Murray & Roberts

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the six months ended 31 December 2011

R millions	Reviewed 6 months to 31 December 2011	Reviewed[1] 6 months to 31 December 2010	Audited 12 months to 30 June 2011
Revenue	**16 730**	15 063	30 535
Profit/(loss) before interest, depreciation and amortisation	**119**	255	(93)
Depreciation	**(331)**	(265)	(562)
Amortisation of intangible assets	**(11)**	(13)	(23)
Loss before interest and taxation (note 2)	**(223)**	(23)	(678)
Net interest expense	**(90)**	(99)	(194)
Loss before taxation	**(313)**	(122)	(872)
Taxation	**(212)**	(135)	(196)
Loss after taxation	**(525)**	(257)	(1 068)
Income from equity accounted investments	**63**	38	86
Loss from continuing operations	**(462)**	(219)	(982)
Loss from discontinued operations (note 3)	**(19)**	(368)	(666)
Loss for the period	**(481)**	(587)	(1 648)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	**(528)**	(636)	(1 735)
– Non-controlling interests	**47**	49	87
	(481)	(587)	(1 648)
Loss per share from continuing and discontinued operations (cents)			
– Diluted	**(178)**	(215)	(585)
– Basic	**(178)**	(215)	(587)
Loss per share from continuing operations (cents)			
– Diluted	**(179)**	(105)	(387)
– Basic	**(179)**	(105)	(388)

[1] Reclassified as a result of discontinued operations and previously disclosed exceptional items of R795 million were reclassified to loss before interest and taxation.

SUPPLEMENTARY STATEMENT OF FINANCIAL PERFORMANCE INFORMATION

Reconciliation of weighted average number of shares in issue (000)			
Number of ordinary shares in issue	**331 893**	331 893	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	**(6 026)**	(6 812)	(6 737)
Less: Weighted average number of shares held by Murray & Roberts Limited	**(676)**	(676)	(676)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	**(28 837)**	(28 946)	(28 917)
Weighted average number of shares used for basic per share calculation	**296 354**	295 459	295 563
Add: Dilutive adjustment for share options	**285**	780	1 029
Weighted average number of shares used for diluted per share calculation	**296 639**	296 239	296 592
Headline loss per share from continuing and discontinued operations (cents) (note 4)			
– Diluted	**(210)**	(177)	(503)
– Basic	**(210)**	(178)	(505)
Headline loss per share from continuing operations (cents) (note 4)			
– Diluted	**(189)**	(109)	(394)
– Basic	**(189)**	(109)	(396)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 December 2011

R millions	Reviewed 6 months to 31 December 2011	Reviewed 6 months to 31 December 2010	Audited 12 months to 30 June 2011
Loss for the period	**(481)**	(587)	(1 648)
Effects of cash flow hedges	**11**	(24)	(27)
Foreign currency translation movements	**570**	(169)	4
Total comprehensive income/(loss) for the period	**100**	(780)	(1 671)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	**(110)**	(817)	(1 787)
– Non-controlling interests	**210**	37	116
	100	(780)	(1 671)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2011

