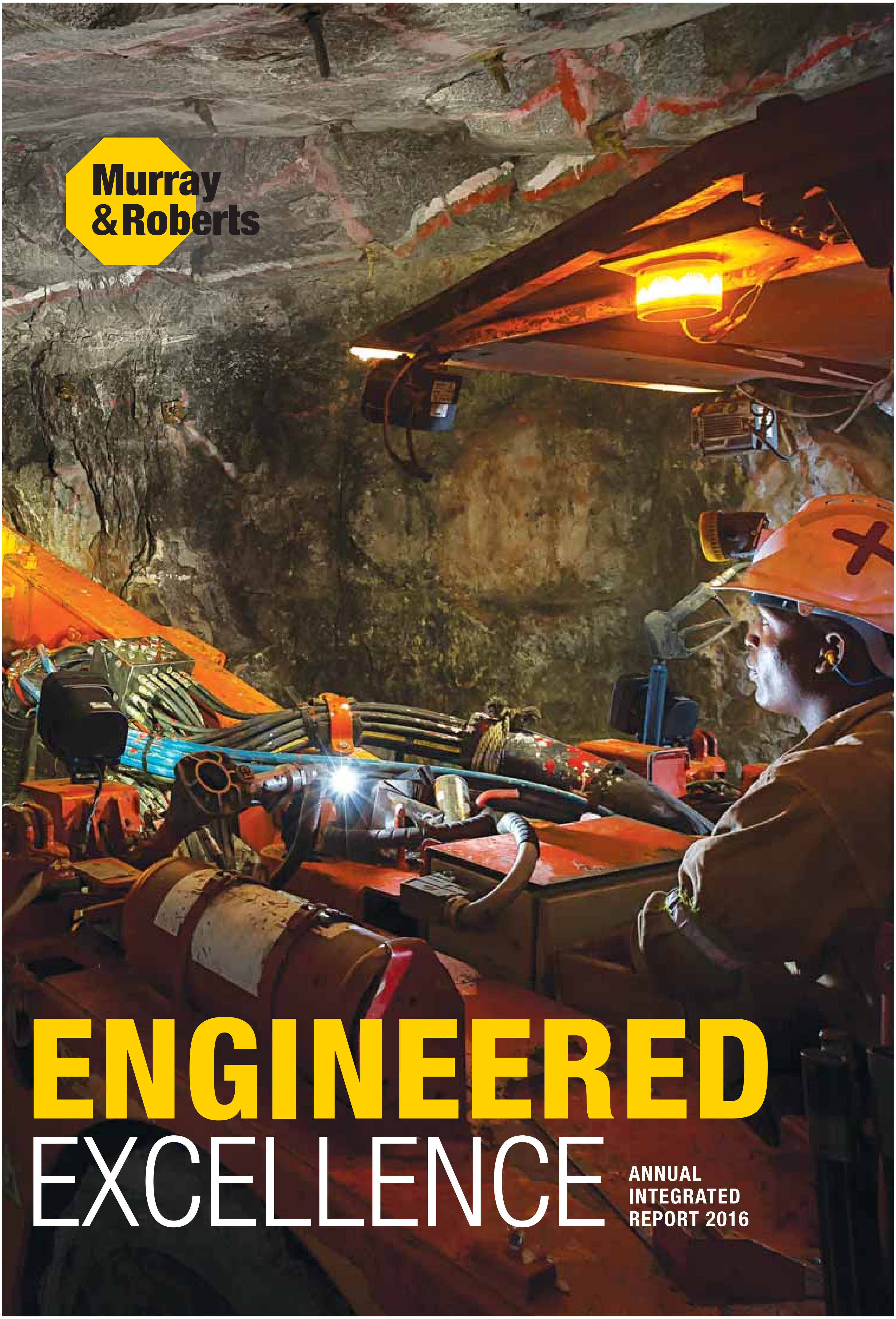


Murray & Roberts

ENGINEERED EXCELLENCE

ANNUAL INTEGRATED REPORT 2016

ABOUT THIS REPORT

We are pleased to present our annual integrated report for the year ended 30 June 2016. Our integrated report presents the strategy, governance, performance and prospects of the Group. The report is aimed primarily at providers of financial capital, our employees, clients and business partners, although it is also likely to be of interest to a broader stakeholder readership, as it covers our relationships and interactions with entities broadly deemed to be material to our ability to deliver on our strategy.

This year's integrated report does not include a review for the I&B platform, given that the platform is held for sale, subject to shareholder and regulatory approvals, in line with our strategic focus on global natural resources markets. The platform has been accounted for as a discontinued operation, and its performance during the year, as well as the rationale for the disposal, are discussed in the Group chairman's statement and chief executive's and financial director's report on pages 24 and 30 respectively.

MATERIALITY

Murray & Roberts defines material issues as those issues that substantively affect its ability to sustain its strategic, operational and financial performance, and those that are most likely to affect our stakeholders' assessment of the Group's ability to create value over time. The materiality determination process undertaken to focus our reporting considered the top issues that the Board and management dealt with during the year, the Group's register of strategic risks, and issues raised through engagement with analysts and investors, business associations, non-governmental organisations and other civil society structures, as well as those reported on in the media. These issues were workshopped into five broad material issues and related sub-issues for the Group, as well as issues specific to each business platform. The final step was to confirm these issues and discuss their inter-relationships with the Group executive. The material issues are comprehensively discussed throughout the report.

PG 16 > Material issues

GROUP SUSTAINABILITY FRAMEWORK

This framework sets out our aspiration to operate in an ethical and sustainable way, and informs the Group's approach to integrated thinking. The framework requires that we consider the views of our stakeholders in our strategic and operational decision-making, mitigate our risks in relation to our opportunities, apply best practice corporate governance, create and sustain value for our stakeholders, and manage our impacts in line with the principle of Zero Harm and the Precautionary Principle. The outcomes of these inter-related objectives link back to our stakeholders and complete the cycle of accountability and inclusivity that ultimately underpins our sustainability.

PG 07 > Group sustainability framework

PG 14 > Stakeholders

ONLINE REPORTING

The printed report provides condensed financials with the full annual financial statements available online. The most material sustainability information is included in the platform reviews. The content index alongside sets out the supplementary information available online.

Online integrated report > Full annual financial statements

REPORTING FRAMEWORKS

The information included in this integrated report is provided in accordance with IFRS, the South African Companies Act 2008, the JSE Listings Requirements and King III. The Group complies with all 75 principles of King III. We have taken cognisance of the International Integrated Reporting Council's Integrated Reporting Framework, published in December 2013, and subsequently adopted by the JSE Limited. We have applied GRI G4 guidelines for the first time to our sustainability reporting, which across the printed and online platforms meets the GRI G4 core level.

Online integrated report > GRI content index

ASSURANCE

Our external auditors, Deloitte & Touche, have audited the annual financial statements and provided limited assurance over selected key non-financial performance indicators. Accredited rating agency, EmpowerLogic, has verified the Group's BBBEE rating and scorecard.

Online integrated report > Assurance statement

APPROVAL

The audit & sustainability committee, responsible for overseeing the preparation and presentation of the annual integrated report and ensuring its integrity, recommended it for Board approval, obtained on 22 August 2016.

PG 07 > Group sustainability framework

PG 116 > Important information on forward-looking statements

PG 114 > A glossary of terms and acronyms used in this report is provided.

This integrated report is intended to provide the basis for meaningful engagement with our stakeholders regarding the year in review and the year ahead. We welcome your feedback.

To provide feedback or to order copies of this report, please contact ed.jardim@murrob.com

01 GROUP OVERVIEW

THE GROUP'S PURPOSE, VISION AND VALUES PROVIDE THE PRIMARY POINT OF REFERENCE FOR WHAT WE ASPIRE TO, BOTH IN TERMS OF THE SERVICE WE PROVIDE TO OUR CLIENTS, AS WELL AS THE WAY WE CONDUCT OURSELVES, WHICH ULTIMATELY DETERMINES THE GROUP'S REPUTATION

A NEW STRATEGIC FUTURE

Our strategic focus is on the global natural resources market sectors of metal and minerals, oil and gas, and power and water. The Group's renewed purpose and vision, our values and guiding principle of *Engineered Excellence,* provide the primary point of reference for what we aspire to, both in the service we provide to our clients and the way we conduct ourselves. This ultimately determines the Group's reputation among our stakeholders and therefore our success in advancing our strategy.

A key development in the implementation of the Group's *New Strategic Future* plan is the proposed sale of the Infrastructure & Building platform through an empowerment transaction.

A GROUP OF WORLD-CLASS COMPANIES AND BRANDS ALIGNED TO THE SAME PURPOSE AND VISION, AND GUIDED BY THE SAME SET OF VALUES WITH A COMMON OWNER,

MURRAY & ROBERTS HOLDINGS LIMITED

STOP.THINK.ACT.24/7: SAFETY FIRST IN EVERYTHING WE DO

BUSINESS PLATFORMS

OIL & GAS

UNDERGROUND MINING

POWER & WATER

PURPOSE

ENABLING FIXED CAPITAL INVESTMENTS THAT SUPPORT THE ADVANCEMENT OF HUMAN DEVELOPMENT

VISION

BY 2025, WE AIM TO BE A LEADING MULTINATIONAL GROUP THAT APPLIES OUR PROJECT LIFECYCLE CAPABILITIES TO OPTIMISE FIXED CAPITAL INVESTMENT

VALUES

INTEGRITY
RESPECT
CARE
ACCOUNTABILITY
COMMITMENT

PG 24 > Chairman's statement
PG 30 > Group chief executive's and financial director's report

GLOBAL REACH

Our focus on the global natural resources markets is concentrated on resource-rich geographies that present the most compelling opportunities for growth in our chosen market sectors. Our primary growth focus is on the USA, Canada, Australasia and South East Asia, followed by selected markets in sub-Saharan Africa.

PROJECT LIFECYCLE CAPABILITIES

BUSINESS PLATFORMS

Business platform	Regions	Platform value chain capability
OIL & GAS	Americas Asia Australia Europe, Middle East and Africa	Detailed engineering Procurement Construction Commissioning and maintenance
UNDERGROUND MINING	Africa Americas Asia Australia	Detailed engineering Procurement Construction Commissioning and maintenance Operations
POWER & WATER	Africa	Detailed engineering Procurement Construction Commissioning and maintenance

PLATFORM VALUE CHAIN CAPABILITY

PROJECT LIFECYCLE

DEVELOPMENT

ENGINEERING

CONSTRUCTION

OPERATIONS

SERVICES

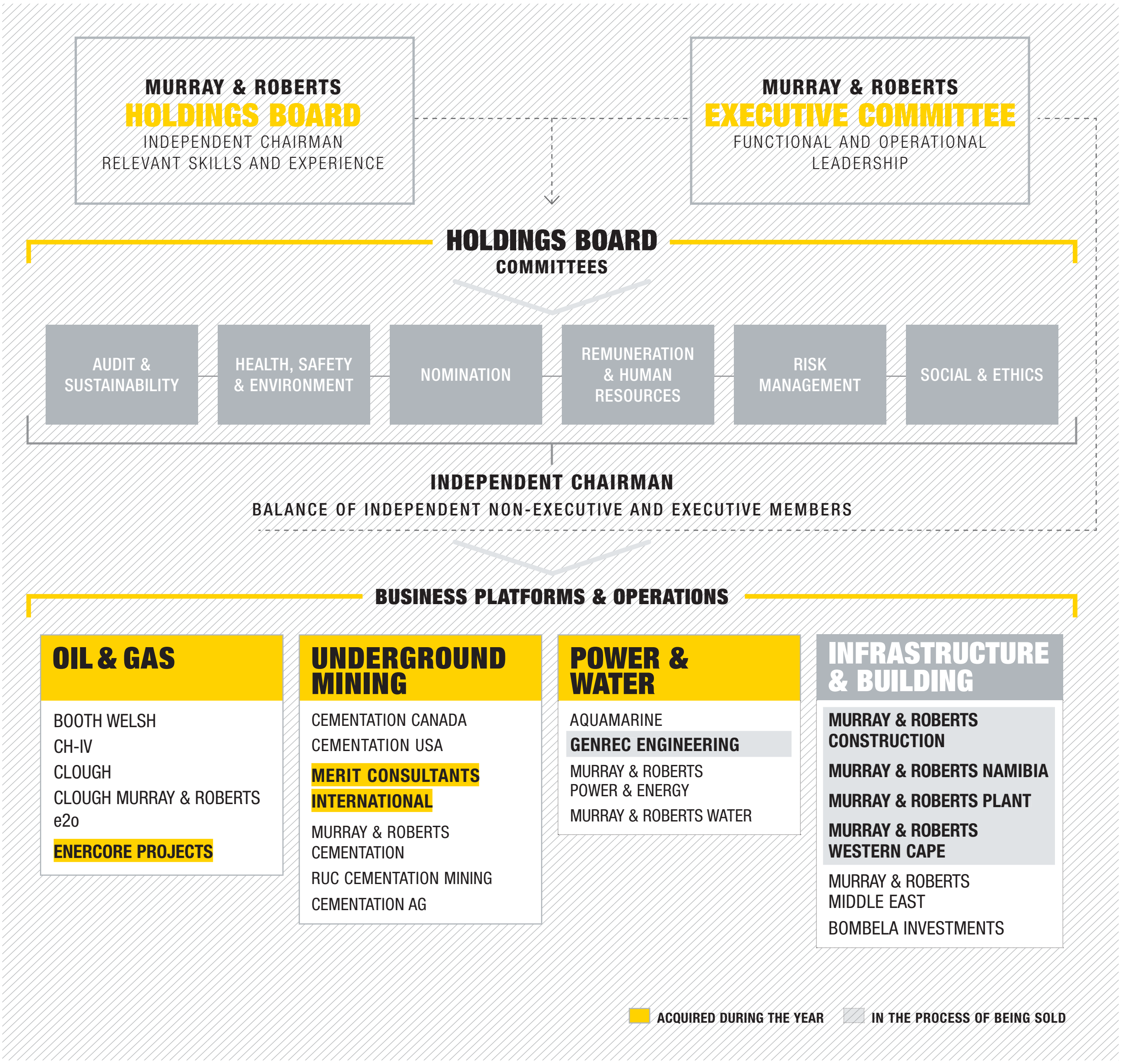
PG 44 TO 54
> Business platform reviews

Platforms are named after primary market segments but also undertake work in selected complementary markets.

GROUP STRUCTURE

The Board leads the Group in striving to achieve the highest standards of business integrity, ethics and corporate governance, in the pursuit of our strategic and business objectives.

A well-constituted and effective governance structure is in place, which ensures effective strategic direction and oversight of the business platforms. At Board level we continue to focus on succession planning to maintain the requisite balance of skills and experience to support the Group's strategy, and to ensure that the Group's business is conducted with prudence, transparency, integrity and accountability.



The Group Sustainability Framework sets out our aspiration to operate in an ethical and sustainable way.

SUSTAINABILITY FRAMEWORK

INTEGRATED REPORTING

SOCIAL	ENVIRONMENTAL	ETHICAL
▪ Safety, health and wellness ▪ Employees ▪ Transformation in South Africa and local economic development ▪ Community development	▪ Resource efficiency and carbon footprint ▪ Emissions, releases and waste management	▪ Fraud, corruption and anti-competitive behaviour ▪ Human rights ▪ Unfair discrimination and equality ▪ Unfair business practices

FINANCIAL AND ECONOMIC SUSTAINABILITY

GOVERNANCE STRUCTURE

RISKS AND OPPORTUNITIES

STAKEHOLDER ENGAGEMENT

The effective management of health and safety is central to our strategy. We aim to achieve Zero Harm to our employees and service providers, and the communities where we operate. We work towards continuous health and safety improvement by better understanding our exposure risk, benchmarking ourselves against clients and peers, and by implementing lessons from incidents and audits. The Group HSE Framework, depicted below, articulates our health and safety commitment.

Online integrated report > Safety, health and wellness report

MURRAY & ROBERTS CORPORATE

POLICY

GROUP VALUES	HSE VISION AND PRINCIPLES	HSE POLICY	MATERIAL HSE ISSUES

HSE OBJECTIVES & TARGETS	GROUP HSE STANDARDS	GOOD PRACTICE SHARING & LEARNING
▪ Zero Harm ▪ Lead indicators ▪ Lag indicators	1. Management System Standards ▪ ISO 14001, ISO 9001 and OHSAS 18001 2. Operational standards ▪ Critical HSE standards ▪ Other HSE standards 3. People-related standards ▪ Visible Felt Leadership ▪ Training and awareness	▪ Incidents reviews ▪ Lessons Learnt Register ▪ HSE Day and conference

ASSURANCE
2ND AND 3RD PARTY REVIEWS

MURRAY & ROBERTS BUSINESS PLATFORMS

PROCEDURE

AWARENESS AND TRAINING

INCIDENT MANAGEMENT

▪ SELF-ASSESSMENTS
▪ PEER AND 3RD PARTY AUDITS

EFFECTIVE VISIBLE FELT LEADERSHIP & LINE ACCOUNTABILITY

Online integrated report > Sustainability report

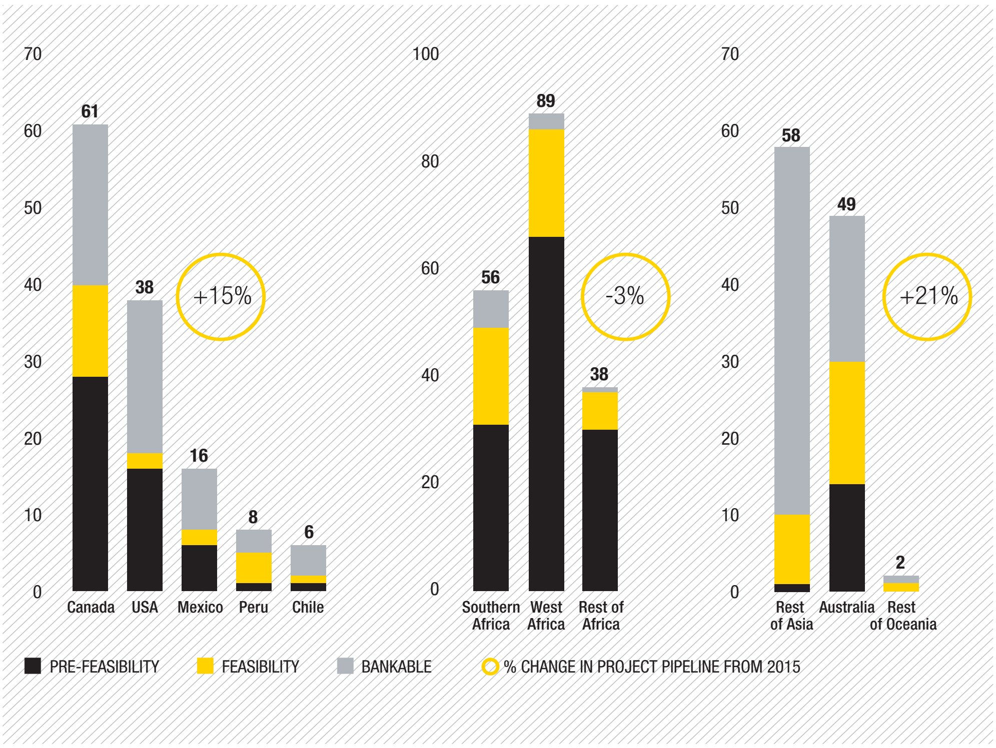
OPERATING CONTEXT

Socio-economic demand drivers underpin the prospects for long-term growth in our chosen natural resources market sectors. Despite the cyclical constraints in the short to medium term, we believe focusing the Group's expertise and capacity on delivering sustainable fit-for-purpose project solutions to clients in these market sectors will enhance shareholder value over the long term.

