 June 2012 is adequate.

Dividend

The Board has resolved not to declare a dividend. Shareholders will be updated on the prospects of a dividend being declared for the next financial year at the time that the interim results are announced in February 2013.

Board Of Directors

The Board unanimously agreed to appoint Mahlape Sello as non-executive chairperson, following the planned retirement of Roy Andersen on 1 March 2013. Roy has served as independent non-executive chairman for the past nine years. Mahlape, an advocate, has been a non-executive director of the Company since 2009.

Non-executive director Tony Routledge indicated his intention to retire from the Board at the annual general meeting in October 2012 after serving for nearly 19 years. Namane Magau, who is approaching nine years as a non-executive director of Murray & Roberts, also plans to retire from the Board, as will Sibusiso Sibisi, who wishes to limit his non-executive directorships to institutions whose core business is underpinned by science and technology.

During the year, Alan Knott-Craig resigned to take up an appointment as the new chief executive of Cell C and during June 2012, Thenjiwe Chikane joined the Board as a non-executive director and a member of the Audit & Sustainability Committee and Risk Management Committee.

Rentia Joubert was appointed as company secretary effective 1 August 2012, succeeding Yunus Karodia, who has taken up a senior financial position at Murray & Roberts Cementation.

Prospects Statement

The Group's focus on growth is motivated by the objective to enhance shareholder value through a return to profitability in the short-term. The growth strategy envisages aligning the Group's portfolio of businesses selectively with market segments and geographies that present sustainable growth potential, simultaneously expanding its offshore revenue base. Our strategy for expanding into the rest of Africa is a cautious one, which is on track and will be accelerated during the coming year.

Fixed investment in South African infrastructure is sorely needed and the various platforms are positioned to engage in such opportunities. Any growth during the next year which could result from a turnaround in the South African construction economy, which we don't anticipate at present, would come as a welcome boost.

The information on which this prospects statement is based has not been reviewed or reported on by the Group's external auditors.

On behalf of the directors

Roy Andersen	Henry Laas	Cobus Bester
Chairman of the Board	Group Chief Executive	Group Financial Director

Bedfordview
29 August 2012

***The operating performance information disclosed has been extracted from the Group's operational reporting systems. The "People" and "LTIFR" information has not been subject to an audit of the Group's annual financial statements. The Corporate & Properties segment is excluded from the operational analysis. Segmental assets do not include assets held by discontinued operations.*

MURRAY & ROBERTS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
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Secretary:
E Joubert

Directors:
RC Andersen* (Chairman)
HJ Laas (Managing and Chief Executive)
DD Barber* AJ Bester TCP Chikane* O Fenn[1]
NM Magau* JM McMahon[1]* WA Nairn*
AA Routledge* M Sello* SP Sibisi* RT Vice*
[1]British *Non-executive

OVEREND