R millions	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 period	-	(181)	(636)	**(817)**	37	**(780)**
Net movement in non-controlling interest loans	-	-	-	**-**	(13)	**(13)**
Movement in treasury shares	11	-	-	**11**	-	**11**
Movement in share-based payment reserve	-	26	-	**26**	-	**26**
Transfer to non-controlling interests	-	(2)	-	**(2)**	2	**-**
Dividends declared and paid	-	-	(154)	**(154)**	(52)	**(206)**
Balance at 31 December 2010	748	58	4 461	**5 267**	948	**6 215**
Total comprehensive income/(loss) for the period	-	129	(1 099)	**(970)**	79	**(891)**
(Disposal)/purchase of non-controlling interests (net)	-	-	(54)	**(54)**	58	**4**
Net movement in non-controlling interest loans	-	-	-	**-**	49	**49**
Movement in treasury shares	9	-	-	**9**	-	**9**
Movement in share-based payment reserve	-	6	-	**6**	-	**6**
Transfer to statement of financial performance	-	(3)	-	**(3)**	-	**(3)**
Transfer to non-controlling interests	-	(1)	-	**(1)**	1	**-**
Dividends declared and paid	-	-	(33)	**(33)**	(35)	**(68)**
Balance at 30 June 2011	757	189	3 275	**4 221**	1 100	**5 321**
Total comprehensive income/(loss) for the period	-	418	(528)	**(110)**	210	**100**
(Disposal)/purchase of non-controlling interests (net)	-	-	-	**-**	(95)	**(95)**
Net movement in non-controlling interest loans	-	-	-	**-**	(13)	**(13)**
Movement in treasury shares	3	-	-	**3**	-	**3**
Movement in share-based payment reserve	-	18	-	**18**	-	**18**
Transfer to non-controlling interests	-	(2)	-	**(2)**	2	**-**
Dividends declared and paid	-	-	-	**-**	(66)	**(66)**
Balance at 31 December 2011	760	623	2 747	**4 130**	1 138	**5 268**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2011

R millions	Reviewed 31 December 2011	Reviewed 31 December 2010	Audited 30 June 2011
ASSETS			
Non-current assets	**5 964**	6 171	5 563
Property, plant and equipment	**3 511**	3 936	3 325
Goodwill	**438**	549	435
Deferred taxation assets	**535**	466	470
Investments in associate companies	**679**	509	564
Other non-current assets	**801**	711	769
Current assets	**13 518**	13 683	11 137
Inventories	**866**	1 380	817
Trade and other receivables	**2 548**	3 027	1 929
Amounts due from contract customers (note 5)	**6 462**	6 044	5 290
Cash and cash equivalents	**3 642**	3 232	3 101
Assets classified as held-for-sale	**1 142**	1 442	2 860
TOTAL ASSETS	**20 624**	21 296	19 560
EQUITY AND LIABILITIES			
Total equity	**5 268**	6 215	5 321
Attributable to owners of Murray & Roberts Holdings Limited	**4 130**	5 267	4 221
Non-controlling interests	**1 138**	948	1 100
Non-current liabilities	**3 169**	2 646	1 873
Long-term liabilities[2]	**2 615**	2 050	1 223
Long-term provisions	**147**	79	127
Deferred taxation liabilities	**334**	265	311
Other non-current liabilities	**73**	252	212
Current liabilities	**11 859**	12 212	11 184
Amounts due to contract customers (note 5)	**2 985**	3 013	2 244
Accounts and other payables	**7 826**	7 006	7 821
Bank overdrafts[2]	**523**	1 568	47
Short-term loans[2]	**525**	625	1 072
Liabilities directly associated with assets classified as held-for-sale	**328**	223	1 182
TOTAL EQUITY AND LIABILITIES	**20 624**	21 296	19 560

[2] Interest-bearing borrowings

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS
for the six months ended 31 December 2011

R millions	Reviewed 6 months to 31 December 2011	Reviewed[1] 6 months to 31 December 2010	Audited 12 months to 30 June 2011
Revenue[3]			
Construction Africa and Middle East	**4 379**	5 104	9 108
Engineering Africa	**2 322**	1 322	4 094
Construction Products Africa	**1 715**	2 261	4 157
Construction Global Underground Mining	**4 696**	3 524	7 789
Construction Australasia Oil & Gas and Minerals	**3 618**	2 852	5 387
Continuing operations	**16 730**	15 063	30 535
Discontinued operations	**1 151**	1 266	2 646
	17 881	16 329	33 181
Continuing operations			
(Loss)/profit before interest and taxation[4]			
Construction Africa and Middle East	**(779)**	(432)	(1 399)
Engineering Africa	**103**	(103)	(51)
Construction Products Africa	**105**	199	192
Construction Global Underground Mining	**335**	290	602
Construction Australasia Oil & Gas and Minerals	**82**	154	269
Corporate	**(69)**	(131)	(291)
Loss before interest and taxation	**(223)**	(23)	(678)
Net interest expense	**(90)**	(99)	(194)
Loss before taxation	**(313)**	(122)	(872)
Discontinued operations			
Profit/(loss) before interest and taxation	**6**	(458)	(710)
Net interest expense	**(20)**	(25)	(58)
Loss before taxation	**(14)**	(483)	(768)

[1] Reclassified as a result of discontinued operations and previously disclosed exceptional items of R795 million were reclassified to loss before interest and taxation.
[3] Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R41 million (2010: R227 million and June 2011: R506 million).
[4] The chief operating decision maker utilises (loss)/profit before interest and taxation in the assessment of a segment's performance.