SHORT TO MEDIUM TERM

- It is expected that weak demand for commodities will persist in the short to medium term, given turbulent global economic conditions and muted GDP growth forecasts.
- In this context, large developed and developing economies provide the greatest opportunities for growth.
- While expectations of a price recovery in the short to medium term are firming, based on a recovery in the USA and relatively strong growth in India, it is unlikely that commodity prices will reach the levels seen in 2011.
- The rate and extent of the oil price collapse, together with a global oversupply, continues to impact on the oil and gas market.
- In this market, global energy producers have delayed or cancelled major greenfields LNG projects, which are expected to come to market closer to 2020.
- Expenditure on brownfields LNG projects presents opportunity, but competition is increasing in this market.
- In the metals and minerals market, increasing supply deficits in key commodities will provide growth opportunities in certain regions in the medium term.

MAJOR INVESTMENTS IN OIL & GAS ARE BEING POSTPONED, HOWEVER CAPITAL IS STILL BEING INVESTED BY MAJOR ENERGY PRODUCERS.



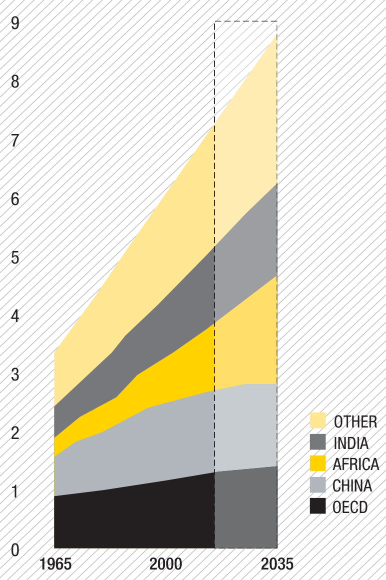
The pipeline for large capital projects in selected metals and minerals markets is improving in certain regions, including the Asia Pacific region and the Americas. While the capital project outlook across Africa is not as strong, sub-Saharan Africa remains a key mining jurisdiction.

Notes:
The infomine database was used to compare changes in project pipeline numbers from 2015-2016 for the Americas and Australasia.
The project IQ database was used for African comparisons as it is tailored to the African market.

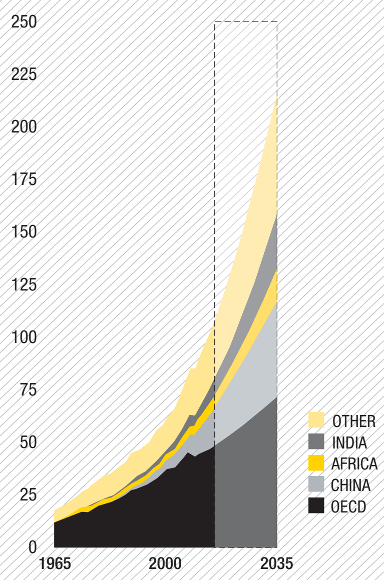
LONG TERM

- While commodity prices will take some time to recover, population and income growth and increasing urbanisation in emerging countries will support long-term demand for natural resources.
- By 2030, it is expected the global population will have increased by 1,2 billion people, with 1,1 billion more people living in cities.
- In 2035, Africa will account for 21% (1,8 billion) of the world's population compared to 16% today. Africa's population will account for 45% of the global increase.
- Energy demand is projected to grow by 88% in Africa between 2014 and 2035, outpacing the global average. This is underpinned by ongoing urbanisation and electrification, providing strong prospects for power generation projects on the continent.
- In the water sector, global demand is set to outstrip supply in excess of efficiency improvements in existing infrastructure.

GLOBAL POPULATION GROWTH
(BILLION)



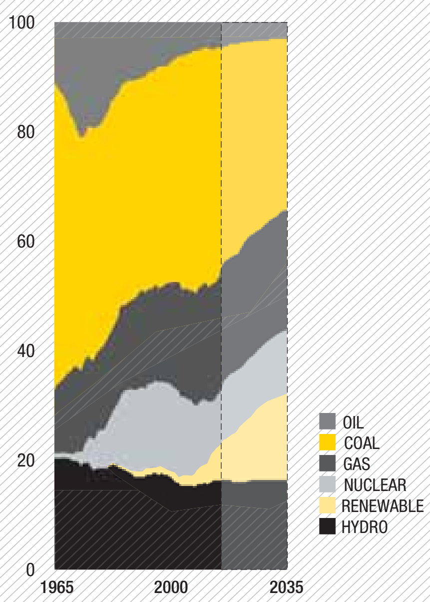
GLOBAL GDP GROWTH
(TRILLION US$ 2010)



GLOBAL GDP IS EXPECTED TO DOUBLE BETWEEN 2015 AND 2035, CREATING SUSTAINABLE DEMAND FOR NATURAL RESOURCES.

Primary energy consumption is anticipated to increase by 34% between 2014 and 2035, with the fastest growth predicted for gas and renewable energy sources.

GLOBAL PRIMARY INPUTS TO POWER
(%)



STRATEGIC PERFORMANCE

The Group's *New Strategic Future* plan intends to achieve sustainable growth in profitability, cash generation and returns to our shareholders. It encompasses six specific objectives and related priorities, which align to the performance dimensions against which executive management is measured.

SHORT TERM | MEDIUM TERM | LONG TERM

GROW PROFITABILITY AND CASH FLOWS

Resolve the Gautrain and Dubai International Airport claims (medium term)

Progress: Favourable rulings on the Sandton Cavern and Cantilever Bridges claims. The Water Ingress matter remains unresolved and will be heard in court. The balance of the Delay and Disruption claim is scheduled to be heard in calendar years 2017 and 2018. Dubai Airport City Corporation confirmed as respondent to final payment dispute.

Enhance EBIT, free cash flow and ROICE performance (medium term)

Progress: Further decline in the Oil & Gas platform's earnings and legacy project losses in Power & Water impacted the Group's profitability. The robust performance in Underground Mining was not sufficient to compensate. Cost reduction remains a focus across the Group, and a strong cash position was achieved despite difficult trading conditions.

FOCUS ON INTERNATIONAL NATURAL RESOURCES MARKET SEGMENTS

Grow LNG, metals and minerals, and power market presence (medium term)

Progress: Oil & Gas established a further presence in the North American region through an acquisition and implemented regional structures to drive international growth. Underground Mining established a presence on the Canadian west coast through an acquisition. Power & Water successfully delivered a project in the power sector in Botswana, and water projects in Ghana and Kenya.

Enter water and wastewater treatment market sector (short term)

Progress: Aquamarine grew its revenue and increased its sales force across Africa. Murray & Roberts Water established agreements with key international technology partners in desalination and water treatment.

DIVERSIFY THE GROUP'S BUSINESS MODEL INTO HIGHER MARGIN SECTORS

Expand specialist engineering capabilities into all project value chain segments to offer more complete project solutions (medium term)

Grow commissioning, brownfield, and operations and maintenance capabilities (medium term)

Invest in selected project development opportunities (short term)

Progress: Oil & Gas successfully integrated the specialist engineering and asset support companies acquired in the previous year. Underground Mining secured contract mining projects in all major regions in which it operates. Power & Water entered into a joint venture with an international EPC company to provide shut-down, operations and maintenance services in the South African power sector, and marketed its profile as an EPC and operations and maintenance contractor in the power and water sectors in Africa.

DELIVER PROJECT AND COMMERCIAL MANAGEMENT EXCELLENCE

Enhance EPC and project management capabilities

Entrench project, risk and commercial management best practice

Progress: The Group continued to reduce margin erosion from loss-making and distressed projects. All platforms are focused on implementing a custom-built project management assurance system.

ENHANCE THE SAFETY, PERFORMANCE AND DIVERSITY OF OUR PEOPLE

Achieve industry-leading HSE performance

Progress: Regrettably, two fatalities in South Africa overshadowed safety gains. The Group achieved a record-low LTIFR and continued to roll out the MAP programme.

Enhance leadership capabilities and bench strength

Progress: Leadership appointments were made in all platforms, and bench strength for leadership and senior management succession is continuously assessed and supported by leadership development initiatives.

Improve employee relations and employee engagement

Progress: Employee engagement surveys were undertaken across the Group, with favourable results. The South African businesses and Australian mining operations were rated as employers of choice by 88% of employees in the Deloitte Best Company to Work For survey.

ENHANCE SHAREHOLDER VALUE

Reposition Murray & Roberts with all stakeholders

Enhance market valuation and positioning

Dividend policy

Progress: With the separation of the I&B platform, the better quality earnings expected from the three global natural resources-focused platforms should improve investors' perception of Murray & Roberts' risk profile, with a concomitant improvement in market valuation over the medium term. All platforms have developed clear strategies for the next three-year planning period, which seek to drive further progress in each of the Group's strategic objectives. We continue to identify acquisition opportunities to strengthen the presence and capacity of the business platforms to deliver projects across the full project lifecycle in our target regions.

PG 30 > Group chief executive's and financial director's report
PG 44 – 54 > Business platform reviews

FINANCIAL AND NON-FINANCIAL PERFORMANCE

The I&B platform's South African construction operations and Genrec were reclassified to discontinued operations and the comparative statement of financial performance results have been restated.

HEPS
(DILUTED CONTINUING)
175 cents
FY15: 195 cents

NAV
R16 per share
FY15: R15 per share

REVENUE
R26,1 billion
FY15: R24 billion

ORDER BOOK
R33,4 billion
FY15: R38,3 billion

DIVIDEND
45 cents
FY15: 50 cents

NET CASH
R1,8 billion
FY15: R1,4 billion

ATTRIBUTABLE EARNINGS
R753 million
FY15: R881 million

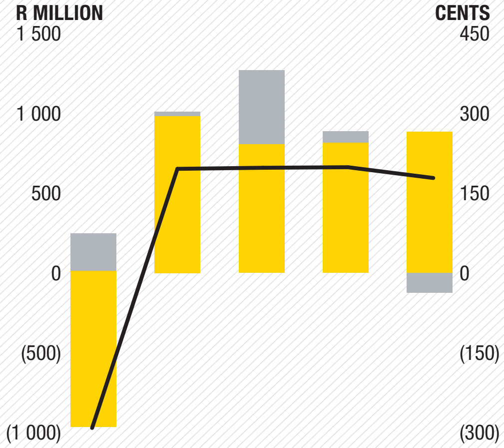
ATTRIBUTABLE EARNINGS AND DILUTED CONTINUING HEPS

EARNINGS FROM CONTINUING OPERATIONS INCLUDE

- Improved earnings in Underground Mining, partially offset by reduced earnings from Oil & Gas platform and impairments on legacy contracts in Power & Water; and
- Results also include foreign exchange profits on intergroup loans.

LOSSES FROM DISCONTINUED OPERATIONS:

- Relate primarily to Genrec losses and asset impairments.



	2012[1]	2013[1]	2014[1]	2015[1]	2016
TOTAL ATTRIBUTABLE EARNINGS (Rm)	**(736)**	**1 004**	**1 261**	**881**	**753**
CONTINUING ATTRIBUTABLE EARNINGS (Rm)	(970)	976	801	810	877
DISCONTINUED ATTRIBUTABLE EARNINGS (Rm)	234	28	460	71	(124)
DILUTED CONTINUING HEPS	(290)	192	194	195	175

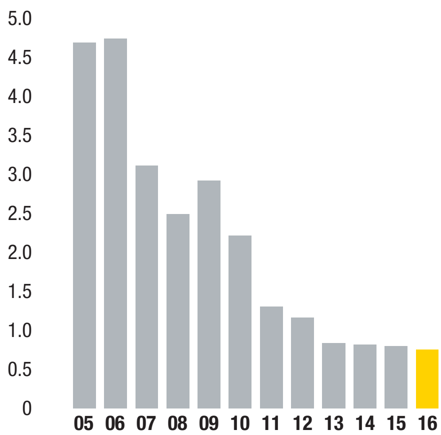
[1] Restated for discontinued operations.

INVESTMENT MARGINS AND ASPIRATIONS

	MARGIN	GROSS GEARING (NET GEARING IS NIL)	RETURN ON EQUITY	RETURN ON INVESTED CAPITAL EMPLOYED
CRITERIA AND METHOD	EBIT[1] / REVENUE	TOTAL INTEREST BEARING DEBT / ORDINARY SHAREHOLDERS' EQUITY	NET PROFIT ATTR TO ORDINARY SHAREHOLDERS / AVERAGE ORDINARY SHAREHOLDERS' EQUITY	(TAXED EBIT + INCOME FROM ASSOCIATES) / TOTAL CAPITAL EMPLOYED[2]
ASPIRATION	**5**% TO **7,5**%	**20**% TO **25**%	**17,5**% THROUGH CYCLE	WACC[3] (13,1%)
FY2016 RESULTS	**4,9%** **4,4**% (FY15)	**14,4%** **22,7**% (FY15)	**11%** **14,2**% (FY15)	**10,9%** **11,9**% (FY15)

PG 30 > Group chief executive's and financial director's report | **PG 94** > Summarised financial report

ANNUAL LTIFR
(PER 1 MILLION MAN HOURS)



Online integrated report
> Our employees, transformation and economic development
> Safety, health and wellness

EMPLOYEES
17 047
FY15: 19 339

TRAINING SPEND
R121 million
FY15: R87 million

LTIFR
0.68
FY15: 0.79

BBBEE
LEVEL 2
In terms of the Construction Sector Charter

TRCR
4.10
FY15: 4.18

FREE CASH FLOW PER SHARE	RETURN ON NET ASSETS	TOTAL SHAREHOLDERS' RETURN
OPERATING CASH FLOW – CAPEX[4] + PROCEEDS ON DISPOSAL OF PPE / NUMBER OF SHARES	TAXED EBIT + INCOME FROM ASSOCIATES / TOTAL NET ASSETS (EXCL. TAX AND CASH)	(INCREASE IN SHARE PRICE YEAR ON YEAR + DIV PER SHARE) / SHARE PRICE (PY)
CASH **POSITIVE**	**18**% AFTER TAX	RELATIVE TO PEERS
CASH POSITIVE **CASH POSITIVE** (FY15)	**17%** **23,7**% (FY15)	**ABOVE AVERAGE**

1 Earnings before interest and tax. 2 Total capital employed = total equity + interest bearing debt – assets held-for-sale – cash + advance payments. 3 Weighted average cost of capital. 4 Capital expenditure.

STAKEHOLDERS

We endeavour to communicate and engage openly, effectively and inclusively with our stakeholders. Stakeholder concerns are addressed and have been considered in the determination of our material issues.

Our relationships with each stakeholder group directly impacts the sustainability of our business. The Group's stakeholder engagement policy guides our approach and requires that we consider the views and concerns of our stakeholders in our strategic and operational decision-making. The themes and specific concerns for each stakeholder group are set out below, and have been identified through management's engagement with stakeholders over the last year.

○ STRATEGIC OBJECTIVES ◇ MATERIAL ISSUES

HEALTH AND SAFETY OF EMPLOYEES, SUBCONTRACTORS AND THE PUBLIC

Stakeholders	Concerns	Link to strategic objectives and material issues	Our initiatives
CLIENTS, EMPLOYEES, COMMUNITIES AND UNIONS	▪ Safety practices	Enhancing the safety, performance and diversity of our people ○	▪ Group HSE Framework ▪ MAP implementation ▪ Visible Felt Leadership engagements ▪ Cooperating with the formal Section 32 public inquiry convened by the DoL on the Grayston temporary works collapse **Online integrated report** > Safety, health and wellness **PG 30** > Group chief executive's and financial director's report
GOVERNMENT AND COMMUNITIES	▪ Grayston temporary works collapse	Managing human capital ◇	

SUSTAINABLE GROWTH OF THE GROUP'S TARGETED NATURAL RESOURCES MARKETS

Stakeholders	Concerns	Link to strategic objectives and material issues	Our initiatives
SHAREHOLDERS AND INVESTMENT COMMUNITY	▪ Depressed oil and gas market ▪ Sale of the I&B platform ▪ Sustainability of the Power & Water platform's order book	Growing profitability and cash flows ○ Focusing on international resources market segments ○	▪ Geographic expansion, project lifecycle diversification, platform restructure and cost reduction within the Oil & Gas platform ▪ Sale of the I&B platform ▪ New leadership in the Power & Water platform with a clear mandate to build order book ▪ Focus on business development and growing client relationships **Online integrated report** > Our employees **PG 30** > Group chief executive's and financial director's report **PG 44** > Oil & Gas **PG 54** > Power & Water
MURRAY & ROBERTS' COMPANIES	▪ Focus on natural resources ▪ Closure of Middle East operations	Accelerating the diversification of our business to support growth through the cycle ◇	
EMPLOYEES	▪ Job security in subdued markets	Maintaining profitability through the cycle ◇	
SUPPLIERS AND SUBCONTRACTORS	▪ Order book sustainability	Strengthening differentiation in competitive markets ◇	

LEADERSHIPS SUCCESSION

Stakeholders	Concerns	Link to strategic objectives and material issues	Our initiatives
MURRAY & ROBERTS' COMPANIES	▪ Leadership succession	Enhancing the safety, performance and diversity of our people ○ Managing human capital ◇	▪ Succession framework and bench strength assessments ▪ Mentoring programmes and leadership development **Online integrated report** > Our employees

○ STRATEGIC OBJECTIVES ◇ MATERIAL ISSUES

Link to strategic objectives and material issues | **Our initiatives**

CONTRACT TERMS AND PROJECT COSTS

CLIENTS
- Lowering the cost of projects
- Different payment terms, specifically in Oil & Gas and Underground Mining

Link to strategic objectives and material issues:
- Delivering project and commercial management excellence ○
- Maintaining profitability through the cycle ◇
- Strengthening differentiation in competitive markets ◇

Our initiatives:
- Focus on overhead cost reductions across all platforms
- Increased client engagement

PG 30 > Group chief executive's and financial director's report
PG 44 – 54 > Business platform reviews

BEING AN EMPLOYER OF CHOICE

EMPLOYEES AND UNIONS
- Wages
- Employment equity in South Africa
- Level of employee engagement

Link to strategic objectives and material issues:
- Enhancing the safety, performance and diversity of our people ○
- Remaining responsive to local requirements in the countries in which we operate ◇
- Managing human capital ◇

Our initiatives:
- Employment Equity Framework
- Skills training and leadership development
- Employee relations and Employee Engagement Framework in South Africa
- Employee engagement surveys
- Support for bargaining councils

Online integrated report
> Our employees
PG 44 – 54 > Business platform reviews

REPUTATION AND CREDIBILITY OF THE MURRAY & ROBERTS BRAND

REGULATORS
- Historical anti-competitive conduct in industry

COMMUNITIES
- Corruption

Link to strategic objectives and material issues:
- Enhancing the safety, performance and diversity of our people ○
- Remaining responsive to local requirements in the countries in which we operate ◇
- Managing human capital ◇

Our initiatives:
- Murray & Roberts' Code of Conduct and Statement of Business Principles

Online integrated report
> Ethical performance

BEING RELEVANT TO LOCAL COMMUNITIES

CLIENTS
- Community unrest in South Africa
- Socio-economic development

SUPPLIERS AND SUBCONTRACTORS
- Enterprise development

COMMUNITIES
- Job opportunities
- Procurement opportunities
- Socio-economic development benefits

GOVERNMENT
- Transformation

Link to strategic objectives and material issues:
- Enhancing the safety, performance and diversity of our people ○
- Remaining responsive to local requirements in the countries in which we operate ◇
- Managing human capital ◇

Our initiatives:
- Community development programmes
- Community engagement
- Enterprise development programme for small, micro and medium-sized enterprises in South Africa
- Murray & Roberts' Code of Conduct

Online integrated report
> Community development
> Transformation and local economic development

LEGACY CLAIMS

SHAREHOLDERS AND INVESTMENT COMMUNITY, AND JOINT VENTURE PARTNERS
- Gautrain and Dubai International Airport claims processes

Link to strategic objectives and material issues:
- Growing profitability and cash flows ○
- Accelerating the diversification of our business to support growth through the cycle ◇

Our initiatives:
- Settlement negotiations

PG 30 > Group chief executive's and financial director's report

MATERIAL ISSUES

This year we increased the granularity of the materiality determination process, which was framed by the Group's annual strategic planning process. This enabled the mapping of issues at business platform level to those of the Group.

The executive team considered and confirmed the material issues, which are those deemed to substantively affect the Group's ability to sustain its strategic, operational and financial performance, particularly as it grows its multinational operating base. The material issues and the corresponding sub-issues are not ranked in order of importance, given their inter-dependence.

ACCELERATING THE DIVERSIFICATION OF OUR BUSINESS TO SUPPORT GROWTH THROUGH THE CYCLE

Our strategic focus on global natural resources market sectors exposes the Group to the cyclicality in these markets. Subdued global economic conditions and weak demand for commodities have persisted, which have impacted on our financial performance and impeded the pace at which we are able to implement our strategy. However, as our business platforms achieve the same level of maturity in their multinational business models by expanding their geographic scope and ability to deliver services across the full project lifecycle, this will provide increasing protection against these cycles. While conditions are likely to remain difficult in the next 18 months, we will need to remain responsive to short-term market dynamics, employing tactics that support our profitability and hence our ability to invest in our strategic priorities. Furthermore, resolving the legacy issues that continue to inhibit our strategic and financial flexibility will enable us to accelerate the diversification of our business portfolio, and position our business platforms for the long-term demand growth we expect in our market sectors. In this regard, we continue to focus on resolving legacy claims and realising uncertified revenue, which will free-up capital for accelerated acquisitive growth and remove the uncertainty around the settlement of these claims. This will support the growth acquisition required in the medium term to sustainably grow the Group's earnings profile.

PG 30
Group chief executive's and financial director's report
PG 44 – 54
Business platform reviews

SUB-ISSUE:

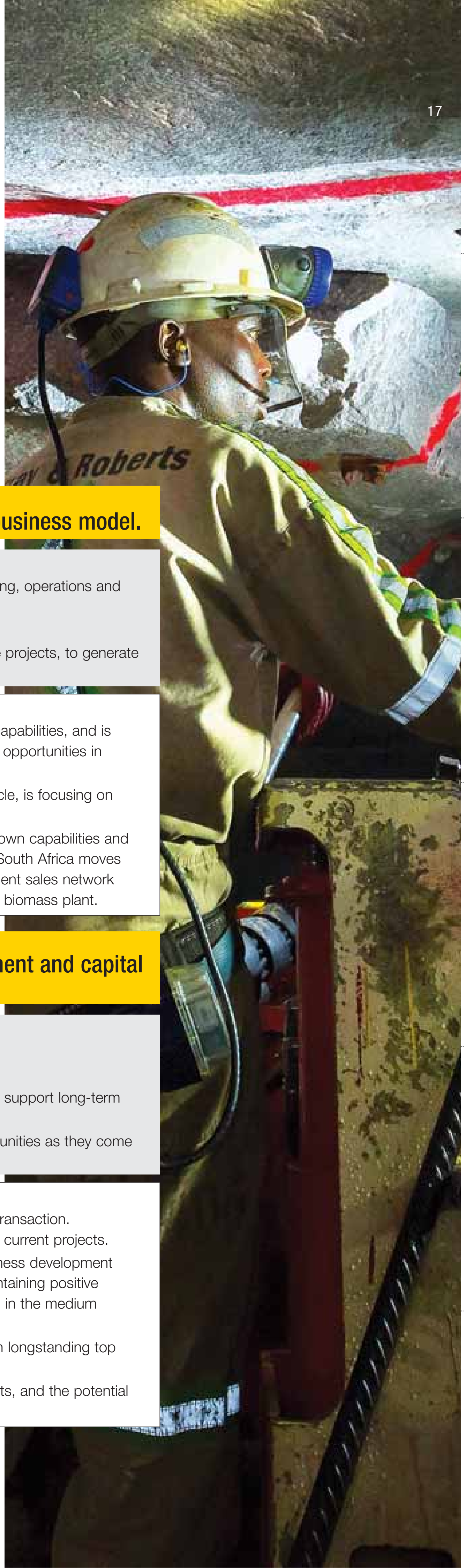
Anticipate and respond to market dynamics.

GROUP ASPECT

- Focus on larger developed and developing markets showing the highest growth potential, with a primary focus on the USA, Canada, Australasia and South East Asia, followed by sub-Saharan Africa and other tertiary markets.
- Acquisitions will focus on establishing a presence and capacity in chosen markets.

PLATFORM ASPECT

- **Oil & Gas** is planning acquisitions in Asia and the USA to position it for international LNG projects over the medium term. It is also looking to secure work on smaller petrochemical plants downstream from constructed LNG facilities.
- **Underground Mining** is well-positioned for increased capital project activity in commodities in the Americas, Asia Pacific and sub-Saharan Africa.
- **Power & Water** is focused on developing and building power generation plants, including coal, gas, solar, hydro and nuclear in sub-Saharan Africa, and selected international markets including the USA, where two potential acquisitions have been identified. In the water sector, it will focus on desalination and wastewater treatment, expanding its water treatment services in sub-Saharan Africa and entering the Australian market.



SUB-ISSUE:

▶ Accelerate the diversification of the Group's business model.

GROUP ASPECT

- Expand further into project development, engineering, commissioning, operations and maintenance, and decommissioning.
- Grow niche capabilities of acquisitions made in the previous year.
- Invest in selected concession opportunities to develop and operate projects, to generate annuity income.

PLATFORM ASPECT

- **Oil & Gas** is growing its specialist engineering and asset support capabilities, and is focused on securing commissioning, maintenance and brownfields opportunities in Australia and internationally.
- **Underground Mining**, which is active across the full project lifecycle, is focusing on growing its contract mining portfolio to generate annuity income.
- **Power & Water** is growing its operations, maintenance and shutdown capabilities and aims to secure maintenance services as the power programme in South Africa moves out of the construction phase. It continues to grow its water treatment sales network into Africa, and is also looking to secure a concession to operate a biomass plant.

SUB-ISSUE:

▶ Focus executive attention, business development and capital allocation on long-term growth.

GROUP ASPECT

- Continue to focus on resolving major claims.
- Dispose of, or discontinue non-strategic operations.
- Clarify the role and capacity requirements of the corporate office to support long-term strategic focus.
- Develop client relationships to position the Group to access opportunities as they come to market.

PLATFORM ASPECT

- Proposed sale of **Infrastructure & Building** in an empowerment transaction. Operations in the Middle East will be discontinued after completing current projects.
- **Oil & Gas** implemented regional structures and strengthened business development capacity in key regions to drive international expansion, and is maintaining positive relationships with clients to secure LNG projects coming on stream in the medium to long term.
- **Underground Mining** is developing 'life-of-mine' relationships with longstanding top and mid-tier mining clients in preparation for an upturn in activity.
- **Power & Water** is actively engaging clients developing new projects, and the potential sale of Genrec, its steel manufacturing business, is well advanced.

MATERIAL ISSUES CONTINUED

MAINTAINING PROFITABILITY THROUGH THE CYCLE

The focus on cost reduction in the corporate office and across our business platforms continues, and we have restructured operations where necessary. Our focus on contract, risk and project management excellence over the last few years has contained loss-making and distressed projects, but they still had a material impact on the Group's profitability in the year. These projects and claims arising from contractual disputes cause internal disruption and divert management's attention away from strategic execution. Our future profitability depends not only on the size, but also on the quality of our order book. It also depends on geographic, market sector and project lifecycle diversity, which will improve as we implement our strategy. With limited organic growth potential in difficult markets, and with margins under increasing pressure, operational excellence in project delivery is essential, and this requires continued investment in productivity and efficiency initiatives.

PG 30
Group chief executive's and financial director's report

PG 94
Summarised financial report

PG 44 – 54
Business platform reviews

SUB-ISSUE:

Reduce costs and restructure operations in line with market conditions.

GROUP ASPECT

- Rationalise corporate office costs further and optimise capacity requirements.
- Dispose of non-performing operations.
- Leverage information systems to drive operating efficiencies.

PLATFORM ASPECT

- **Oil & Gas** has significantly reduced its corporate overheads and rightsized its operations, eliminating duplication. This will lead to an annual saving of AUD30 million to AUD40 million. It will also improve its ability to be price competitive in smaller-scale opportunities, particularly in the highly competitive brownfields LNG markets.
- **Underground Mining** has implemented initiatives to restore tendered margins on distressed projects in South Africa, and has closed the Santiago, Chile office, which will now be managed from the office in North Bay, Canada. In the Australian operations, resource management systems have yielded efficiencies.
- The commercial turnaround in **Power & Water** after the restructuring in the previous year was offset by legacy project losses, which have been written off, and an impairment in Genrec. The sale of Genrec is underway.

SUB-ISSUE:

Maintain strategic flexibility to support profitability at the bottom of the cycle.

GROUP ASPECT

- Employ short-term tactics, mostly in the Oil & Gas platform, to capture profitable growth opportunities in complementary markets, based on existing competencies and client relationships.

PLATFORM ASPECT

- **Oil & Gas** is pursuing selected civil infrastructure development projects in Australia to mitigate against the limited oil and gas opportunities in the short to medium term.
- **Underground Mining** has entered into bulk material handling of metals and minerals.

STRENGTHENING DIFFERENTIATION IN COMPETITIVE MARKETS

The Group's reputation as a leading contractor is fundamental to strengthening our relationships with clients, securing repeat business and negotiating more favourable contractual terms, all of which support profitability and the ability to achieve our strategy. This requires that we understand what matters most to our clients. The key enablers of operational excellence include continual investment in our health and safety performance and people practices, especially training and development, irrespective of the impact of weak markets on our current profitability. Safety performance, in particular, is a differentiating factor for clients in all our business platforms. We continuously improve our health and safety programme and performance by better understanding our risk exposure, benchmarking our practices against those of clients and peers, and implementing lessons learnt from incidents and audits. All our businesses are required to carry out self-assessments on the entrenchment of Group safety initiatives, and are subjected to independent assurance by internal and external experts. These assessments show a maturing level of compliance, especially with respect to fatal risk control standards aimed at preventing major accidents.

PG 30
Group chief executive's and financial director's report

PG 44 – 54
Business platform reviews

Online integrated report
> Safety, health and wellness

SUB-ISSUE:
Focus on *Engineered Excellence.*

GROUP ASPECT

- Continue to improve project management systems and align training and development to support excellence in project delivery.

PLATFORM ASPECT

- **Oil & Gas** rolled out a new assurance system to optimise governance and productivity on projects, and a governance module was introduced into the Clough Project Management Academy training programme.
- **Underground Mining** continued to increase the capacity of its project management office in South Africa, which drives project management excellence.
- **Power & Water** has implemented more robust project review governance processes and organisational adjustments to strengthen project delivery.

SUB-ISSUE:
Manage employee, contractor and community safety to maintain benchmark safety performance.

GROUP ASPECT

- Continue to embed frameworks and share best practices in safety management, including MAP.
- Continue to shift focus to leading safety indicators, including Visible Felt Leadership engagements as the focal point of leadership's commitment to continual improvement in safety performance.

PLATFORM ASPECT

- **Oil & Gas** maintained an industry-leading LTIFR with no fatalities recorded. The platform continued to apply its award-winning MAP initiative, while aligning its health and safety management system to the Group framework.
- **Underground Mining** maintained an industry-leading LTIFR. Regrettably, one fatality was recorded. The platform started implementing MAP.
- **Power & Water** increased its LTIFR and started rolling out MAP, as well as a pilot programme to shift behaviour to support improved health, safety and environmental results.

SUB-ISSUE:
Deepen, replicate and secure specialist competencies.

GROUP ASPECT

- Employ new technologies to support differentiated service offerings.
- Enter into appropriate JVs and partnerships with technology providers.

PLATFORM ASPECT

- **Oil & Gas** is leveraging its specialised engineering and asset support capabilities across its operations. Its ability to preserve biosecurity in sensitive marine areas is a differentiator. JVs remain critical for the platform in matching capability to market opportunities.
- **Underground Mining** continues to leverage its leading technological capabilities across the platform to enhance its competitive position, which includes employing Canadian shaft sinking technology in the South African operation, and an ongoing investment in trackless mechanised mining and other automated mining technologies.
- **Power & Water** has secured agreements with internationally respected technology partners in its strategic focus areas of desalination and water treatment, which are a key differentiator in this market sector. It is also looking to acquire and commercialise technology to treat acid mine drainage.

MATERIAL ISSUES CONTINUED

REMAIN RESPONSIVE TO LOCAL REQUIREMENTS IN THE COUNTRIES IN WHICH WE OPERATE

As the Group grows its multinational operating base, it is essential that we retain our commercial and social licences to operate. To this end, the Group's leadership continues to ensure compliance with the applicable regulatory frameworks in the sectors, jurisdictions and territories in which we operate. In South Africa, the Group is focused on accelerating its transformation performance, notwithstanding the difficulty that constraints on growth place on our ability to drive employment equity, where we have not achieved our targets. An important aspect of effective project delivery is strong local management teams that understand the imperatives and cultural nuances in the regions in which we operate. The Group therefore aims to develop local leadership and skills, and enters into JVs with local contractors in compliance with local contracting conventions. Ensuring that our JV partners and subcontractors are aligned to our values and principles, and the high standards we set as a responsible employer and corporate citizen, is essential in ensuring excellent project delivery and mitigating risk, particularly in respect of safety.

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Group chief executive's and financial director's report

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Business platform reviews

Online integrated report
> Safety, health and wellness
> Our employees, transformation and local economic development
> Community development

SUB-ISSUE:
Accelerate transformation in the South African operations.

GROUP ASPECT
- Establish a world-class black-owned infrastructure and building business in the construction market through the sale of the I&B platform.
- Maintained Level 2 BBBEE contributor status against the old Construction Sector Charter.
- R3,1 million was spent developing the leadership capability of 142 individuals in South Africa, with 46% and 30% spent on black and women employees respectively.
- R120,5 million was spent training 9 080 employees in South Africa, of which 79% and 81% was spent on black and women employees respectively.
- Spent R23,3 million on community development initiatives in South Africa: R15,2 million on education and R5 million on community skills development programmes.

PLATFORM ASPECT
- **Underground Mining's** South African operations retained a Level 4 BBBEE rating against the Construction Sector Charter. In total, 234 employees, client employees and community members obtained national certificates through the Murray & Roberts Cementation Training Academy.
- **Power & Water's** South African operations achieved a Level 3 BBBEE rating against the Construction Sector Charter, and 60% of its promotions to middle management levels were black (African, Coloured and Indian) employees with black representation at junior management level at 74%.

SUB-ISSUE:
Meet localisation requirements in all markets.

GROUP ASPECT
- Enter into JVs with local contractors to access opportunities in target markets and geographies.
- Continue to invest in community development initiatives in the areas in which we operate.

PLATFORM ASPECT
- **Oil & Gas** awarded four scholarships to top engineering students in its Clough Scholars Programme.
- **Underground Mining** has seen market share gains in its Indonesian operations due to the hiring and training of local employees.
- **Power & Water** has appointed respected national business leaders in Ghana and Mozambique to company boards in non-executive director roles.

MANAGING HUMAN CAPITAL

The capability and capacity of our employees are fundamental to achieving our strategic objectives, and our guiding principle of *Engineered Excellence*. We strive to be recognised as an employer of choice in all our markets, which enables us to attract and retain top talent and manage our human capital requirements through the cycle, especially in retaining the capacity needed to win work. Our performance management system ensures accountability for team and individual objectives, and aligns these to our strategic objectives and the integrated performance dimensions on which leadership are remunerated. It also assists with identifying development needs, which are satisfied through extensive education and training programmes. Our health and safety performance directly impacts on our reputation as an employer of choice, and is supported by a range of programmes focused on continual improvement. Our health and wellness programme provides employees with access to integrated healthcare, which aims to prevent disease and poor health conditions and limit the safety risk of not being fit for work, as well as the impact of absenteeism on productivity. Our contribution as a fair employer to the societies we serve, especially in developing countries, is important in driving socio-economic development and mitigating levels of unemployment and inequality. Ethical business practices are also of importance to the Group's reputation and ability to win work. The Group mitigates the risk of unethical behaviour through its Code of Conduct, internal audit, the oversight of compliance and an anonymous fraud reporting and investigating function.

PG 44 – 54
Business platform reviews

Online integrated report
> Safety, health and wellness
> Our employees, transformation and local economic development

SUB-ISSUE:

Ensure leadership depth through improved succession planning.

GROUP ASPECT

- Consolidated the top leadership structures and made key appointments across the platforms.
- Each executive committee member mentors up to two individuals to build leadership capability.

PLATFORM ASPECT

- A new chief executive was appointed in **Oil & Gas** and the executive committee was strengthened. The platform established an external coaching panel to support selected leaders and managers.
- A new chief financial officer was appointed in **Underground Mining** and leadership and senior management succession was assessed.
- A new chief executive and chief financial officer was appointed in **Power & Water**, with a mandate to communicate and deliver strategic objectives and set key performance indicators.

SUB-ISSUE:

Provide training and development opportunities to support a culture of learning.

GROUP ASPECT

- R155 million (FY15: R93 million) spent on training and development.
- Enhance areas highlighted for improvement in employee survey feedback.
- Continued focus on relevant training and development initiatives despite industry slowdown.

PLATFORM ASPECT

- **Oil & Gas** launched an online talent management tool and the first group of employees participated in the online Project Management Academy. All employees completed Code of Conduct training. The platform is focused on refining its approach to learning and development to maximise effectiveness.
- **Underground Mining** continued to provide a range of skills development programmes at its training facility in Bentley Park, Gauteng.
- **Power & Water** renewed its focus on performance management and development programmes. In total, 1 305 (FY15: 1 209) apprentices have completed training on the power programme projects in South Africa.

SUB-ISSUE:

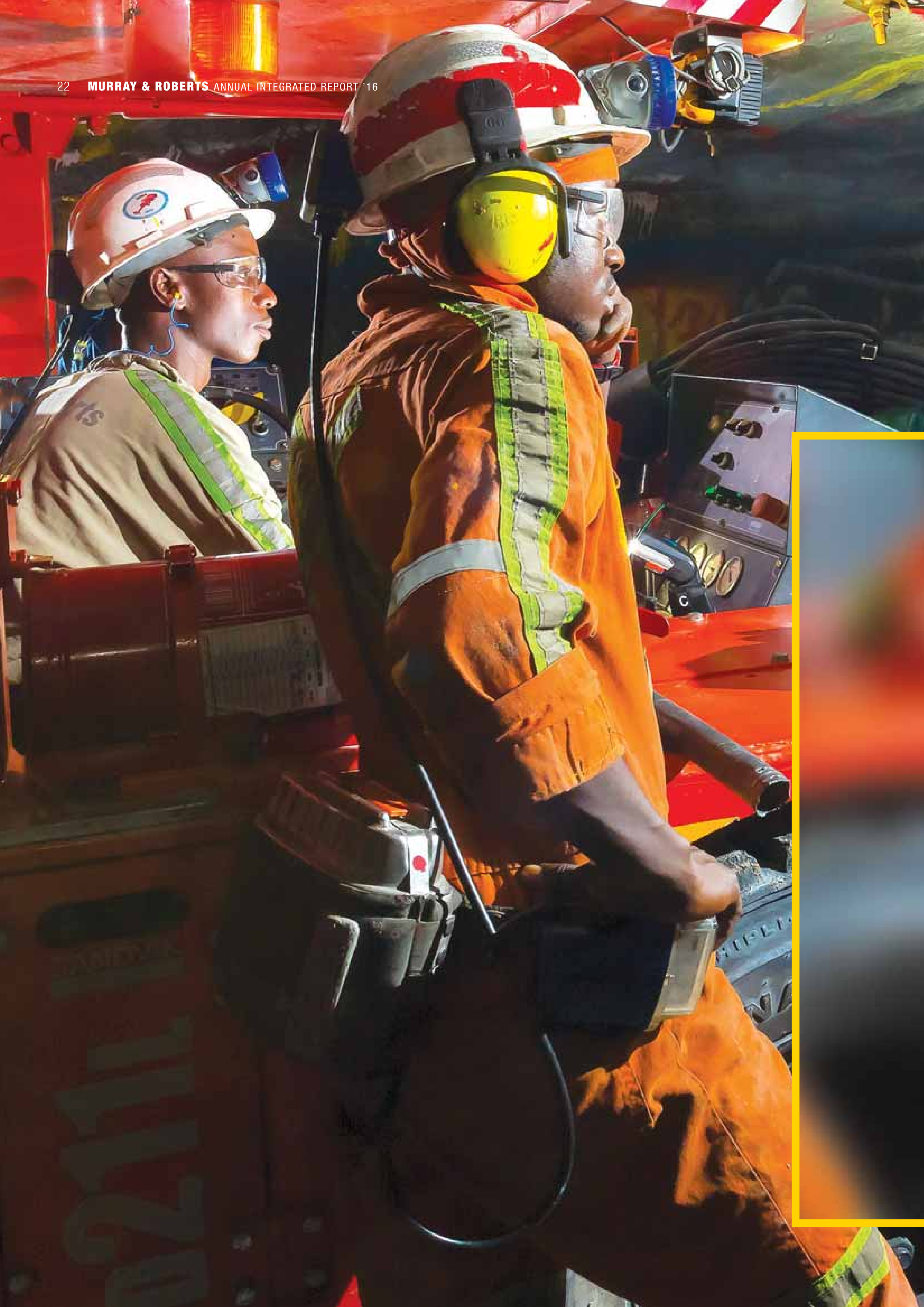
Achieve employer of choice status in all markets through best people practices.