SEGMENTAL ASSETS
at 31 December 2011

R millions	Reviewed 31 December 2011	Reviewed 31 December 2010	Audited 30 June 2011
Construction Africa and Middle East	**4 996**	6 083	5 201
Engineering Africa	**1 652**	2 117	1 241
Construction Products Africa	**2 762**	3 629	3 166
Construction Global Underground Mining	**3 324**	2 391	2 708
Construction Australasia Oil & Gas and Minerals	**2 822**	2 914	3 354
Corporate	**891**	464	236
	16 447	17 598	15 906
Reconciliation of segmental assets			
Total assets	**20 624**	21 296	19 560
Deferred taxation assets	**(535)**	(466)	(470)
Current taxation assets	**-**	-	(83)
Cash and cash equivalents	**(3 642)**	(3 232)	(3 101)
Segmental assets	**16 447**	17 598	15 906

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 31 December 2011

R millions	Reviewed 6 months to 31 December 2011	Reviewed 6 months to 31 December 2010	Audited 12 months to 30 June 2011
Cash (utilised in)/generated from operations	**(1 373)**	(798)	872
Interest received	**49**	53	106
Interest paid	**(159)**	(177)	(358)
Taxation paid	**(146)**	(124)	(286)
Operating cash (outflow)/inflow	**(1 629)**	(1 046)	334
Dividends paid to owners of Murray & Roberts Holdings Limited	**-**	(154)	(187)
Dividends paid to non-controlling interests	**(66)**	(52)	(87)
Cash (outflow)/inflow from operating activities	**(1 695)**	(1 252)	60
Acquisition of businesses (note 7)	**(14)**	(31)	(70)
Dividend received from associate companies	**16**	10	25
Acquisition of associates	**-**	(7)	(7)
Increase in investments	**(67)**	-	-
Purchase of intangible assets other than goodwill	**(5)**	(4)	(12)
Purchase of property, plant and equipment by discontinued operations	**(36)**	-	(35)
Purchase of property, plant and equipment	**(430)**	(422)	(832)
– Replacements	**(138)**	(75)	(465)
– Additions	**(292)**	(347)	(367)
Proceeds on disposal of property, plant and equipment	**66**	51	132
Proceeds on disposal of businesses (note 7)	**857**	-	-
Proceeds on disposal of assets held-for-sale	**95**	321	635
Proceeds on disposal of investments in associates	**6**	-	-
Acquisition of other investments by discontinued operations	**(50)**	-	-
Advance payment received in respect of investment disposal	**-**	-	170
Cash related to assets held-for-sale	**(83)**	28	(111)
Proceeds on disposal and realisation of investments	**-**	43	45
Other (net)	**(2)**	-	(2)
Cash inflow/(outflow) from investing activities	**353**	(11)	(62)
Net increase in borrowings	**1 077**	527	529
Treasury share disposals (net)	**3**	11	20
Cash inflow from financing activities	**1 080**	538	549
Net (decrease)/increase in cash and cash equivalents	**(262)**	(725)	547
Net cash and cash equivalents at beginning of period	**3 054**	2 566	2 566
Effect of foreign exchange rates	**327**	(177)	(59)
Net cash and cash equivalents at end of the period	**3 119**	1 664	3 054

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 interim report for the six months ended 31 December 2011 has 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.

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.

This review has been conducted in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor, Deloitte & Touche, and their unmodified review opinion 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 auditors.