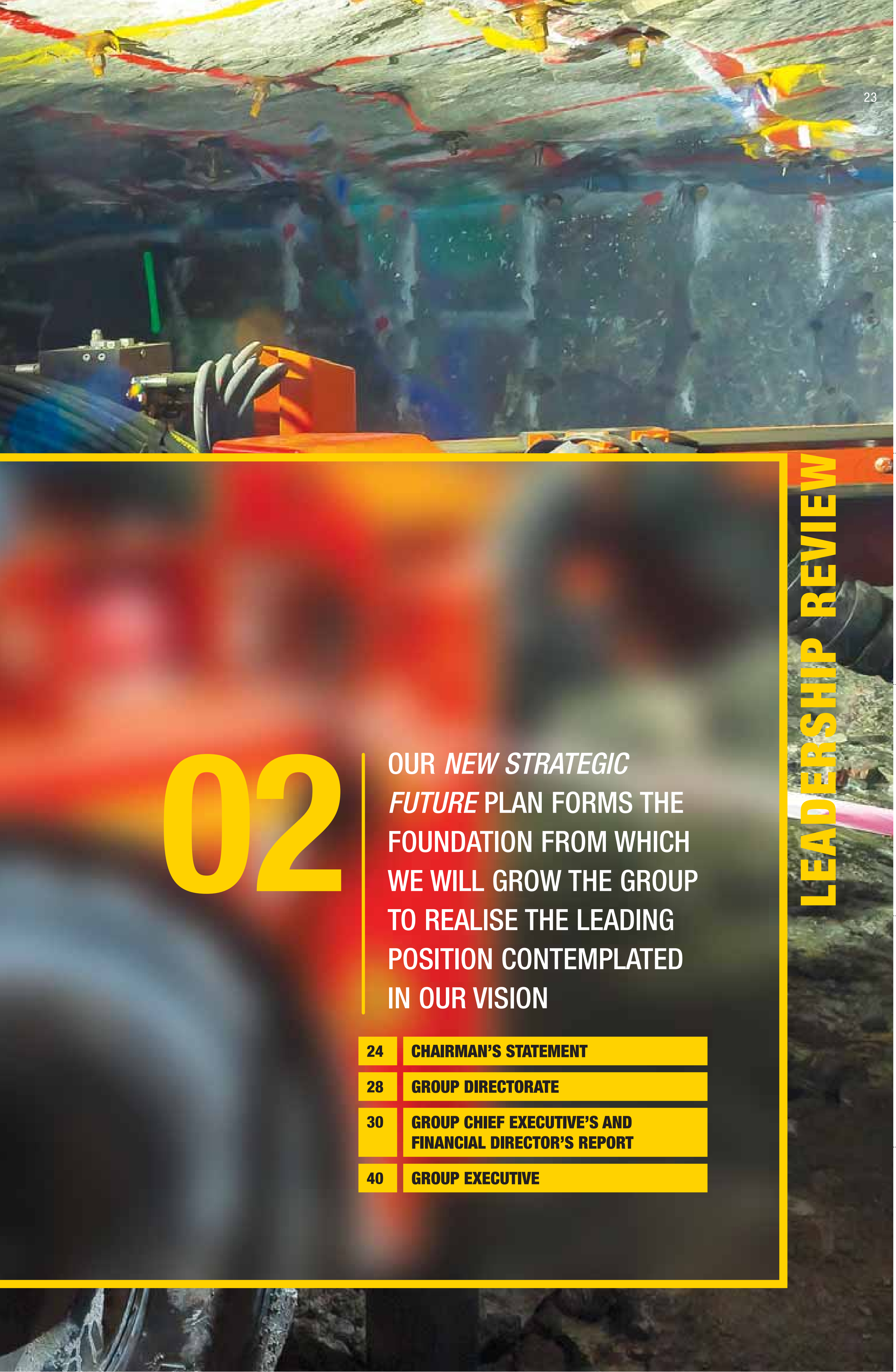
GROUP ASPECT

- The South African business and Australian mining operations were rated as employers of choice by 88% of employees in the Deloitte Best Company to Work For survey.
- Ranked sixth in the Engineering and Technology category of the Universum survey, which measures the South African employers that are most attractive to talent.
- Voluntary employee turnover was 4,3% (FY15: 4%), indicating that talent is being retained.

PLATFORM ASPECT

- **Underground Mining's** Canadian operation is consistently recognised as one of the country's top employers in various surveys. The Australian operation participated in the Deloitte Best Company to Work For survey for the first time, with good results. In its South African operations, the platform implemented components of the Employee Relations Framework and concluded a three-year wage agreement with industry unions.
- **Power & Water** rolled out revised communication structures and processes on the power programme projects in South Africa, and engaged extensively with unions. While no strike action took place, the effects of unprotected strike action in the previous year continued to be felt into FY2016.





02 LEADERSHIP REVIEW

OUR *NEW STRATEGIC FUTURE* PLAN FORMS THE FOUNDATION FROM WHICH WE WILL GROW THE GROUP TO REALISE THE LEADING POSITION CONTEMPLATED IN OUR VISION

CHAIRMAN'S STATEMENT

MAHLAPE SELLO

"IT HAS BEEN A DEFINING YEAR FOR THE MURRAY & ROBERTS GROUP ON ITS STRATEGIC JOURNEY TO BECOMING **A FOCUSED AND DIFFERENTIATED MULTINATIONAL PROJECTS COMPANY.**"

THE BOARD HAS DECLARED AN ANNUAL DIVIDEND OF
45 cents
which equates to between three and four times earnings cover

The proposed sale of the I&B platform and Genrec, the last remaining non-strategic business in its portfolio, reflects the progress made in implementing the Group's *New Strategic Future* plan, which the Board approved in June 2014. The completion of these transactions will be the final steps in focusing the business platforms on the global natural resources sectors.

The Board is pleased with the Group's financial results, which were achieved despite difficult market conditions. In the coming year these difficult conditions will persist, but we look forward to continued progress in the steady implementation of our strategic initiatives. After taking the current economic climate and the strength of the Group's balance sheet into consideration, the Board has declared an annual dividend of 45 cents, which equates to between three and four times earnings cover, consistent with our dividend policy.

TOGETHER TO ZERO HARM

Underpinning the Group's strategic journey is its commitment to an industry-leading HSE performance. Sadly, an improved overall safety performance across the Group was eclipsed by the tragic incident in October 2015 at the Grayston project site in South Africa, where a temporary scaffolding collapsed, claiming the lives of two members of the public and injuring 19 others. The Section 32 Inquiry into the cause of this project incident, conducted by the DoL, is ongoing. The Group is cooperating fully with the inquiry and our stakeholders will be kept informed on the outcome. Another two fatalities, an employee and a subcontractor, were recorded in the year under review. The Board conveys its sincere condolences to the families, friends and colleagues of those who died or were injured. Subsequent to year end, the Group experienced a fatality in its I&B platform. The investigation into this incident is underway.

We reiterate our stance that fatal incidents and serious injuries are unacceptable and avoidable, and we assure our stakeholders that the Group will continue to concentrate on understanding and managing the complex interplay of factors that are required to ensure Zero Harm to our employees, service providers and communities.

In this regard, the leadership of the business platforms and the Group, including the Board, continue to analyse each fatal incident and serious injury to determine the causes and to share lessons learnt widely across the operations. The Group's safety programmes seek to empower employees to identify and report safety hazards, thereby encouraging a culture of care for oneself and for fellow colleagues. Furthermore, the Group's comprehensive health and wellness programmes focus on preventing the underlying issues that may affect employees' ability to work safely and productively.

THE *NEW STRATEGIC FUTURE*

The *New Strategic Future* plan intends to achieve sustainable growth in profitability, cash generation and returns to our shareholders. It is aimed at diversifying the Group's business and reducing its risk profile in three ways. The first is to focus on selected market sectors in the global natural resources markets, in which the long-term demand fundamentals are robust. The second is to establish a permanent presence in those geographies that show the highest growth potential in these chosen market sectors. The third is to strengthen the Group's capability to offer project delivery solutions across the full project lifecycle, by expanding its service offering into the higher-margin, lower-risk segments of the project lifecycle, up and downstream from the construction segment.

The successful integration of the niche engineering companies acquired in the previous year and in the year under review, are highlights of the progress made in this aspect of our strategy. With the disposal of non-core assets and market constraints on organic growth in the medium term, a growth acquisition will be necessary to sustain the Group's earnings growth profile.

The resolution of the Gautrain and Dubai International Airport claims will support the financial flexibility needed to pursue larger growth acquisitions. Although the arbitral processes are by their nature protracted and time consuming, the Board is satisfied with how these matters are progressing.

The Group is exposed to the macroeconomic dynamics in the global natural resources markets, which again impeded its financial performance in the year. The Board however remains confident in the long-term demand fundamentals of the primary markets, which underpin our strategy.

In the medium term, with global annual GDP growth forecast at 3% to 4% between 2016 and 2020, driven mainly by the growth in India and China, and with the United States economy showing more certain signs of recovery, we expect commodity demand to trend upwards. This will provide the potential for increased earnings from the Underground Mining platform in the years ahead, continuing the strong performance it posted in the year under review. The Board is confident that the improved prospects in the Underground Mining platform, together with a return to profitability in the Power & Water platform, will mitigate the significant impact of the depressed oil price on the Oil & Gas platform's earnings. The Oil & Gas platform will continue to establish itself in selected international markets in which growth is expected in the next few years.

PROPOSED DISPOSAL OF THE INFRASTRUCTURE AND BUILDING PLATFORM

The Group has evolved into a focused project solutions provider in its chosen natural resources market sectors, with each business platform developing a meaningful global operating base. Considering the *New Strategic Future* plan, the Group's civil infrastructure and building business was determined to no longer be a strategic fit for the Group and the Board, after two years of debate and consideration, approved the sale of the I&B platform.

Economic transformation remains imperative to sustainable development in South Africa and we decided to use this strategic opportunity to support the creation of a world-class black-owned civil infrastructure and building business, thereby fulfilling both the Group's objectives and the national imperative. The proposed sale of this business to a wholly black-owned group, is consistent with the South African Government's agenda to promote the emergence of black industrialists, as a way of supporting the objectives of economic inclusion, espoused in the National Development Plan and Industrial Policy Action Plan.

Although the South African civil infrastructure and building market is currently being impacted by low investment in fixed capital formation and weak economic growth, the long-term prospects of infrastructure and building activity in the public sector holds considerable opportunity for the business. With the capability and capacity that the I&B platform has developed over decades to deliver large infrastructure projects, it is favourably positioned to secure substantial work.

While the transaction marks the end of an epoch for Murray & Roberts, it represents the beginning of another exciting era. The transaction serves the long-term sustainability of the Group as it achieves the Group's strategic focus and strengthens its ability to service its clients in the oil and gas, mining and minerals, and power and water markets in South Africa, the rest of Africa and internationally.

BEING A RESPONSIBLE CORPORATE CITIZEN

The Group's purpose and vision were revised to reflect the strategic focus achieved. In combination with our values, they provide the primary point of reference for what we aspire to, both in terms of the service we provide to our clients, as well as the way we conduct ourselves, which ultimately determines the Group's

CHAIRMAN'S STATEMENT CONTINUED

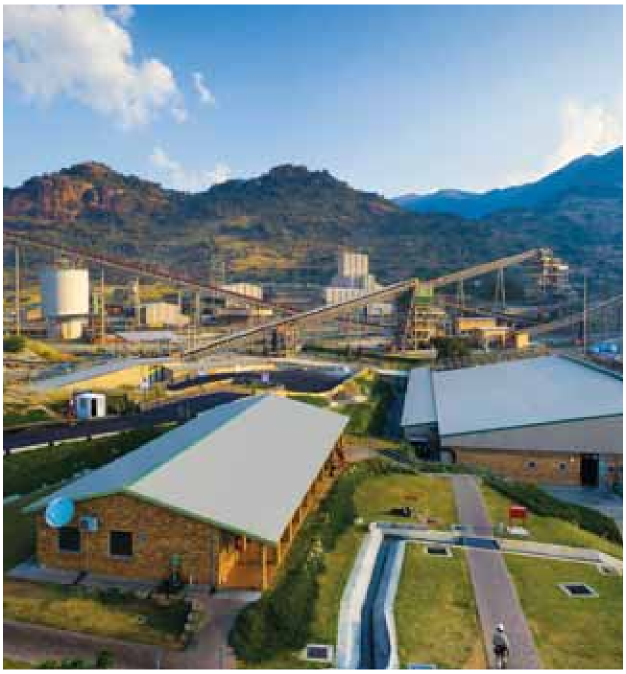
reputation and therefore its success. Whether it is maintaining its commercial and social licences to operate, or attracting and retaining the talent required to compete effectively, the Group's reputation as a responsible corporate citizen, is fundamental to our continued strategic progress.

As the Group expands its operations in its targeted geographies, the Board is cognisant of the importance of ensuring that the business platforms are responsive to national and local requirements. As a multinational company, the Group focuses on adapting its approach to each individual local market in which it operates. This extends to localisation and diversity imperatives, to fulfilling the expectations of the communities in which the Group operates, especially in respect of employing and developing local people. The acquisition of businesses in the Group's targeted geographic regions will support this responsiveness to local requirements.

> THE GROUP'S VALUES OF INTEGRITY, RESPECT, CARE, ACCOUNTABILITY AND COMMITMENT ARE UNIVERSAL AND REMAIN VALID. AS THE KEYSTONES OF OUR APPROACH TO DOING BUSINESS, THEY COMMIT THE BOARD, MANAGEMENT AND EMPLOYEES, AS WELL AS THE MANY ENTITIES WITH WHOM WE PARTNER IN DELIVERING PROJECTS, TO ACT ETHICALLY AND RESPONSIBLY, AS WE STRIVE TO ACHIEVE A BALANCE BETWEEN THE INTERESTS OF ALL STAKEHOLDERS. THIS BALANCE IS FUNDAMENTAL TO PROTECTING AND ENHANCING SHAREHOLDER VALUE OVER THE LONG TERM.

TRANSFORMATION AND DIVERSITY

In terms of transformation in South Africa, the process for agreeing a new Construction Sector Charter following the introduction of the new Codes of Good Practice for BBBEE, is still underway. The Department of Public Enterprises extended the deadline for adopting the new Codes to 31 October 2016, which allows the Group to be rated in the year under review according to the current Construction Sector Charter. On this basis, the Group maintained its level 2 BBBEE contributor status with a score of 85,37% (FY15: 86,16%). Given the Group's drop in BBBEE contributor status to level 5 against the Department of Trade and Industry's new BBBEE Codes, the Board recognises the need to accelerate the Group's transformation progress, especially as far as



employment equity is concerned. Employment equity remained below set targets, with a charter score of 29,56% (FY15: 34,29%). While it is a reality that the constraints on growth and employment affect the ability to transform, we are intent on ensuring that the South African operations accelerate their progress in transformation as a commercial imperative.

The operations outside of South Africa endeavour to meet gender and diversity targets to create a workforce profile that reflects the demographics and talent of the communities in which they work.

EMPLOYER OF CHOICE

The Group's people management practices support a high-performance culture that offers employees professional and intellectual challenges, as well as continuous learning and development opportunities. The Group's comprehensive policies and procedures, which include a Code of Conduct and Statement of Business Principles, ensure consistency across the Group and its performance management and development processes are designed to align performance with the purpose, vision, values and strategic goals of the Group.

To benchmark its effectiveness in this regard, and to inform the Group's intention to be an employer of choice in all its markets, the business platforms participate in various employee engagement surveys. The South African operations and RUC Cementation in Australia participated in the Deloitte Best Company to Work For survey in the year, which showed that 88% of employees rate these companies as an employer of choice.

BOARD OF DIRECTORS

At Board level, our focus on ensuring that we have the requisite skills and experience to support the Group's strategy and growth aspirations, has led to a number of non-executive director appointments, in preparation for the retirement of two of our non-executive directors. Although this swelled the Board to beyond its optimal size, this was a function of our succession planning and allowed for an effective hand-over period between retiring and new non-executive directors.

Michael McMahon retires from the Board with effect from 30 September 2016, and Royden Vice with effect from 30 November 2016, having reached the mandatory retirement age. I convey my thanks to Michael and Royden for their immeasurable contribution to the Group's development over many years. Suresh Kana, Xolani Mkhwanazi and Keith Spence were appointed to the Board in July, August and November 2015, respectively. These directors bring a wealth of business expertise and international experience to the Board.

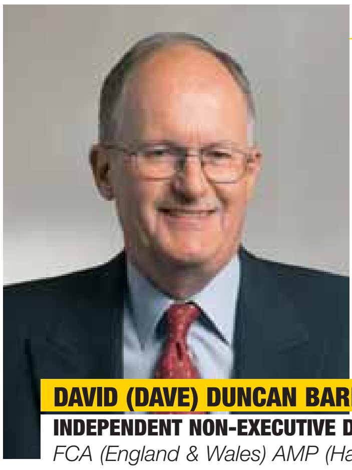
APPRECIATION

On behalf of the Board, I extend my appreciation to our stakeholders for their support during this watershed year. Despite the challenges we will no doubt face in the year ahead, we recognise that our continued progress towards the Group's *New Strategic Future* is contingent on maintaining your trust and support.

MAHLAPE SELLO
GROUP CHAIRMAN

GROUP DIRECTORATE*

NON-EXECUTIVE DIRECTORS



Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee.

DAVID (DAVE) DUNCAN BARBER

INDEPENDENT NON-EXECUTIVE DIRECTOR

FCA (England & Wales) AMP (Harvard)

Ntombi was appointed to the Board in 2013. She is chairman of the social & ethics committee and a member of the remuneration & human resources committee. She is also a trustee of the Murray & Roberts Trust.

NOMALIZO (NTOMBI) BERYL LANGA-ROYDS

INDEPENDENT NON-EXECUTIVE DIRECTOR

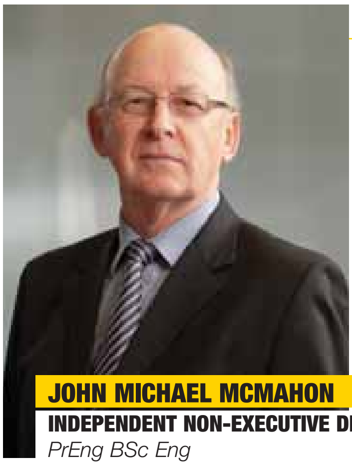
BA (Law) LLB

Ralph was appointed to the Board in 2014. He is the chairman of the health, safety & environment committee and a member of the social & ethics committee.

RALPH HAVENSTEIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

B.Com, MSc Chem Eng



Michael was appointed to the Board in 2004. He is the chairman of the risk management committee, and a member of the nomination and the audit & sustainability committees.

JOHN MICHAEL MCMAHON

INDEPENDENT NON-EXECUTIVE DIRECTOR

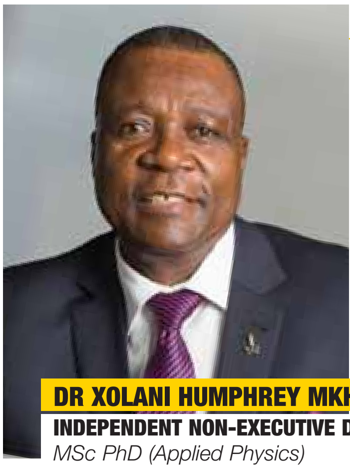
PrEng BSc Eng

Suresh was appointed to the Board in July 2015 and is a member of the audit & sustainability, risk management and remuneration and human resources committees. He is also a trustee of the Murray & Roberts Trust.

DR SURESH PARBHOO KANA

INDEPENDENT NON-EXECUTIVE DIRECTOR

M.Com CA(SA)



Xolani joined the Board in August 2014 and is a member of the risk management and health, safety and environment committees.

DR XOLANI HUMPHREY MKHWANAZI

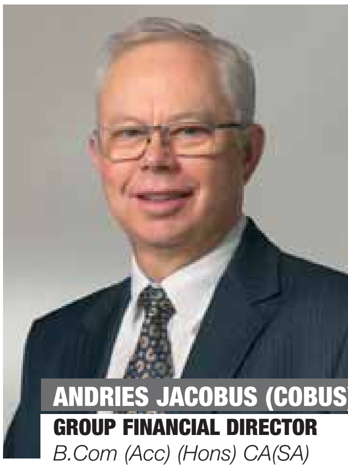
INDEPENDENT NON-EXECUTIVE DIRECTOR

MSc PhD (Applied Physics)

EXECUTIVE DIRECTORS

Mahlape was appointed to the Board in 2009 and became chairman in 2013. She is chairman of the nomination committee and a member of the social & ethics, the health, safety & environment and the remuneration & human resources committees. She is also a trustee of the Murray & Roberts Trust.

MAHLAPE SELLO
INDEPENDENT NON-EXECUTIVE DIRECTOR
Master of Arts in Law (Russia) LLB (Wits)

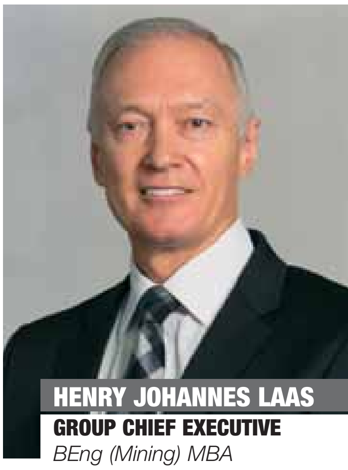


Cobus joined Concor in 1998 and following the acquisition of Concor by Murray & Roberts in 2006 was appointed to the Murray & Roberts Limited Board in 2007 and the Murray & Roberts Holdings Board in 2011.

ANDRIES JACOBUS (COBUS) BESTER
GROUP FINANCIAL DIRECTOR
B.Com (Acc) (Hons) CA(SA)

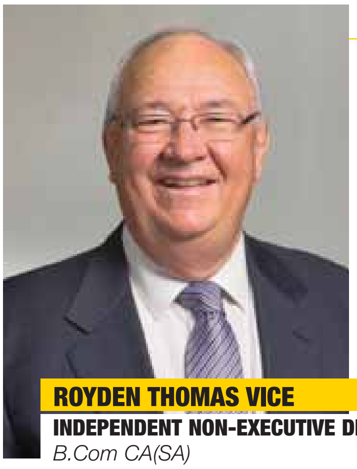
Keith was appointed to the Board in June 2015. He is a member of the risk management, health safety & environment and audit & sustainability committees.

KEITH WILLIAM SPENCE
INDEPENDENT NON-EXECUTIVE DIRECTOR
BSc (Geophysics)(Hons)



Henry joined the Group in 2001 and was appointed to the Board and as Group chief executive in 2011. He is a member of the health, safety & environment committee.

HENRY JOHANNES LAAS
GROUP CHIEF EXECUTIVE
BEng (Mining) MBA



Royden was appointed to the Board in 2005. He is chairman of the remuneration & human resources committee and a member of the risk management, the audit & sustainability and the nomination committees. He is also a trustee of the Murray & Roberts Trust.

ROYDEN THOMAS VICE
INDEPENDENT NON-EXECUTIVE DIRECTOR
B.Com CA(SA)

Bert joined the Group in 2011 and was appointed Group secretary in 2014.

LAMBERTUS (BERT) KOK
GROUP SECRETARY
FCIS, FCIBM

NON-EXECUTIVE DIRECTOR
EXECUTIVE DIRECTOR
GROUP SECRETARY

pg 90 Full directors CVs are available in this report.

* *As at 30 June 2016*

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

HENRY LAAS AND COBUS BESTER

"WE HAVE MADE MEANINGFUL PROGRESS IMPLEMENTING THE GROUP'S ***NEW STRATEGIC FUTURE*** PLAN SINCE OUR LAST REPORT, DESPITE THE CONSTRAINTS OF WEAK MARKETS. SPECIFICALLY, WITH THE SALE OF OUR I&B PLATFORM, THROUGH A POTENTIAL EMPOWERMENT TRANSACTION, OUR STRATEGIC FOCUS IS NOW FIRMLY ON THE GLOBAL NATURAL RESOURCES MARKETS."

REVENUE FROM CONTINUING OPERATIONS
R26,1 billion
(FY15: R24 billion)

ATTRIBUTABLE PROFIT
R753 million
(FY15: R881 million)

The Group's strategic journey is reflected in a revised vision to be a leading multinational group that applies its project lifecycle capabilities to optimise fixed capital investment. We believe that focusing the Group's expertise and capacity on delivering sustainable fit-for-purpose project solutions in selected oil and gas, metals and minerals, and power and water market sectors, will enhance shareholder value over the long term.

In the past year we have continued to position the business platforms to provide a specialised and differentiated service offering across the project lifecycle to clients in its target market sectors, under the leadership of platform chief executive officers and platform chief financial officers. In line with this client orientation, business platforms will be specialised with an international focus in their target market sectors, as opposed to being general contractors in a specific geographic region. To support the international focus, business platforms will establish a permanent presence in those geographies where most of the project opportunities are expected to occur. Outside of such regions, the platforms follow their clients on a project-by-project basis.

The Underground Mining platform, which is active in all phases of the project lifecycle and delivers projects across an international footprint, from offices in Africa, the USA, Canada and Australia, best represents the multinational model which we aspire to in each of our business platforms. It is expected that the Oil & Gas platform will achieve a corresponding level of maturity in the next three years, while it will take longer for the Power & Water platform to establish an international footprint.

We are strategically and systematically growing the presence of the three business platforms in our chosen geographic regions and market sectors and increasing the value they should return to our shareholders. This is the ultimate outcome of our *New Strategic Future* plan and forms the foundation from which we will grow the Group to realise the leading position contemplated in our vision by 2025. Extending the time horizon for achieving our revised vision points to the factors constraining our performance expectations and the pace at which we are able to implement our strategic plan. These factors include the ongoing reality of a sluggish global economy, weak demand for commodities, coupled with low investment in fixed capital formation in South Africa.

Despite the fundamental changes in the business over the past three years, reflected in the shift in revenue and earnings predominantly to the international Underground Mining and Oil & Gas businesses, the Group is still primarily viewed as a South African civil and building construction company.

PROPOSED DISPOSAL OF THE INFRASTRUCTURE & BUILDING BUSINESSES AND GENREC

Through the sale of the I&B platform, we expect that in the medium term, investor perception about Murray & Roberts' risk profile will change and that market valuation could improve. The Group has over the past three years seen better quality earnings from the three natural resources-focused businesses. The Board has also decided to divest from Genrec, the only remaining manufacturing business in the Group's portfolio.

The transaction will create a world-class black-owned construction business of scale, well positioned to capitalise on the need for public sector infrastructure development in South Africa and the rest of Africa.

Notwithstanding the challenging economic conditions in the domestic construction market, Government spending on public infrastructure projects is at a high. These projects are more accessible for companies with strong empowerment credentials, specifically with majority black ownership.

THE PROPOSED TRANSACTION DOES NOT INCLUDE THE GROUP'S BOMBELA INVESTMENTS NOR ITS OPERATIONS IN THE MIDDLE EAST, WHERE THE GROUP WILL COMPLETE CURRENT PROJECTS AND NOT BID FOR ANY NEW WORK. THE GROUP WILL RETAIN THE DUBAI INTERNATIONAL AIRPORT AND GAUTRAIN CLAIMS, AS WELL AS LIABILITIES RELATING TO THE GRAYSTON TEMPORARY WORKS COLLAPSE.

The I&B businesses was the historical operating base of the Group in South Africa, and we recognise the emotional attachment of our people to its legacy, most visibly expressed in the iconic infrastructure and building projects it has delivered over several decades. However, the careful consideration and planning that resulted in this decision informs our confidence that the proposed transaction is in the best interests of the long-term sustainability of both the Group and the I&B businesses. The capacity of this business will be retained in South Africa under a new shareholder and it has the opportunity and scale to continue to play an instrumental role in infrastructure development in this country.

In progressing the *New Strategic Future* plan, it has become necessary to clarify the role and capacity requirements of the corporate office. We are considering various models suited to a multinational group and this is work in progress that we aim to complete in the coming months. Our analysis indicates that the corporate office should remain close to the businesses to best serve the sustainable creation of value for our shareholders. Capacity requirements in the corporate office will be designed with our intention to efficiently reduce overhead costs to support the Group's profitability in markets that are likely to remain tough for the next 18 months.

GROUP CHIEF EXECUTIVE'S & FINANCIAL DIRECTOR'S REPORT CONTINUED

FINANCIAL UPDATE

Revenue from continuing operations increased by 9% to R26,1 billion (FY15: R24 billion) and attributable profit of R753 million was recorded (FY15: R881 million). Diluted headline profit per share from continuing operations decreased by 10% to 175 cents (FY15: 195 cents).

The Oil & Gas platform delivered an operating profit of R525 million (FY15: R838 million), a material decline from the prior year due to clients deciding to defer or cancel new greenfields projects and deferral of maintenance spend as low global energy prices persisted. The platform's operating margin declined to 5% (FY15: 7%).

The Underground Mining platform delivered an operating profit of R506 million (FY15: R411 million), an improvement of 23% on the prior year, with platform margin increasing from 5% to 6%. The increased activity in the Australian markets and continued strong results from the USA drove the increase in revenue and operating profit.

The Power & Water platform delivered an operating profit of R27 million (FY15: loss R152 million). Genrec has been reclassified to discontinued operations and the comparative statement of financial performance have been restated. The decrease in operating profit is as a result of the impairment of revenue taken on legacy contracts and a loss-making contract in Namibia. The power programme generated an operating profit of R216 million (FY15: R170 million).

The I&B platform's Southern African construction operations were reclassified to discontinued operations and the comparative statement of financial performance have been restated. The retained businesses of the platform consist of the investments in BCC, BOC and BCJV, as well as the Middle East operations. These businesses posted an operating profit of R6 million (FY15: R149 million). The decrease in operating profit is due to arbitration costs on the Dubai International Airport claim, weaker operational performance in the Middle East and lower fair value adjustment on the BCC investment of R156 million (FY15: R172 million).

The discontinued I&B platform's Southern African construction operations posted a R68 million profit (FY15: R56 million).

Net financing costs increased to R71 million (FY15: R68 million), as a result of servicing the debt requirements of the South African operations.

The effective taxation rate increased to 24,8% (FY15: 18,8%), due to the reduced utilisation of tax losses and profits made in higher tax jurisdictions. Deferred taxation assets were not raised on all taxation losses within the Group.

Income from associates are insignificant and increased to R8 million (FY15: R3 million), largely made up of the Group's investment in BOC.

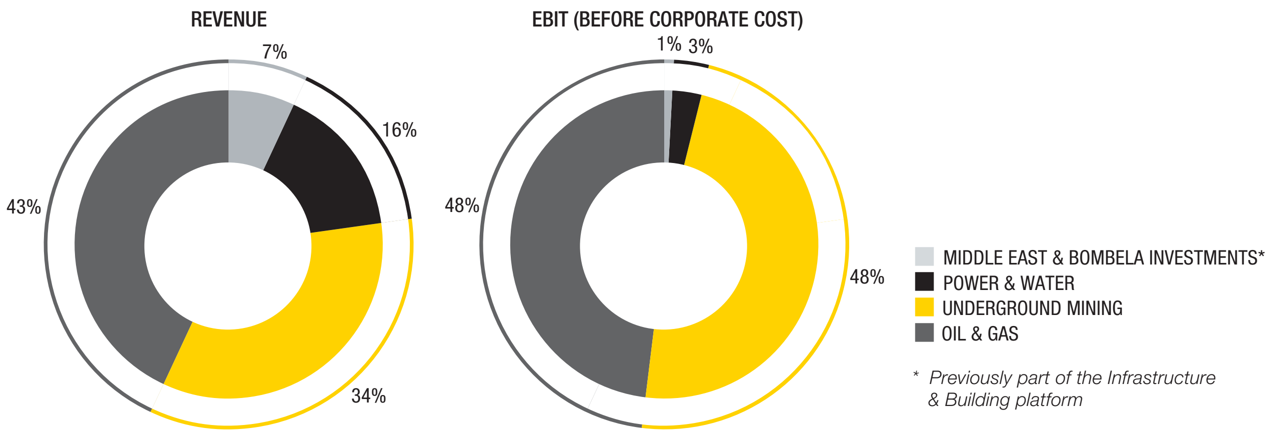
The loss from discontinued operations for the year was R124 million (FY15: R82 million profit) and financial results were restated to include I&B's Southern African construction operations and Genrec. The loss in the current year is attributable to impairment of property, plant and equipment, operating losses in Genrec, impairment of goodwill in Southern African construction operations and impairment of Clough's discontinued properties. The operating loss for the current year included profit on disposal of business of R6 million (FY15: R11 million).

THE GROUP GENERATED CASH FROM OPERATIONS OF R1,1 BILLION (FY15: R1,1 BILLION). THE GROUP ENDED THE FINANCIAL YEAR WITH A NET CASH POSITION (AFTER THE DEDUCTION OF INTEREST BEARING DEBT) OF R1,8 BILLION (FY15: R1,4 BILLION).

Capital expenditure for the year was R431 million (FY15: R425 million) of which R332 million (FY15: R290 million) was for expansion and R99 million (FY15: R135 million) for replacement. The Underground Mining platform incurred the bulk of the capital expenditure.

The Group acquired two businesses in the financial year. The total purchase consideration was R22 million and the transactions generated goodwill of R21 million. The goodwill represents the value attributed to the workforce of the respective businesses. The Oil & Gas platform acquired Enercore Projects, which provides EPC management services to the Canadian oil and gas sector. Underground Mining acquired Merit Consultants, a project and construction management company in Canada, which provides support to mining and minerals industry.

The Group's order book at year end was R33,4 billion (FY15: R38,3 billion), including the discontinued operations of R4,7 billion. The reduction was due to a decrease in the Middle East order book, the Underground Mining platform not replacing the revenue consumed in Africa with new work and the impact of the current depressed market on the Oil & Gas platform's order book.



STRATEGY UPDATE

Our *New Strategic Future* plan is underpinned by five strategic objectives, which in combination are intended to achieve our ultimate objective of enhancing shareholder value. Below we review our progress and plans in respect of these objectives, with further detail provided in the business platform reviews.

1. GROW PROFITABILITY AND CASHFLOWS

The most material factor affecting the Group's profitability has been the significant and accelerated decline in the Oil & Gas platform's earnings, as the full impact of the oil price collapse and global oversupply was felt in this market. A strong performance from the Underground Mining platform, despite facing even tougher market conditions than in the previous year, was not sufficient to compensate for this decline.

Project losses on legacy contracts impacted profitability in the Power & Water platform. The restructuring, completed during 2015, delivered a commercial turnaround and will enhance future returns. In a weak domestic construction market, the I&B platform achieved a marginal profit.

We continue to work on releasing the substantial value locked up in the Group's uncertified revenues recognised prior to 2011, on the Gautrain and Dubai International Airport claims. Settlement of these claims will remove uncertainty and introduce capital to be applied towards acquisitive growth, considering the Group's diminishing size, due to the disposal of non-strategic assets over the past four years.

Following the favourable arbitration ruling in favour of BCC on the merits and quantum of the Sandton Cavern claim to the value of R624 million, GMA served a motion in the High Court taking this award on review. In an additional claim against GMA, BCJV is claiming for additional costs incurred following design changes to the cantilever bridges over John Vorster and Jean Avenues in Centurion. This claim, on its merits, was ruled in favour of BCJV, with the quantum hearing scheduled for October 2016. GMA also served a motion in the High Court taking this award on review.

In respect of the Gautrain tunnel water ingress matter, BCJV is appealing an order of court awarded to Province, and matters between the parties relating to the earlier arbitration award remain unresolved. Based on an assessment by a panel of technical experts and design consultants appointed to perform a technical evaluation of the potential remedial work that may be required, the Group raised a provision of approximately R300 million in previous financial years for its 45% share of the potential costs to be incurred by BCJV. The amount of other potential financial compensation, if any, related to the matter cannot be determined at this time.

The arbitration on the delay and disruption claim against Province, the largest of the Gautrain claims, is progressing. The legal basis of this claim has been confirmed in arbitration. The merit and quantum hearings will be heard as from the second half of the 2017 calendar year.

In respect of the Dubai International Airport final payment dispute, the Dubai Airport City Corporation confirmed that it was the respondent to the claim. Arbitration will commence in January 2017.

To enhance profitability, the Board has decided to divest from Genrec, the only remaining manufacturing business in the Group. A strong cost reduction focus continues across all platforms. Corporate office costs have been further reduced, the Underground Mining platform closed its office in Chile and the Oil & Gas platform has made progress in restructuring its operations to reduce overhead costs.

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT CONTINUED

2. FOCUS ON INTERNATIONAL NATURAL RESOURCES MARKET SEGMENTS

The long-term demand fundamentals in the global natural resources markets, which include global population growth, urbanisation and income growth, are compelling despite the expectation that weak demand for commodities will persist in the short to medium term. The sale of the I&B platform will enable the Group to focus attention and capital allocation in positioning the businesses in their target market sectors.

While turbulent global economic conditions and muted GDP growth forecasts make for an unpredictable short-term outlook, large developed and developing economies provide the greatest opportunities for growth. This is reflected in the Group's primary focus on the USA, Canada, Australasia and South East Asia, followed by sub-Saharan Africa and other tertiary markets.

In the Oil & Gas platform, the volatility in the global energy market following the collapse of the oil price has continued to take its toll. Exacerbated by global oversupply, few new international capital project opportunities have come to market, as global energy producers delayed or cancelled major greenfields projects and deferred brownfields expenditure to shore up their financial positions. Although the platform had put plans in place to focus on commissioning, maintenance and brownfields opportunities to support the LNG facilities constructed over the last few years in Australia, competition has been fierce, resulting in margin pressure as competitors in some instances bid to win work at negative margins.

These market conditions will continue to affect the pace at which the Oil & Gas platform develops to become a focused multinational business with a significant presence in the regions offering the most attractive growth prospects. Despite these challenges, the platform continues to diversify its business into long-term international growth markets, particularly in Asia and the USA.

The acquisition of Enercore Projects has given the platform a permanent presence in Canada to support the delivery of projects across North America. In the coming year, we will continue our acquisition strategy to support the platform's ability to win work and deliver EPC projects in these regions.

The platform will pursue commissioning, maintenance and brownfields opportunities on LNG projects in Australia and internationally. In addition, to mitigate against the limited oil and gas opportunities in the short to medium term, the platform will pursue selected civil infrastructure development projects in Australia. This does not represent a focus on general contracting, but is a tactical response to the prolonged downturn in energy markets. The platform has restructured its operations to ensure it is competitively positioned for smaller opportunities and to support its ability to trade through the current downturn in its market. Business development capacity in Australia and the USA has also been strengthened.

In the mining sector, with looming supply deficits in key commodities, expectations of a price recovery in the short to medium term are firming, although it is unlikely that commodity prices will reach the levels last seen in 2011. The pipeline for large capital projects is improving in certain regions, with major projects in the bankable, pre-feasibility and feasibility stages in the Asia Pacific region and the Americas. Although the outlook for capital projects across Africa is not as strong, sub-Saharan Africa remains a key mining jurisdiction.