2. Loss before interest and taxation

Loss before interest and taxation includes the following significant items:

R millions	31 December 2011	31 December 2010	30 June 2011
Gautrain/Competition Commission penalties	**-**	(510)	(1 150)
GPMOF	**(600)**	-	(582)
Middle East operations	**(231)**	(165)	(164)
Other impairments	**-**	(120)	(79)
	(831)	(795)	(1 975)
Items by nature			
Cost of sales	**(15 939)**	(14 105)	(28 428)
Distribution and marketing expenses	**(127)**	(129)	(271)
Administration expenses	**(1 171)**	(1 028)	(3 138)
Other operating income	**284**	176	624
	(16 953)	(15 086)	(31 213)

3. Loss from discontinued operations

The Group disposed of its mining roof bolt & Alert Steel Polokwane businesses and Johnson Arabia crane hire while Clough disposed of its marine operations during the six months ended 31 December 2011. Refer to note 7 for further details on these disposals.

The remaining discontinued operations comprise of the Group's properties and interests in steel reinforcing bar manufacture and trading operations.

R millions	31 December 2011	31 December 2010	30 June 2011
Revenue	**1 151**	1 266	2 646
Profit/(loss) before interest, depreciation and amortisation	**9**	(417)	(641)
Depreciation and amortisation	**(3)**	(41)	(69)
Profit/(loss) before interest and taxation	**6**	(458)	(710)
Net interest expense	**(20)**	(25)	(58)
Taxation (expense)/credit	**(5)**	117	118
Loss from equity accounted investments	**-**	(2)	(16)
Loss from discontinued operations	**(19)**	(368)	(666)
Non-controlling interests relating to discontinued operations	**21**	42	79
Cash flows from discontinued operations include the following:			
Cash outflow from operating activities	**(236)**	(328)	(129)
Cash inflow from investing activities	**957**	204	574
Cash outflow from financing activities	**(335)**	(178)	(466)
Net increase/(decrease) in cash and cash equivalents	**386**	(302)	(21)

WE BUILD TO LAST

4. Reconciliation of headline loss

R millions	31 December 2011	31 December 2010	30 June 2011
Loss attributable to owners of Murray & Roberts Holdings Limited	**(528)**	(636)	(1 735)
Investment property fair value adjustments	**-**	-	5
Profit on disposal of businesses	**(64)**	(16)	(17)
Profit on disposal of property, plant and equipment	**(30)**	(13)	(49)
Impairment of goodwill and other assets	**-**	184	398
Fair value adjustment and (profit)/loss on disposal of assets held-for-sale	**(29)**	5	32
Adjustments relating to business acquisitions	**-**	(8)	(62)
Other	**-**	-	1
Non-controlling interests effects on adjustments	**18**	(2)	(5)
Taxation effects on adjustments	**10**	(39)	(61)
Headline loss	**(623)**	(525)	(1 493)
Adjustments for discontinued operations:			
Loss from discontinued operations	**19**	368	666
Non-controlling interests	**(21)**	(42)	(79)
Investment property fair value adjustments	**-**	-	(5)
Profit on disposal of businesses	**59**	16	17
Profit on disposal of property, plant and equipment	**-**	3	1
Impairment of goodwill and other assets	**-**	(181)	(324)
Fair value adjustment and profit/(loss) on disposal of assets held-for-sale	**29**	(5)	(34)
Adjustments relating to business acquisitions	**-**	-	1
Non-controlling interests effects on adjustments	**(20)**	2	6
Taxation effects on adjustments	**(3)**	42	74
Headline loss from continuing operations	**(560)**	(322)	(1 170)