With most key commodities represented in its project portfolio, and with a presence in the regions where mining activity is high and projected to grow, the Underground Mining platform is well positioned to capitalise on the expected upturn in the commodity cycle. To this end, the platform is sharpening its business development initiatives, in particular by leveraging its longstanding relationships with mining clients.

The acquisition of Merit Consultants International, based in Vancouver, establishes a permanent presence on the Canadian west coast, which is the base of many mining companies.

In line with global growth trends in energy and water demand, we have clarified the specific market segments and regional opportunities that the Power & Water platform will focus on in the future. The platform will seek to differentiate its service offering through its track record for project delivery, in tandem with partnerships established in the year with key technology partners.

Energy demand in Africa is projected to outpace the global average to 2035, driven by ongoing urbanisation and electrification, providing strong prospects for power generation projects on the continent. More broadly, with the fastest growth predicted for gas and renewable energy sources, power generation is expected to account for an ever-increasing share of primary energy consumption as the world continues on a long-term trend of electrification.

In the power sector, the platform will initially concentrate on securing projects on new power generation plants to be built (coal, gas, solar, hydro and nuclear) in sub-Saharan Africa. Ultimately, the aim will be to develop a multinational footprint, and to this end, potential acquisition targets in the USA have been identified, which will enable the platform to enter this market. The platform's technology partnerships with gas-to-power and solar technology leaders will also support its growth ambition.

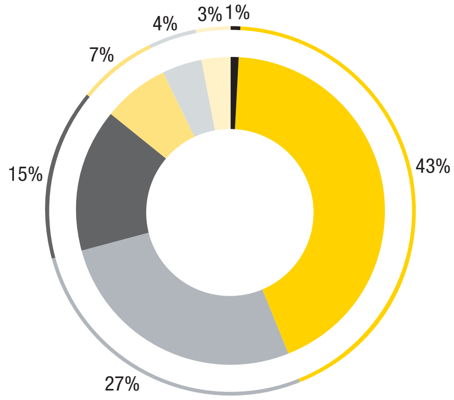
In the water sector, global demand is set to outstrip supply in excess of efficiency improvements in existing infrastructure. The water sector provides various opportunities for entry, and covers a wide spectrum of services. Water is a new business to the Group, and the platform has identified focus areas where it can provide a differentiated service offering, through partnerships with technology providers. In desalination, the scale of projects is large and the platform's partnership with Hyflux, the top global technology owner from Singapore, will focus on pursuing desalination projects in Africa, with two opportunities identified for major desalination plants in South Africa.

In wastewater treatment, the biggest demand is for treatment of sewage. The differentiation is again in the technology applied and the platform has secured a licensing agreement with Organica from Hungary. They provide an environmentally friendly technology that does not require large reticulation infrastructure and has significant decentralisation, geographic footprint and cost benefits for municipal sewage treatment. The focus for the rollout of these plants will initially be on South Africa.

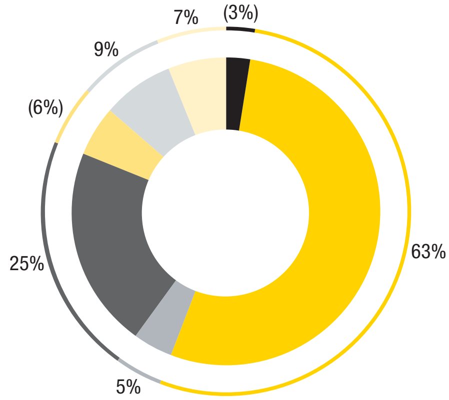
The global emergency created by acid mine drainage presents another opportunity for the platform. With no established commercially viable technology available to deal with this challenge, the plan is to acquire a company that has developed technology and a pilot plant, providing a low-risk opportunity to commercialise this technology if it is found to work effectively at scale.

The platform's final focus area will be on providing potable water treatment in rural areas across South Africa through a containerised modular solution using solar power, which will be marketed in partnership with a black women-owned company.

GEOGRAPHIC REVENUE



GEOGRAPHIC EBIT



EUROPE OCEANIA SOUTH AFRICA AMERICAS MIDDLE EAST REST OF AFRICA ASIA

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT CONTINUED

3. DIVERSIFY THE GROUP'S BUSINESS MODEL INTO HIGHER MARGIN SECTORS

Our aspiration to deliver fit-for-purpose project solutions across the project lifecycle, is premised on developing a deep understanding of our clients' needs. This requires that we develop specialised expertise and the capacity to deliver services which encompass project development, engineering, construction, commissioning, operation and maintenance, as well as decommissioning of projects.

In complement with our core project delivery capabilities, we continue to diversify our business model by expanding our services to all phases of the project lifecycle. These other phases yield higher margins and carry lower risk, albeit at lower volumes, than project delivery work.

The ability to provide comprehensive differentiated solutions enables our businesses to extract more value from opportunities and mitigate the risk associated with a portfolio of only construction work. It also provides the opportunity to strengthen relationships with clients.

The acquisition of bolt-on specialist companies in the Oil & Gas platform during the previous year has strengthened its specialist engineering and asset support capabilities, enabling the platform to secure front-end work on projects and to position it for full EPC services during project implementation.

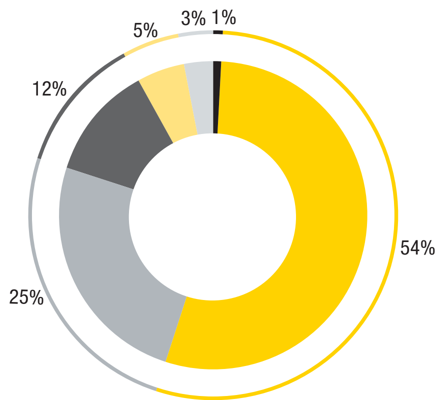
Key to the Underground Mining platform's growth strategy is its focus on early engagement with clients through upstream engineering work, and securing downstream contract mining work with the emphasis on developing 'life-of-mine' relationships with mining clients. The platform has secured contract mining projects in all major regions in which it operates and will focus on growing its contract mining portfolio to generate annuity revenue.

In the Power & Water platform, the intention is to provide a more complete specialist project service to clients across the project lifecycle.

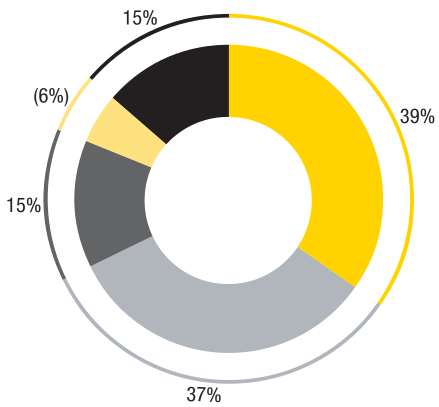
Consistent with our project lifecycle approach, and to secure longer-term annuity income, we are actively looking to invest in selected concession opportunities in which we will develop and operate projects, irrespective of whether we are involved in their construction.

In addition to our retained interest in BCC, we are in the process of securing the concession agreement for the George biomass renewable energy project in the Power & Water platform.

VALUE CHAIN REVENUE



VALUE CHAIN EBIT (BEFORE CORPORATE COST)

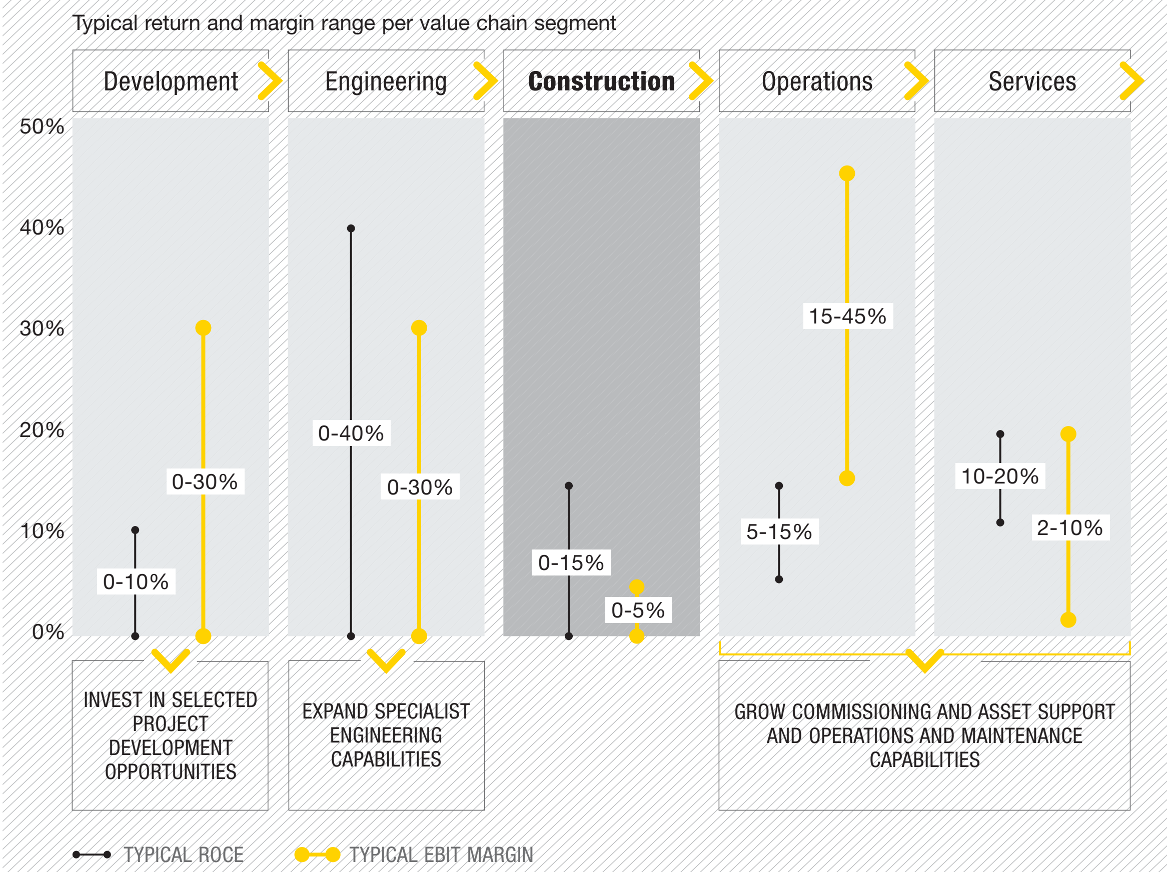


- CONCESSION INVESTMENT
- CONSTRUCTION*
- COMMISSIONING
- PLANNING & ENGINEERING
- OPERATIONS
- MAINTENANCE & REFURBISHMENT

* *Not civil and building construction*

PROJECT VALUE CHAIN

Improved returns through value chain diversification and increase contribution outside classic construction.



GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT CONTINUED

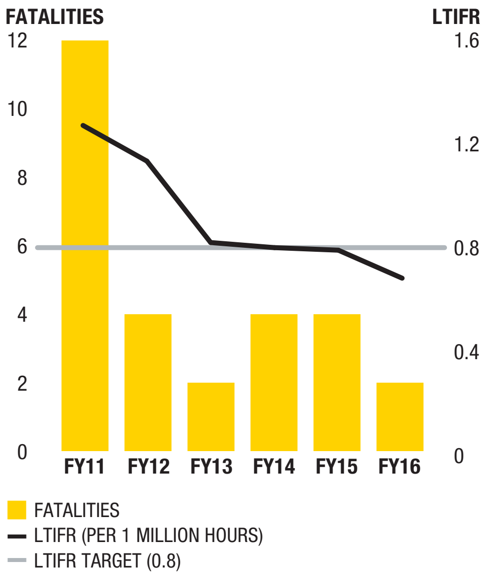
4. ENHANCE THE SAFETY, PERFORMANCE AND DIVERSITY OF OUR PEOPLE

Safety performance is a differentiating factor for clients in all our business platforms. Our main safety goal is Zero Harm to our employees, service providers and communities where we operate.

It was a testing year for Murray & Roberts in terms of safety, given the tragic incident at the Grayston project site in South Africa, where a temporary structure collapsed over a busy motorway claiming the lives of two members of the public and injuring 19 others. This, together with the death of an employee and a subcontractor in two unrelated incidents, overshadowed the benchmark safety performance we achieved in the year. We are deeply saddened by these fatalities and injuries, and again extend our sympathy to the families and friends of those who died and were injured. Subsequent to year end, the Group experienced a fatality in its I&B platform. The investigation into this incident is underway.

In the aftermath of the Grayston temporary works collapse, we provided support to the families of the deceased and to the injured. We immediately instituted an internal investigation to establish the cause of the incident. We have since presented our report to the formal Section 32 Inquiry convened by the DoL to investigate the incident.

LOST TIME INJURY FREQUENCY RATE
(PER MILLION MAN HOURS WORKED)



We are cooperating with the DoL Inquiry, which is at an advanced stage.

Our management approach to health and safety includes setting stretch targets for operations and establishing Group expectations through policies and standards to guide operations in improving health and safety performance. We seek to continuously improve our health and safety programme and performance by better understanding our risk exposure, benchmarking our practices against those of clients and peers, and implementing lessons learnt from incidents and audits.

All our businesses are required to carry out self-assessments on the entrenchment of Group safety initiatives, and are subjected to independent assurance by internal and external experts. These assessments show a maturing level of compliance, especially with respect to fatal risk control standards, aimed at preventing major accident events. Safety performance, as measured through lagging and leading indicators, is integrated into management's performance contracts to ensure the highest levels of accountability.

We continued to make improvements in our LTIFR and ended the year with a record-low rate of 0.68 (FY15: 0.79). Our LTIFR has improved by 76% over the past eight years. The TRCR, a broader indicator of safety performance, improved marginally during the year to 4.1 (FY15: 4.2).

To ensure that our safety performance does not plateau, we have continued to shift our focus to leading indicators to proactively manage our safety performance. These indicators provide information to focus management's attention on addressing key risks before they lead to injuries. VFL engagements are the focal point of leadership's commitment to safety. During the year we started to roll out the MAP programme, aimed at further preventing major accidents and fatalities on our sites. MAP ensures the implementation and verification of critical controls on high-risk activities that may give rise to major accidents and fatalities.

We continue to implement best people practices, including leadership development and succession planning, performance management, career development and ensuring ethical business practices, in line with our intention to be an employer of choice in all our markets. This is integral to our ability to compete effectively for scarce management and technical skills, and to manage our capacity requirements through the cycle, especially in responding to an upturn in business activity.

5. ENHANCE SHAREHOLDER VALUE

The business platforms have clear strategies for the next three-year planning period, aimed at fulfilling the objectives of the Group's *New Strategic Future* plan. In particular, they will focus on strengthening their business development capacity, building and maintaining relationships with clients, and proactively offering fit-for-purpose project solutions to our selected market sectors. Where necessary, the platforms will remain flexible enough to pursue complementary growth opportunities outside the natural resources sector, based on their competencies and relationships.

To navigate the uncertain conditions we expect over the next 18 months, as the recovery in the global commodity cycle remains irregular, we will continue to efficiently reduce our cost base across the Group. The platforms will focus on operational excellence to limit project losses and preserve margins. Deepening their differentiation across all aspects of project delivery will be necessary to compete effectively.

Given macroeconomic constraints on the Group's ability to grow organically, a large acquisition will be required to maintain and grow our earnings profile. To this end, we will continue to employ a rigorous process to identify potential targets that operate in the geographies and market sectors showing the highest growth potential.

As we look towards the year ahead, our commitment to *Engineered Excellence,* the guiding principle that underpins our strategy, will inform the detailed planning and execution of everything we undertake. Given the difficulties we will no doubt face, this will be especially important in ensuring we continue to advance our strategy and improve our performance.

We thank the Board, our executive team and all of our employees for their contribution to the progress we have made, in what has been both a momentous and a difficult year for the Group, in pursuit of our *New Strategic Future.*

HENRY LAAS
GROUP CHIEF EXECUTIVE

COBUS BESTER
GROUP FINANCIAL DIRECTOR

GROUP EXECUTIVE*

PETER BENNETT

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

Peter joined the Group in 2016 and was appointed to the executive committee in February 2016. He is responsible for the Oil & Gas business platform.

- Booth Welsh
- CH-IV
- Clough
- Clough Enercore
- Clough Murray & Roberts
- e2o

COMMITTEE PARTICIPATION

- Health, safety & environment

COBUS BESTER

GROUP FINANCIAL DIRECTOR

Cobus joined the Group in 2006 following the acquisition of Concor and was appointed to the Board and as Group financial director in July 2011. Cobus is a director of Murray & Roberts Limited, the chairman of Murray & Roberts International Holdings, and a director of Clough Limited. Cobus is the chairman of the Bombela Operating Company and has overall management responsibility for Murray & Roberts Concessions.

- Corporate office finance & payroll
- Financial control & reporting
- Information management & technology
- Murray & Roberts Properties
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION

- Audit & sustainability
- Remuneration & human resources
- Risk management
- Social & ethics

DR ORRIE FENN

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

Orrie joined the Group and was appointed to the executive committee in 2009. He is the executive director responsible for the Underground Mining business platform.

- Cementation AG
- Cementation Canada & USA
- Merit Consultants International
- Murray & Roberts Cementation
- RUC Cementation Mining

COMMITTEE PARTICIPATION

- Health, safety & environment

JEROME GOVENDER

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

Jerome joined the Group in 2002 and was appointed to the executive committee on 1 August 2012. He is responsible for the Infrastructure & Building business platform.

- Murray & Roberts Construction
- Murray & Roberts Concessions
- Murray & Roberts Middle East

COMMITTEE PARTICIPATION

- Health, safety & environment

STEVE HARRISON

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

Steve joined the Group in 2011 and was appointed to the executive committee in September 2015. He is responsible for the Power & Water business platform.

- Aquamarine
- Murray & Roberts Power & Energy
- Murray & Roberts Water

COMMITTEE PARTICIPATION

- Health, safety & environment

IAN HENSTOCK

COMMERCIAL EXECUTIVE

Ian joined the Group and was appointed to the executive committee in 2008. He is the corporate executive responsible for the assurance, commercial, legal and risk portfolios. Ian is a director of Murray & Roberts International Holdings and a director of Clough Limited.

- Commercial
- Forensics
- Internal audit
- Legal, compliance & ethics
- Risk & insurance

COMMITTEE PARTICIPATION

- Audit & sustainability
- Risk management
- Social & ethics

HENRY LAAS

GROUP CHIEF EXECUTIVE

Henry joined the Group in 2001 and was appointed to the Board and as Group chief executive in July 2011. Henry is a director of Murray & Roberts Limited, Murray & Roberts International Holdings and Clough Limited.