5. Contracts-in-progress and contract receivables

R millions	31 December 2011	31 December 2010[5]	30 June 2011
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	**1 435**	1 482	557
Uncertified claims and variations less payments received on account (recognised in terms of IAS 11: Construction Contracts)	**2 203**	1 842	1 968
Uncertified claims and variations	**2 675**	1 842	2 302
Less: Payments received on account	**(472)**	-	(334)
Amounts receivable on contracts (net of impairment provisions)	**2 539**	2 413	2 340
Retentions receivable (net of impairment provisions)	**285**	307	425
	6 462	6 044	5 290
Amounts received in excess of work completed	**(2 985)**	(3 013)	(2 244)
	3 477	3 031	3 046
Disclosed as:			
Amounts due from contract customers	**6 462**	6 044	5 290
Amounts due to contract customers	**(2 985)**	(3 013)	(2 244)
	3 477	3 031	3 046

[5] During the financial year ended 30 June 2011 the Group elected to disclose the uncertified claims and variations less payments received on account separately from contracts-in-progress. Furthermore, the under claims and over claims per contract were disclosed on a net basis to determine the net position per contract whilst in previous periods these amounts were disclosed separately in amounts due to and from contract customers. This resulted in a reclassification of R13 million in December 2010 between amounts due to and from contract customers, however, the net amount remained unchanged.

The reclassification had no impact on the net working capital of the Group, nor its working capital movement. The Group is of the view that the revised contracts-in-progress and contract receivables disclosure provides more useful information to users of the financial statements as the uncertified claims and variations recognised is easily identifiable.

The Group operates in the construction, engineering and mining environment and engages in construction contracts with various clients. The contracts end of site position is continuously re-estimated based on the latest available information. As a result it is impractical for the nature and amount of the change in estimate to be disclosed at each reporting period.

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.

R millions	31 December 2011	31 December 2010	30 June 2011
Operating lease commitments	**1 968**	2 148	2 155
Contingent liabilities	**1 238**	555	983
Financial institution guarantees	**9 740**	9 260	10 408

The Competition Commission (the "Commission") engaged the construction industry in April 2011 and submitted applications through the April 2011 Fast-Track process. As previously reported, the Fast-Track process might highlight further transgressions, unknown to the Board. The Commission has subsequently presented unreported projects falling into this category for the Group to investigate. Based on current information, the Board is of the view that an increase in the penalty provision raised in the previous financial year is not necessary.

7. Business disposals/acquisitions

The Group disposed of the following discontinued operations in the six months ended 31 December 2011:

- The mining roof bolt and Alert Steel Polokwane businesses in July 2011 and October 2011 respectively with combined proceeds of R94 million received;
- Johnson Arabia crane hire in October 2011 with proceeds of R109 million received; and
- Clough's marine business in December 2011 with proceeds of R654 million received (net of borrowings).

The Group did not make any material acquisitions in the six months ended 31 December 2011. These immaterial acquisitions resulted in a cash outflow of R14 million.

8. Liquidity & debt restructuring

The Group has restructured 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 shares.

9. Dividend

The Board has resolved not to declare a dividend until the Group's liquidity and trading position has improved further.

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

Subsequent to the period under review, the Gorgon Pioneer Material Offloading Facility ("GPMOF") project experienced further weather delays, as well as unexpected safety related stoppages, which have been treated as non-adjusting events after the reporting period. The impact of these delays is currently estimated at R220 million which will be accounted for in the second half of the financial year. The Group is in the process of evaluating the recoverability of any costs incurred as a result of these delays.

The directors are not aware of any other matter or circumstance arising after the period ended 31 December 2011, not otherwise dealt with in the Group's interim results, which significantly affects the financial position at 31 December 2011 or the results of its operations or cash flows for the period then ended.

SALIENT FEATURES

- **Revenue up 11% to R16,7 billion**
- **Attributable loss reduced by 17% to R528 million, after providing R600 million for costs to complete on the Gorgon Pioneer Material Offloading Facility (GPMOF) project and R231 million on projects in the Middle East**
- **Order book increased to R57,0 billion**
  - Portside commercial office tower – R1,0 billion
  - Booysensdal North Mine, UG2 Project – R1,3 billion
  - Beeshoek Mine, Northern Cape – R361 million
  - Clough: Ammonium Nitrate/Nitric Acid Plant – R823 million
  - Clough: Operations and maintenance services to the Bayu-Undan facilities – R767 million
- **Health and Safety**
  - Lost Time Injury Frequency Rate (LTIFR) reduced from 1.44 to 1.04
  - 3 fatalities compared to 10 in the previous comparable period
- **Debt Restructuring**
  - Successfully restructured South African term debt and bank facilities
  - New debt package of approximately R4,3 billion (previously R3,4 billion)
- **Announcement of Rights Offer**
  - Proposed rights offer of approximately R2,0 billion to shareholders