- Sustainable delivery of Group strategy & performance

COMMITTEE PARTICIPATION

- Audit & sustainability
- Health, safety & environment
- Nomination
- Remuneration & human resources
- Risk management
- Social & ethics

THOKOZANI MDLULI

HEALTH, SAFETY & ENVIRONMENT EXECUTIVE

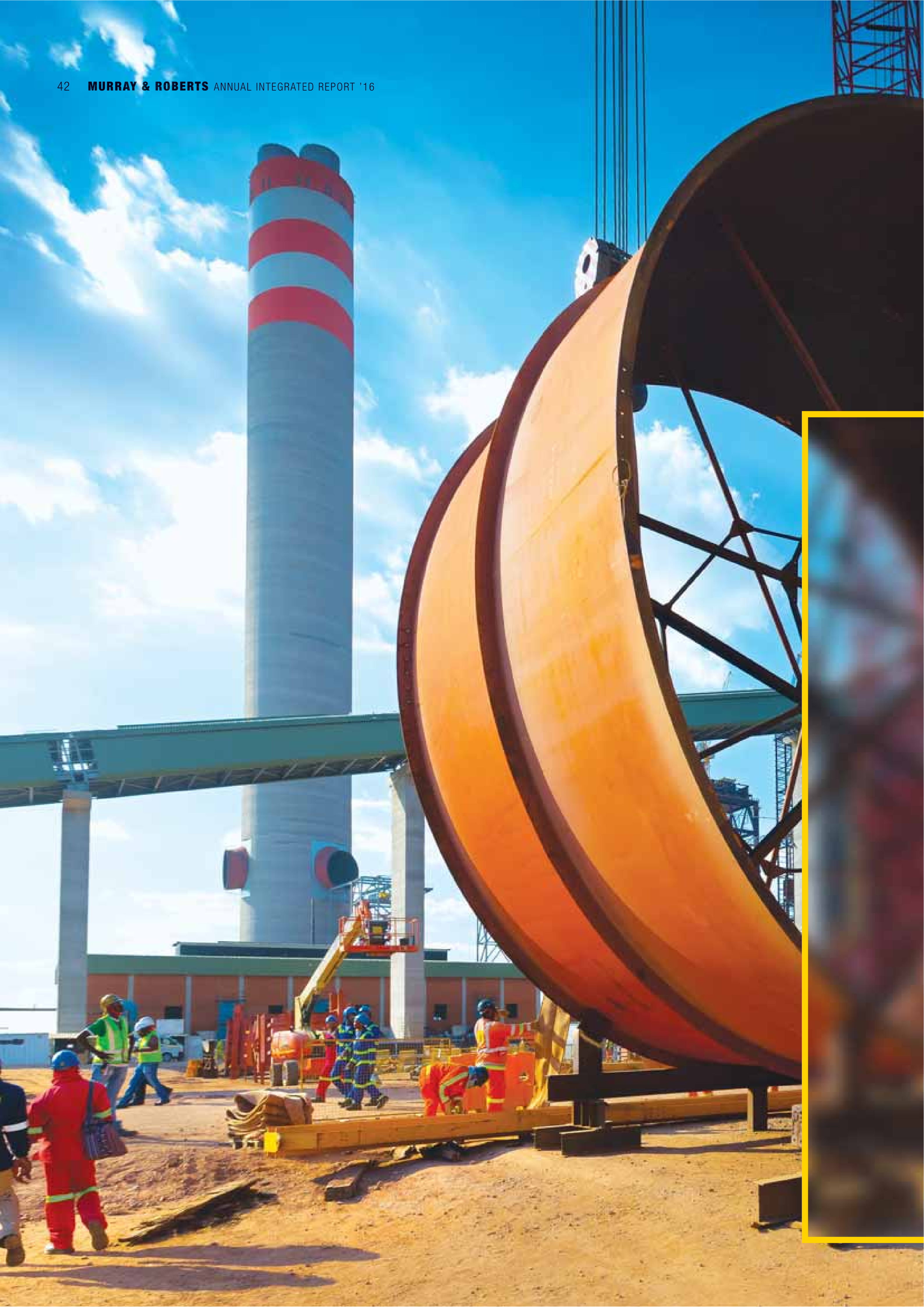
Thokozani joined the Group in 2010 and was appointed to the executive committee in 2013. He is responsible for health, wellness, safety and environment. Thokozani oversees the Group's BBBEE verification and transformation plans.

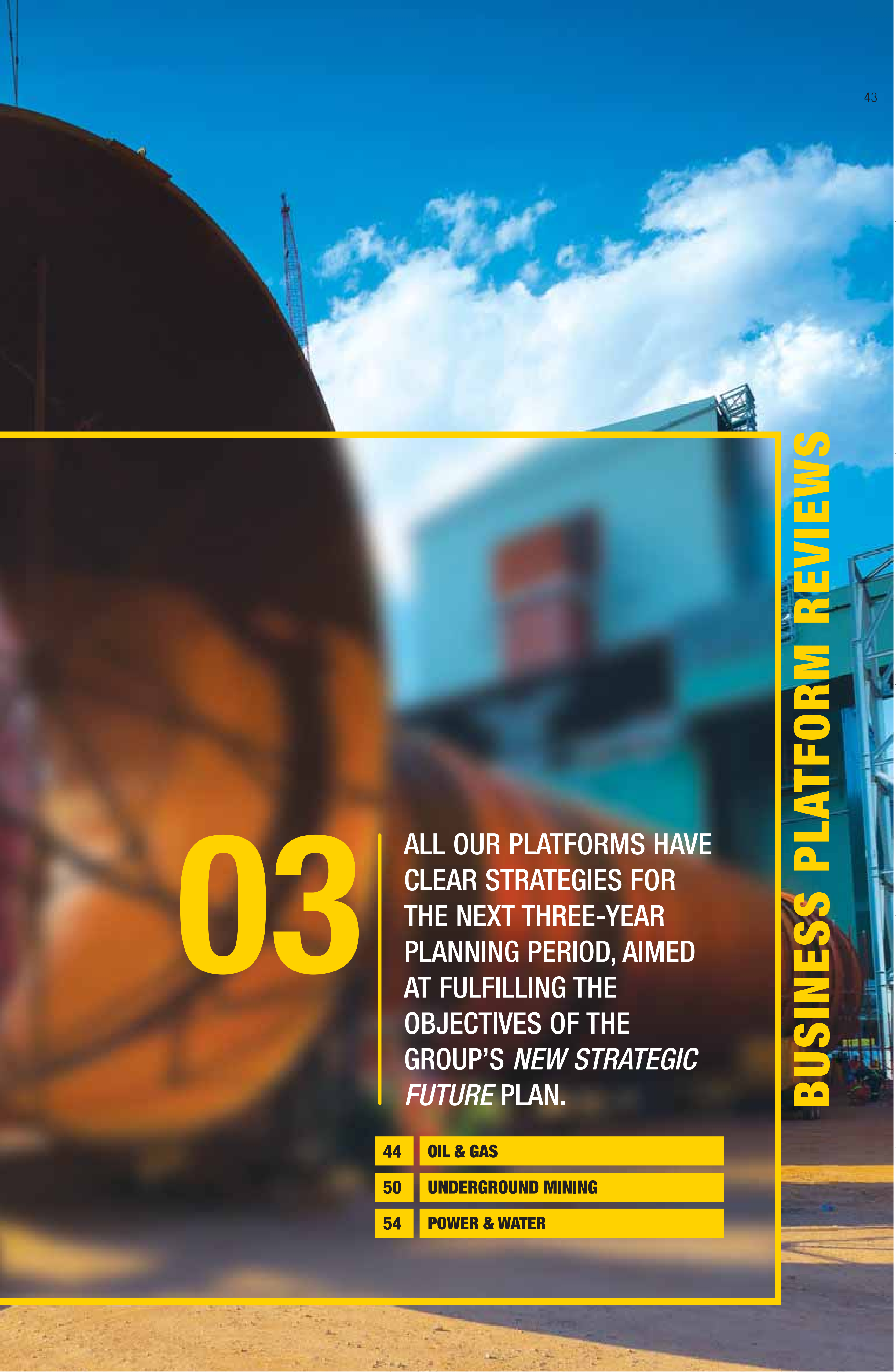
- Health, safety & environment
- Wellness
- BBBEE

COMMITTEE PARTICIPATION

- Health, safety & environment
- Social & ethics

* *As at 30 June 2016*





03 BUSINESS PLATFORM REVIEWS

ALL OUR PLATFORMS HAVE CLEAR STRATEGIES FOR THE NEXT THREE-YEAR PLANNING PERIOD, AIMED AT FULFILLING THE OBJECTIVES OF THE GROUP'S *NEW STRATEGIC FUTURE* PLAN.

OIL & GAS

"GLOBAL POPULATION GROWTH AND URBANISATION WILL CONTINUE TO DRIVE DEMAND FOR ENERGY, PARTICULARLY CLEANER-BURNING LNG."

PETER BENNETT | Business platform CEO

OVERVIEW

The businesses within this platform are:

- Booth Welsh – Ayrshire, Scotland
- CH-IV – Houston, USA
- Clough Enercore – Calgary, Canada
- Clough – Perth, Australia
- Clough Murray & Roberts – Cape Town, South Africa
- e2o – Adelaide, Australia

Instability in energy markets continued throughout FY2016, with the oil price falling to its lowest level since 2003.

The platform's strategy has subsequently been reviewed in light of the prolonged downturn in energy markets and seeks to support its revenue base through:

- Continued geographical diversification of its oil and gas service offerings into international growth markets;
- Continued focus on commissioning and brownfields oil and gas opportunities, in Australia and internationally; and
- Tactical diversification into civil infrastructure markets in Australia.

During the past year, the platform continued to provide a range of engineering, construction, commissioning and brownfield services to some of the world's largest LNG projects, and despite declining market conditions, delivered financial results in line with management expectations.

FINANCIAL

The platform experienced a reduction in revenue and operating profit in FY2016 as a number of the major greenfields LNG projects in Australasia transition from their construction to operations phases. This transition was anticipated and strategies were put in place over previous years to focus the business towards brownfields, maintenance and capital works projects in this market.

The market response to the sudden and significant decline in global energy prices was more abrupt than anticipated. Global energy producers deferred or cancelled several major new projects and, in the short term, deferred discretionary brownfields expenditure to preserve cash.

These macro factors negatively impacted the financial performance of the platform. Revenue decreased to R11,2 billion (FY15: R11,8 billion) while operating profit fell by 37% to R525 million (FY15: R838 million), as clients reduced contracted rates on projects and extended payment terms, and competition for work intensified.

Revenue was generated largely on continuing greenfield Australian LNG projects: Chevron's Wheatstone and Gorgon projects, and INPEX's Ichthys LNG project. The North American, UK and Australian businesses also made material contributions to revenue and this was enhanced with the acquisition of Enercore Projects in Canada, subsequently renamed Clough Enercore.

The order book at year end was R6,4 billion (FY15: R8,4 billion). The reduction in order book reflects the winding down of a number of large projects and the current challenging oil price environment. It is expected that if the oil price stabilises around USD50 per barrel, confidence in the sector could return and project opportunities previously deferred could be reinstated. Through the continued expansion into international markets and the diversification into complementary infrastructure markets in Australia, the platform aspires to contribute significantly to the Group's earnings in future.

LEADERSHIP

On 1 February 2016, Peter Bennett was appointed as the chief executive officer of the platform. Peter succeeded Kevin Gallagher, who resigned to lead a major oil producer in Australia.

During the year the leadership team was strengthened with key appointments. Roberta Selleck (HSSE manager), Christian Ainslie (group general counsel and company secretary) and Lana King (head of human resources), were promoted to the executive committee. Business development was also restructured to be independent of operations and is headed by Raj Ratneser.

Two proprietary programmes were also launched: MAP, which implements and verifies critical controls on high-risk project activities and Clearview Assurance, which optimises governance and productivity on projects.

Operating model

Considering the depressed energy market, the business was rightsized and streamlined to become more competitive in winning smaller projects.

The overhead cost base was significantly reduced, which will result in an annual saving of approximately AUD40 million. The restructuring has eliminated duplication across the business and the previous multiple-unit business structure has been replaced with two regional operating divisions:

- Australia & Asia Pacific Operations; and
- Americas & EMEA Operations.

The two regional operating divisions will focus on delivering specialised EPC services to their respective regions. The operating divisions are also leveraging Clough's client network in Australia to develop and maintain relationships beyond Australia and support the expansion of services across the project lifecycle.

	ENGINEERING		**CONSTRUCTION & FABRICATION**		**GLOBAL MARINE***		**COMMISSIONING & BROWNFIELDS**		**CORPORATE OVERHEADS AND OTHER**		**TOTAL**	
R MILLIONS	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenue	**2 707**	4 679	**126**	705	**936**	2 085	**6 977**	3 384	**466**	953	**11 212**	11 806
Operating profit/(loss)	**329**	666	**(13)**	103	**(4)**	51	**735**	389	**(522)**	(371)	**525**	838
Margin (%)	**12%**	14%	**(10%)**	15%	**0%**	2%	**11%**	11%	**–**	–	**5%**	7%
Order book	**1 574**	4 405	**1 208**	–	**341**	832	**3 306**	3 209	**–**	–	**6 429**	8 446
Segment assets											**2 919**	3 675
Segment liabilities											**2 072**	2 808
People											**1 464**	2 495
LTIFR (fatalities)											**0.18(0)**	0.24(0)

* *With effect 1 July 2014, Marine is reported under the Oil & Gas platform under Global Marine.*

OIL & GAS CONTINUED

Seven strategic imperatives will underpin the platform's achievement of its growth aspiration:

01	BUILD A GLOBAL OIL AND GAS EPC AND EPCM PRODUCTS AND SERVICES BUSINESS
02	BUILD A GLOBAL OIL AND GAS COMMISSIONING AND BROWNFIELDS BUSINESS
03	SELECTIVELY PARTICIPATE IN THE WATER, POWER AND INFRASTRUCTURE BUSINESS IN AUSTRALIA
04	ENTER AND GROW THE ASIA PACIFIC OIL AND GAS EPC BUSINESS
05	GROW THE NORTH AMERICAN OIL AND GAS EPC BUSINESS
06	GROW EMEA OIL AND GAS EPC BUSINESS
07	SUSTAINABLY REDUCE OVERHEADS

"IT IS EXPECTED THAT IF THE OIL PRICE STABILISES AROUND USD50 PER BARREL, CONFIDENCE IN THE SECTOR COULD RETURN AND PROJECT OPPORTUNITIES PREVIOUSLY DEFERRED COULD BE REINSTATED."

Governance

The platform continues to align its management systems and policy frameworks to the needs of a global business in order to achieve the highest standards of project delivery, business integrity, ethics and corporate governance. Every Clough employee completed Code of Conduct training to reinforce ethical business practices internally and externally.

RELATIONSHIP

Stakeholder engagement

No work stoppages were experienced on any project sites, however a number of matters were taken to various industrial tribunals.

A difficult matter arose on the Wheatstone Hook-up and Commissioning project with a claim from the three maritime unions, relating to personnel supplied by a maritime manning agent to the Accommodation Support Vessel Operator. The platform provided significant support to its lower-tier contractors and directed their strategy on this case. The Maritime Union of Australia has now withdrawn their claim and defence of this matter saved our client approximately AUD8 million.

Managing human capital

The platform remains committed to providing ongoing development opportunities for its people. In the pursuit of excellence, individual development needs are assessed predominantly through the annual performance review and capability review processes.
The approach to talent management was reinvigorated during the year, with a bespoke online tool launched to support the process.

The PMA, launched in FY2015, has continued with strong executive support and a committed cohort of participants. During the year, all initial participants successfully completed Level 1 training, with Level 2 commencing in May 2016. Level 2 modules are designed to teach participants best practice approaches for the various project lifecycle activities and include learnings to enhance both technical and leadership skills. Completing Level 2 training is expected to take 18 months. The deployment of an online solution allows for efficient training, irrespective of work location.

Refining the approach to learning and development over the next 12 months is critical to maximise the reach and effectiveness of the development spend. Focus areas are leadership development, the PMA and other business-critical training.

OPERATIONAL

Project activity declined during the year as the projects that were under construction reached completion, with no new construction projects awarded. Geographic expansion continued as the platform develops its global network of engineering and operating centres. The platform currently has no projects in distress.

Australia & Asia Pacific Operations

This division was the largest contributor to platform revenue and profit, although its performance was impacted by the sharp decline in global energy prices, which caused clients to renegotiate contract terms, extend payment terms and delay future project investment. This trend is expected to continue into FY2017. Significant reduction in expenditure was required to preserve gross margins and remain cost competitive in pursuing smaller brownfields and maintenance project opportunities.

Major project work was completed on projects in Australia, including the construction of the first LNG Train on the Gorgon LNG Project with construction on Trains 2 and 3 continuing.

The Wheatstone LNG Jetty was completed ahead of schedule, which established a good basis for the commercial settlement negotiations on several unresolved claims. The Wheatstone Jetty project won the Group's project of the year safety award.

Subsidiary company e2o continued to support clients, performing commissioning work on the Gorgon and Wheatstone LNG projects. As these projects move into their operational phases, e2o will continue to provide ongoing operational support. Strong operational performance was also delivered on the hook-up and commissioning contract for the offshore Wheatstone platform, and substantial hook-up contracts were secured on the Ichthys LNG project offshore facilities, thereby continuing Clough's leading role on this project.

The Clough-Amec Foster Wheeler joint venture continued to undertake work on the ConocoPhillips Bayu-Undan contract, successfully completing scheduled maintenance work during the year. Clough continued to provide brownfield services to support Chevron and ENI's Australian operations, which present opportunities for future project work.

Americas & EMEA Operations

The near-term future will continue to present ongoing challenges and uncertainties due to the cyclical nature of the oil and gas industry. However, the division is structured and positioned to grow the relevance, size and capability of its global operations, and forging long-term relationships with clients in this region will be important to secure work and repeat business.

Solid advancements and results were achieved in line with the platform's global expansion strategy. The platform is continuing to grow its bolt-on acquisitions through leveraging the niche capabilities of these subsidiary companies across the platform's global operations and expanding their service offerings across the project value chain.

CH-IV, acquired during FY2015, continued to grow in line with expectations, securing a number of small but key contracts with Eagle LNG, National Grid and Freeport, providing specialist front-end engineering and regulatory support services. These contracts support the platform's *Early Contractor Involvement* strategy of securing front-end work on projects with the ultimate objective of taking on larger full EPC work packages during the project implementation phase.

EC&I engineering firm Booth Welsh, also acquired during FY2015, continued to further develop specialist EC&I products and services. These products and services provide benefits to clients through achieving improved asset performance in areas such as process efficiency, automation, operating costs, reliability and safety. Booth Welsh secured extensions of several framework agreements in the UK with clients such as GlaxoSmithKline, EDF Energy, Scotia Gas Networks and DSM.

During FY2016, the engineering company Enercore Projects was acquired to establish a permanent presence in Canada and now provides engineering capability and operational flexibility to support the delivery of projects in the North America region.

A regional structure has been implemented based on a project operations approach. During the year, there was a strong focus on operational performance and technical excellence, including HSSE performance, improvement of project delivery processes, enhanced functional support services, intercompany support and work share. A key focus has been cost control and aligning cost levels to current market conditions. Further steps are underway to establish stronger project delivery capability across the region.

Currently, corporate M&A activity is focused on developing EPC capability in the North American markets.

OIL & GAS CONTINUED

RISK

Health and safety

The platform has maintained a strong safety performance, celebrating 224 consecutive days LTI free at year-end.

During the year, the platform continued to apply its award-winning (2015 Coffey IFAP Safety Innovation Award) MAP programme. The implementation of the programme has had a positive impact with no fatal incidents recorded since the programme's formal inception in January 2015.

Projects across the platform have committed to strong HSSE awareness with continual improvement in the reporting of leading indicators. The Wheatstone Jetty project has been recognised through the Best Safety Performance at Project Level award by the Group. The project was successfully completed and fully demobilised in June 2016 without any lost time incidents. The project duration was two and a half years with 1.65 million man-hours worked.

Technical and structural improvements were introduced to the HSSE management system during the year to better meet business requirements and align with the Group HSE Framework.

Environment

The platform has sustained a strong environmental performance with no serious environmental incidents or incidents of non-compliance occurring during FY2016.

Significantly, the quarantine management programme implemented by Kellogg Joint Venture (Clough share 20%) to support the Gorgon LNG project, has provided biosecurity of the Barrow Island Class "A" nature reserve. This programme involved inspection and as required fumigation of all mobile plant, equipment and supplies to prevent the introduction of any plant, animal or other biota to the waters and island throughout the five years of the construction programme.

In collaboration with clients, projects have continued to implement waste management programmes, which reduce waste generation from shipping and packaging, while optimising recycling of construction materials.

The platform continues to monitor greenhouse gas emissions with the direct carbon footprint related to power consumption remaining at low levels. During FY2016 a reduction in air travel resulted in a 32% decrease in air travel-related CO_2 equivalent emissions per capita.

Risk management

The platform actively reviews enterprise and business risks to ensure controls are being progressed and closed-out in line with commitments made by the various risk control owners. This year, a project governance module was presented to the project management academy cohort. This module included training on the Group contracting principles, commercial principles and Clough risk management processes.

To further business development, relationships with clients and potential joint venture partners are being expanded.

Operating cost reduction remains a key focus area. This includes the optimisation of commercial office space in West Perth and Perth CBD offices, the implementation of a group-wide brokered cloud-based IT service delivery model and optimising divisional support costs and indirect project costs.