FINANCIAL REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2011**

For the six months ended 31 December 2011, the Group generated revenue of R16,7 billion (2010: R15,1 billion) and reported an attributable loss of R528 million (2010: R636 million). This loss is primarily as a result of additional cost provisions, amounting to R831 million, on GPMOF and Middle East contracts. The Group remains exposed to potential additional costs until the completion of GPMOF, Gautrain and Middle East contracts.

For the six months to 31 December 2011, the Group recorded a diluted headline loss per share of 210c (2010: 177c) and diluted loss per share of 178c (2010: 215c).

RECOVERY & GROWTH

Murray & Roberts embarked on the 2012 financial year with new leadership, a renewed focus on risk management and health and safety, a sound order book and a determination to grow the business while reducing debt.

The Group's *Recovery & Growth Plan*, which aims to return the Group to profitability as soon as practicably possible, was communicated to shareholders on 31 August 2011. In implementing this plan during the six months ended 31 December 2011 the:

- Group successfully restructured its South African term debt and bank facilities in November 2011;
- Board of Directors of Murray & Roberts (Board) proposed a rights offer of approximately R2,0 billion to shareholders, which will enable the Group to reduce its overall debt, fund delivery of its order book and continue with its growth strategy;
- Organisation of the business into five operating platforms; Construction Africa and Middle East, Construction Global Underground Mining, Construction Australasia Oil & Gas and Minerals, Engineering Africa and Construction Products Africa was completed and is now well established; and
- Group raised R952 million through the disposal of non-core assets and discontinued operations.

Order book increased to R57,0 billion (June 2011: R55,4 billion). The operating margin contained in the order book is within the Group's targeted range of 5,0% to 7,5%.

Liquidity & Debt Restructuring

In order to improve the Group's liquidity, Murray & Roberts successfully completed the restructuring of its South African term debt and banking facilities during November 2011. 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. This better aligns the debt repayment tenure with the timing of anticipated proceeds to be derived from the settlement of the Group's major claims.

The Group's net debt position at 31 December 2011 was R21 million, compared to a net debt position of R1,0 billion at 31 December 2010. Debt levels in South Africa remain high, with significant amounts of restricted cash held offshore and in joint ventures.

Rights Offer

The Board has given due consideration to the continued implementation of the Group's *Recovery & 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. The Board is of the view that it is prudent to raise additional equity capital from shareholders and proposed a rights offer to raise approximately R2,0 billion.

While the Board believes that the steps taken above have been essential to solidifying the Group's operating and financial position, it has also sought to retain strategic flexibility and to preserve and grow long-term shareholder value, particularly in light of the current global economic and financial markets.

OPERATING PERFORMANCE

Although the business environment continues to be impacted by the uncertain global economic and financial markets, the Group maintains a strong order book and is experiencing improved trading conditions in all operating platforms, other than Construction Africa and Middle East and Construction Products Africa.

Construction Africa and Middle East: Revenues declined 14% to R4,4 billion (2010: R5,1 billion) with an operating loss of R779 million (2010: operating loss of R432 million). The losses are primarily due to additional costs on GPMOF and projects in the Middle East. Further detail on GPMOF is included under *Challenging Projects*. The order book is R10,7 billion (June 2011: R10,0 billion).

In the medium to longer term, the outlook for Construction Africa remains positive, given the major – and growing – infrastructural backlog in South Africa and the recent commitment and focus on infrastructure spend announced in the State of the Nation address and budget speech. Government approved expenditure for infrastructure plans to the amount of R845 billion in the Medium-Term Expenditure Framework.

The platform will have a particular focus on opportunities in the road, rail, power, renewable energy and water sectors and through partnerships with other organisations to access major project opportunities. However, in the near term the construction industry in South Africa is expected to remain muted, and the platform is actively pursuing opportunities in Africa.

Conditions in the United Arab Emirates remain challenging and the Group made additional provisions of R231 million against subcontractor final accounts and other completion costs on various projects. The Middle East business is shifting focus to Qatar which, in the medium term, is expected to present opportunity for civil and building works, particularly associated with the 2022 FIFA World Cup.

Processes to settle the Group's claims on GPMOF, Gautrain and Dubai International Airport projects are ongoing. Based on current information, there is no requirement to impair the claims taken to book as uncertified revenues valued at approximately R2,2 billion. This is marginally up from the R2,0 billion previously reported, primarily due to foreign exchange movements. These claims have been taken to book in compliance with IAS 11 (Construction Contracts) and following engagement with independent legal, commercial and claims consultants. The Group's uncertified revenues are significantly lower than the estimated value of its claims and variation orders. The Board and management remain committed to the resolution of all contractual disputes and collection of resultant claims, while recognising that the settlement will be challenging and protracted.

Johnson Arabia was sold in the period under review for R109 million.

Construction Global Underground Mining: Revenues increased 34% to R4,7 billion (2010: R3,5 billion) with a 16% increase in operating profit to R335 million (2010: R290 million). The order book decreased marginally to R16,1 billion (June 2011: R16,7 billion).

The mining business is performing well as a result of the strong global demand for commodities, 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.

Construction Global Underground Mining will continue to pursue opportunities globally which may include acquisitions to further strengthen and diversify the platform's order book and accelerate revenue growth in key markets, such as Western Australia.

Construction Australasia Oil & Gas and Minerals: Revenues increased 24% to R3,6 billion (2010: R2,9 billion) with a decrease in operating profit to R82 million (2010: R154 million) primarily as a result of losses on a completed contract and fee adjustments pertaining to two fixed fee contracts. The order book increased substantially to R15,4 billion (June 2011: R11,4 billion). Full details of the Clough financial results for the half-year and its prospects have been published on its website www.clough.com.au.

The sale of Clough's Marine business was concluded in December 2011, with proceeds of R654 million received, net of borrowings.

The construction market in Western Australia remains buoyant due to strong global demand for commodities and significant investment in oil & gas and mining infrastructure. The Group continues to consider how best to optimise its investment in this key growth area.

Engineering Africa: Revenues increased 77% to R2,3 billion (2010: R1,3 billion) with an increase in operating profit to R103 million (2010: R103 million loss). The order book is marginally lower at R13,6 billion (June 2011: R14,2 billion) due to progress on the Medupi and Kusile power station projects.

Through its current contracts, this operating platform will continue to be actively involved in Eskom's power programme until 2016. The platform is poised to further develop its market presence in the power market locally and into Africa, whilst growth opportunities in the minerals processing markets are being actively pursued in sub-Saharan Africa.

Murray & Roberts Projects is also active in a number of other projects and is seeking further opportunities in minerals, water and industrial projects and recently secured an engineering contract for Exxaro's Hillendale project.

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

Construction Products Africa: Revenues declined 26% to R1,7 billion (2010: R2,3 billion) with a decline in operating profit to R105 million (2010: R199 million).

Much Asphalt continues to perform well on the back of ongoing work on the Gauteng Freeway Improvement Project, despite a national bitumen shortage. Technicrete is benefiting from improved trading conditions and efficiency gains. Hall Longmore's spiral pipe manufacturing capacity for the remainder of the financial year will be fully utilised, whilst the Electric Resistance Welding pipe mill utilisation remains low.

UCW remains well positioned to benefit from Transnet's and PRASA's capital renewal programmes, whilst Rocla continues to face tough trading conditions.

The sale of two operations of the Steel Business have been successfully concluded for a consideration of R94 million. Negotiations are ongoing for the disposal of the remaining Steel Business (the rebar distribution business and Cisco mill) at acceptable value.

CHALLENGING PROJECTS

Gorgon Pioneer Material Offloading Facility: The Group encountered late site access, material scope changes and continued adverse weather conditions at its GPMOF project in Western Australia. Costs to complete increased by R600 million during the period under review. Subsequently, the project experienced further weather delays, as well as unexpected safety related stoppages. The impact of these delays is currently estimated at R220 million, which will be accounted for in the second half of the financial year. The Group is in the process of evaluating the recoverability of any costs incurred as a result of these delays.

Project completion is now scheduled for the second half of the current financial year. It is not expected that any significant part of the claims will be settled before the end of the current financial year.

Gautrain Rapid Rail Link: The project is 96% complete. However, the Group is still engaged in completing the water ingress rectification work in the section between Park Station and Rosebank Station. The effectiveness of the work will be reviewed during March 2012, and may require additional work subject to water ingress measurements. Bombela Concession Company submitted its Statement of Case in August 2011 in connection with the delay and disruption and related disputes on the project. Gauteng Province has received a further extension to May 2012 to submit its Statement of Defence. The Gautrain arbitration will be a protracted process and finalisation of the arbitration is now expected during 2014 (previously 2013).

Medupi Civils: Murray & Roberts Construction, in a joint venture, is undertaking the majority of the civil works at Medupi Power Station. The contract is progressing satisfactorily despite significant increase in project scope. Negotiations are in progress with Eskom to resolve outstanding claims related thereto.

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 being resourced with commercial and financial executives, allowing for improved risk management and decision-making across each platform.

The Group's risk management processes and systems, including its bespoke Opportunity Management System, continues to be enhanced to drive a greater level of risk management closer to each operating environment.

Improved processes and systems include the implementation of additional procedures designed to increase the commercial, operational, financial and reputational scrutiny of future clients, partners and subcontractors, as well as an increased focus on managing contractual and other arrangements proactively in order to address design and specification changes, access delays and project disruptions that occur over the span of projects, which can negatively impact profitability.

HEALTH AND SAFETY

The Board extends its condolences to the families, friends and colleagues of the three employees who lost their lives while at work in the Group's operations during the period under review.

The safety of all people who work for or with the Group is of paramount importance. The Group's health and safety vision is "Together to Zero Harm" with the stated goal of having zero fatalities and disabling injuries and achieving a LTIFR of less than one per million man hours by June 2012. The LTIFR as at 31 December 2011 was 1.04.

In an effort to achieve this vision, the Group has put in place a clear health and safety policy; a two-tiered structure that combines a high-level health and safety framework with programmes designed to foster learning and create an involved and competent workforce at all levels. The health and safety policy emphasises the Group's commitment to the adoption of the highest safety standards at all of its operations.

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

COMPETITION COMMISSION

The Competition Commission (Commission) engaged the construction industry on applications submitted through the April 2011 Fast-Track process. As previously reported, the Fast-Track process might highlight further transgressions, unknown to the Board. The Commission has subsequently presented unreported projects falling into this category for the Group to investigate. Based on current information, the Board is of the view that an increase in the penalty provision raised in the previous financial year is not necessary.

Notwithstanding the Group's efforts to identify and disclose all anti-competitive matters to the Commission, there may be certain residual matters which have not yet come to the Group's attention.

DIVIDEND

The Board has resolved not to declare a dividend until the Group's liquidity and trading position has improved further.

BOARD OF DIRECTORS

Alan Knott-Craig resigned as non-executive director from the Board on 17 January 2012. The Board wish Mr Knott-Craig well in his future endeavours and thank him for his contribution over the past three years.

PROSPECTS STATEMENT

It remains the Group's objective to return to profitability as soon as practically possible. The level and timing will depend on the conversion and completion of the Group's challenging projects. 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 February 2012

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Secretary:
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MURRAY & ROBERTS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1948/029826/06
JSE Share Code: MUR ISIN: ZAE000073441
("Murray & Roberts" or "Group" or "Company")

**Unless otherwise noted, all comparisons are to the Group's performance as at and for the six month period ended 31 December 2010.