PROSPECTS

The energy markets remain depressed and are expected to remain depressed for the next 12 to 18 months. The catalyst for improved market conditions will be an increased and more stable oil price. The platform is well positioned in the market and its international expansion plans will bear fruit when new project investment in the energy sector returns.

As a result of the depressed markets, an even stronger emphasis will be placed on order book growth throughout the coming year. Global business development will be enhanced through a newly appointed business development and commercial team, which will focus on the following priorities:

- International expansion opportunities;
- Presenting to clients the full project lifecycle service offering and contracting model; and
- Focusing on existing relationships with clients in Australia to be better positioned for participation in their international LNG projects over the medium term.

The platform will continue with the global expansion of its oil and gas EPC project services in growth markets, particularly in Asia and North America, as well as selected African markets. Business in Australia will primarily come from commissioning and brownfields opportunities on LNG facilities, which is a large and growing market, although highly competitive, as well as selected government infrastructure project opportunities.

UNDERGROUND MINING

"THE PLATFORM'S SUCCESS IN SECURING PROJECTS ASSOCIATED WITH MINING COMPANIES' ONGOING INFRASTRUCTURE REPLACEMENT AND DEVELOPMENT SPEND CONTRIBUTED TO THE PLATFORM'S IMPROVED PERFORMANCE DURING FY2016."

DR ORRIE FENN | Business platform CEO

OVERVIEW

The businesses within this platform are:

- Cementation AG – Salt Lake City, Canada
- Cementation Canada – North Bay, Canada
- Cementation USA – Salt Lake City, Canada
- Cementation Sudamérica – *The office was closed in March 2016 and will now be serviced from North Bay, Canada*
- Merit Consultants International
- Murray & Roberts Cementation – Johannesburg, South Africa
- RUC Cementation Mining – Perth, Australia

Underground Mining's geographic footprint is extensive and its service offering spans the project value chain including specialist engineering, shaft construction, mine development, specialist mining services including raise boring and grouting, and contract mining.

The platform is currently working on the construction of 15 shafts and eight decline projects in Canada, USA, Australia, South Africa, Zambia and Indonesia, and employs 50 raise and blind-hole boring machines globally; one of the largest fleets of 'large-diameter' boring machines in the world. The platform has also sunk the deepest single-lift shafts in South Africa (South Deep: 3 000m), USA (Resolution: 2 100m) and Canada (Kidd: 1 600m).

Notwithstanding the impact of weak commodity prices, the Underground Mining platform recorded a robust financial performance. Mining companies continued to preserve capital, which limited the number of project opportunities associated with new mines. The platform's success in securing projects associated with mining companies' ongoing infrastructure replacement and development spend, contributed to the platform's improved performance during FY2016.

FINANCIAL

Revenues increased 16% to R8,8 billion (FY15: R7,6 billion), and operating profit increased 23% to R506 million (FY15: R411 million). While still strong, the order book declined to R14,2 billion (FY15: R16,8 billion), due to the cancellation or postponement of several large projects where the businesses had either been awarded the project, were frontrunners, or were one of two preferred bidders. The order book includes R4,8 billion for the Kalagadi project, which is yet to commence.

During the year, the impact of loss-making projects in Murray & Roberts Cementation was negligible, with Sasol's Impumelelo coal mine project, after four years of posting losses, delivering a profit. Booysendal and Venetia underperformed, affected by community unrest. Murray & Roberts Cementation's African (outside of South Africa) projects performed well.

The North American operations delivered a strong set of results with both Cementation Canada and Cementation USA exceeding expectations.

RUC Cementation Mining delivered results well above the previous year due to its service offering and geographic diversification strategies.

The Cementation Sudamérica office in Santiago was closed as part of a cost cutting initiative, and this market will now be serviced from North Bay. The closure cost, although not material, negatively impacted platform performance.

LEADERSHIP

Key to the platform's growth strategy is a focus on early engagement with clients through upstream engineering work, and establishing long-term, annuity income opportunities through downstream contract mining work. This is done with the emphasis on developing 'life-of-mine' relationships with clients. Including the Kalagadi Manganese project, over 50% of the platform's order book is contract mining-based, the majority being for mid-tier mining clients. It is uncertain when the notice to proceed on the Kalagadi project will be received. The platform has contract mining contracts in South Africa, Australia, the USA and Canada and aims to grow its portfolio of contract mining projects further.

Murray & Roberts Cementation is leveraging the capabilities of the other businesses in the platform to enhance its competitive position locally and in Africa. The involvement of RUC Cementation Mining both operationally and when compiling tenders, has proven effective on trackless mining opportunities, and the objective is for Murray & Roberts Cementation to further develop its trackless mechanised mining service offering considering the pipeline of opportunities that will be utilising this mining method. In some regions on the African continent, the business is investigating partnering with local companies to improve its prospects. The Zambia office has demonstrated the success of the platform's strategy to establish a local presence in targeted geographic regions.

Murray & Roberts Cementation is focused on improving its risk, project and commercial management to maintain and enhance project margins. To improve its project management capability, project managers and key project support employees are required to complete a certified project management programme, aligned to the Murray & Roberts Project Management and Project Assurance Frameworks, under the auspices of the International Project Management Institute. The business has also continued to develop its project management office, which drives project management excellence through increased project oversight and assurance at all levels of operation.

North America has been identified as an attractive region for future growth. Cementation Canada carries out work from coast-to-coast, operating from its base in Ontario with offices in Quebec and British Columbia. To bolster organic growth, Merit Consultants International was acquired in November 2015. Based in Vancouver, Merit Consultants International provides a full range of project and construction management services to the global mining industry, and establishes a Canadian west coast presence for Cementation Canada to provide further access and support to the mining industry in British Columbia and surrounding provinces.

Cementation USA is now established as one of the USA's leading mining contractors. A new services business, Cementation AG, was formed in March 2015 to serve as an entry point into the mining and minerals bulk material handling sector. Operating out of Salt Lake City, the business is actively involved in several projects.

In South America, progress in growing the platform's regional footprint has been slow. After minimal opportunities over the past four years the office in Santiago was closed. Raise boring, engineering and other speciality work in the region is still being tendered with support from both Cementation Canada and Cementation USA.

	AFRICA		AUSTRALASIA		THE AMERICAS		TOTAL	
R MILLIONS	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenue	**3 640**	3 770	**1 392**	830	**3 756**	2 965	**8 788**	7 565
Operating profit/(loss)	**86**	117	**125**	61	**295**	233	**506**	411
Margin (%)	**2%**	3%	**9%**	7%	**8%**	8%	**6%**	5%
Order book	**9 731**	11 877	**1 924**	1 812	**2 603**	3 058	**14 258**	16 747
Segment assets	**955**	1 170	**809**	620	**1 867**	1 613	**3 631**	3 403
Segment liabilities	**944**	1 064	**205**	119	**724**	596	**1 873**	1 779
People	**5 407**	5 745	**919**	659	**1 048**	1 168	**7 374**	7 572
LTIFR (fatalities)	**2.39(1)**	2.25(2)	**0.51(0)**	0.0(0)	**2.08(0)**	1.67(1)	**2.11(1)**	2.00(3)

UNDERGROUND MINING CONTINUED

"THE PLATFORM IS CURRENTLY WORKING ON THE CONSTRUCTION OF 15 SHAFTS AND EIGHT DECLINE PROJECTS IN CANADA, USA, AUSTRALIA, SOUTH AFRICA, ZAMBIA AND INDONESIA, AND EMPLOYS 50 RAISE AND BLIND-HOLE BORING MACHINES GLOBALLY; ONE OF THE LARGEST FLEETS OF 'LARGE-DIAMETER' BORING MACHINES IN THE WORLD."

RUC Cementation Mining continues to expand and promote its mine development service offering, driven by a new brand and market positioning strategy, and is actively exploring opportunities to further expand into the Asia Pacific region where the majority of its revenue is now generated.

David Meyer, previously Murray & Roberts Group corporate finance executive, was appointed as platform chief financial officer, succeeding Daniël Grobler who was appointed managing director of Murray & Roberts Cementation in June 2015.

Leadership development remains a priority in line with the Group's Talent Management Framework. Talent reviews were conducted to assess the strength for leadership and senior management succession. Developmental plans are in place to ensure the platform's leadership is empowered to deliver on its strategic objectives.

Transformation and diversity remain key focus areas in the South African operation, which retained a Level 4 rating under the current Construction Sector Charter. It is expected that this rating will move to Level 5 when assessed against the new codes.

RELATIONSHIP

Ongoing collaboration among the Underground Mining platform businesses provides a competitive advantage. The mechanised mining skills and expertise of the Australian operations, and specialised shaft sinking skills of the North American operations, continue to complement the South African operation's capabilities, particularly during the tendering process.

The platform's 'life-of-mine' strategy, which is to work with clients to provide a service over an extended period of time, is a key component underpinning platform performance, as is evident in FY2016 results with respect to the increasing contribution from contract mining.

Maintaining positive employee relationships contributes significantly to project performance. Good progress was made in the implementation of specific components of the Employee Relations Framework in the South African operations. The framework aims to understand and address issues that inhibit performance as well as issues that influence morale and organisational culture within the business. A three-year wage agreement between Murray & Roberts Cementation and its industry unions was concluded.

The shortage of production, engineering and technical skills in South Africa continues to be a major concern, as is the movement of skilled staff between employers. To address this, Murray & Roberts Cementation is focusing on retention, skills development and establishing a strong succession pipeline. It also participates in the annual Deloitte Best Company to Work For survey to understand and implement what is required to qualify as an employer of choice. RUC Cementation Mining participated in the survey for the first time and received positive feedback from its employees. Cementation Canada has been recognised six times as one of Canada's Top 100 Employers by Mediacorp, and twice as one of The Financial Post's Ten Best Companies to Work For.

The company has also been recognised as one of the safest employers in Canada over the last two years.

Skills development is undertaken through the platform's world-class training facility at Bentley Park, Carletonville. The facility is ISO 9001, ISO 14001 and OHSAS 18001 certified, and is accredited by the Mining Qualifications Authority to provide training in engineering, mineral extraction and occupational health and safety, and to offer Adult Basic Education and Training. It is also a member and approved training provider of the British Safety Council in the areas of health, safety and risk.

OPERATIONAL

Murray & Roberts Cementation progressed its Africa strategy through the Kitwe office in Zambia, completing the shaft sinking and equipping at Mopani Copper's Synclinorium mine and making good progress on the shaft sinking and mine development at their Mufulira mine. In South Africa, two projects performed below expectation: De Beers' Venetia mine project (where the Canadian mechanised method of shaft sinking is being used for the first time in South Africa), and Northam Platinum's Booysendal mine, which were both affected by community unrest, impacting productivity. Initiatives are underway to restore tendered margins on both projects.

Market conditions in Australia improved, particularly in the gold mining sector and for large-diameter raise boring work. There were further increases in the scope of work at the Freeport project in Indonesia where RUC Cementation Mining has been successful in transferring skills to the local workforce. The Saracen Minerals Karari gold mining project received a one-year contract extension. Here, contract mining has commenced, Load Haul Dumpers are being used. Automated production drilling is under consideration.

Raise boring activity was significantly up on the prior year with fleet utilisation approaching 70%. Key raise boring work secured included projects at Newmont Mining's Callie mine, Sandfire's Degrussa mine, Western Areas' Spotted Quoll mine and at Freeport and Karari. The order book for FY2017 currently exceeds FY2016 revenue. RUC Cementation Mining was unsuccessful in securing work at Rio Tinto's Oyu Tolgoi in Mongolia.

Cementation Canada posted strong returns driven by good performances from Compass Minerals' Goderich shaft rehabilitation and Rio Tinto's Diavik contract mining projects, among others. It was also awarded a contract to develop Pretium Resources' Brucejack gold mine in Northern British Columbia. Cementation Canada continued to make inroads into the European market with engineering-led projects including Sirius Minerals' York Potash mine, but despite being one of two shortlisted contractors for the shaft sinking work, failed to secure the downstream construction work.

Cementation USA continued to perform well at Lundin's Eagle mine and Rio Tinto's Kennecott mine. Cementation USA's work at Lundin's Eagle Mine includes a best-in-class safety record, bringing the mine into production three months ahead of schedule, and exceeding targeted production rates. Based on this performance, Cementation USA has recently been awarded a 'life-of-mine' production contract at Eagle and will continue to carry out all underground development and production operations associated with the orebody.

RISK

Regrettably, one fatal incident was recorded during the year when Mike Mwenda sustained fatal injuries at the Mufulira shaft sinking and development project in Zambia. Murray & Roberts Cementation has extended its condolences to the family of the deceased.

The platform fully subscribes to the Group's HSE Framework, measuring its safety performance by focusing on both lag and lead indicators. LTIFR at year end was an industry-leading 2.1, despite the negative impact on Murray & Roberts Cementation of disruptions caused by community unrest at certain projects. RUC Cementation Mining's 30-month run without a LTI ended in January 2016. On a positive note, there was a three-fold reduction in high potential incidents recorded during the year, while the platform commenced rollout of the MAP programme designed to prevent serious incidents and fatalities on projects. The platform continually seeks to address differences in safety performance between the South African and international operations by identifying and sharing best practices.

Murray & Roberts Cementation, Cementation Canada and RUC Cementation Mining are OHSAS 18001, ISO 9001 and ISO 14001 accredited. No environmental issues were encountered during the year.

Each business has its own risk register which is reviewed and updated monthly. The platform chief executive officer also reviews the platform's overall risk profile on a quarterly basis for discussion at Murray & Roberts Limited's risk committee. All project opportunities are logged on the Opportunity Management System, which tracks and processes opportunities and subjects them to a series of risk tolerance filters to develop a project-by-project risk profile. Projects that do not meet the requisite risk profile are presented to the risk committee for approval. With the focus on managing concentration of risk in the client base, the overall project portfolio is based on a wide spread of commercial and contractual arrangements. In South Africa, the lack of specialised contracting and shaft sinking skills, which directly impacts the platform's ability to deliver on projects, and the ongoing threat of industrial action, are considered key risk areas.

PROSPECTS

The platform anticipates demand for commodities to increase in the medium term as the commodity cycle bottoms out and demand and prices increase. There is a large investment pipeline of underground projects in regions where the platform has a presence, while mining companies' ongoing infrastructure replacement spend to sustain their operations will continue. With its global footprint, and the ability to pool and leverage its resources, the platform is well-placed to win and execute work for its clients when market conditions improve. Most key commodities are represented in the current portfolio of projects and significant opportunities for organic growth will arise when mining activity picks up.

POWER & WATER

"THE PLATFORM'S SERVICE OFFERING SPANS THE FULL PROJECT LIFECYCLE, FROM PROJECT DEVELOPMENT TO EPC, WITH A FOCUS ON TRADITIONAL MECHANICAL, ELECTRICAL AND INSTRUMENTATION CONSTRUCTION SERVICES, AS WELL AS OPERATIONS AND MAINTENANCE SERVICES."

STEVE HARRISON | Business platform CEO

OVERVIEW

The businesses within this platform are:

- Murray & Roberts Power & Energy, with a primary focus on the Medupi and Kusile power programme, as well as opportunities in the power and other complimentary markets (oil, gas, resources and minerals); and
- Murray & Roberts Water (including Aquamarine Water Treatment) with a specific focus on water and wastewater treatment (domestic and industrial).

The Power & Water platform underwent extensive restructuring in the final quarter of FY2015, following substantial losses recorded on several projects. In early FY2016, a further alignment of focus and organisational adjustment was undertaken to enhance the platform's project delivery and business development capability.

The platform's service offering spans the full project lifecycle, from project development to EPC, with a focus on traditional mechanical, electrical and instrumentation construction services, as well as operations and maintenance services. The platform's capacity and capability is complemented by strategic partnerships.

The platform was appointed as preferred bidder for the George Biomass project, under the Small Projects Renewable Energy programme by the South African Department of Energy. While a relatively small project, Murray & Roberts Power & Energy will participate as a developer, EPC contractor and operator, which is of strategic significance. Murray & Roberts Power & Energy also secured a power station refurbishment contract in Botswana. Furthermore, South Africa and the rest of Africa lack water treatment capacity and current infrastructure is ageing, which provides opportunities in the medium to long term.

The platform leads the Group's focus in West and East Africa with offices in Accra, Ghana and Maputo, Mozambique. Murray & Roberts Power & Energy currently has an EPC fuel storage project in Takoradi Port, Ghana and there are emerging gas-to-power projects that the platform is tracking with its partners in Mozambique.

FINANCIAL

Revenue increased to R4,3 billion (FY15: R3,6 billion) and the order book was stable at R6,7 billion (FY15: R6 billion). The platform recorded an operating profit of R27 million (FY15: loss R152 million) despite significant write-offs on legacy projects amounting to R230 million. The Medupi and Kusile power projects remain the largest contributors to platform revenue and profit.

Genrec experienced challenging market conditions and recorded a loss of R108 million (FY15: R18 million). Genrec is the Group's only manufacturing business, following the sale of several construction product manufacturing businesses in prior years. The Group has decided to divest from Genrec and has engaged in a sales process with prospective buyers. Due to the decision to divest from Genrec, these results are reported as part of discontinued operations and not as part of the platform's results.

Platform overhead costs were reduced and all projects undertaken in the power, water and complementary market sectors returned profits in the year.

The corrective action taken during FY2016, particularly with respect to project and commercial management and the reduction in overhead costs, will position the platform well to increase profitability in FY2017.

LEADERSHIP

The first task of the newly appointed platform chief executive, Steve Harrison, was to stabilise the platform after the restructuring, by ensuring that the strategy was understood by all internal stakeholders and that clear performance targets were set and assuring alignment in management effort. Significant time has been invested in defining and refining the platform's strategy and putting detailed execution plans in place.

The platform's objective is to grow its power and water business in sub-Saharan Africa and selected international markets. The strategic intent to provide a more complete specialist project service to clients across the project lifecycle is receiving executive attention. This includes growing the platform's repair, operations, maintenance and shutdown capabilities across all market sectors. The completion of the Eskom power programme at Medupi and Kusile will create significant opportunity for maintenance services that could be provided by Murray & Roberts Power & Energy's skilled and experienced workforce, having previously worked on these projects.

During FY2015, brand awareness campaigns and marketing initiatives were undertaken, aimed at increasing the platform's profile as an EPC and operations and maintenance contractor in the power and water sectors in Africa. This effort has resulted in a number of approaches to the platform with a view to partnership and collaboration.

The platform remains committed to the enhancement of its leadership capabilities and strength. A renewed focus on performance management has been launched together with supporting development programmes. South Africa is experiencing a shortage of skilled artisans and supervisors, and the platform is committed to developing these skills.

A medium-term plan has been implemented to employ national professionals in the African hubs to ensure legislative compliance, adherence to local customs and to grow business. Well-respected national business leaders in the platform's sectors of operation have been appointed to the respective company boards in non-executive director roles to help facilitate these objectives.

The platform achieved a BBBEE Level 3 rating based on the current code of good practice. It is expected that this rating will move to Level 4 on the new codes and initiatives are underway to improve on this score. Transformation continues to be a challenge in top management, however this year 60% of promotions to middle management levels were from black employees (African, Coloured and Indian). This result is underpinned by the fact that 74% of junior management is black, with many being developed and coached for advancement. Employment equity is the single biggest area for improvement with respect to the BBBEE rating.

RELATIONSHIP

The platform invests significant time and resources in developing relationships to better understand our stakeholder issues, developing business opportunities, obtaining access to selected technologies, entering new project value chain segments and mitigating risk.

Skilled and experienced employees are key to successful project delivery and in this respect, the platform's current headcount is

	POWER PROGRAMME[1]		OTHER[2]		TOTAL	
R MILLIONS	**2016**	2015[3]	**2016**	2015[3]	**2016**	2015[3]
Revenue	**3 600**	2 827	**676**	790	**4 276**	3 617
Operating profit/(loss)	**216**	170	**(189)**	(322)	**27**	(152)
Margin (%)	**6%**	6%	**(28%)**	(41%)	**1%**	(4%)
Order book	**5 892**	5 194	**791**	804	**6 683**	5 998
Segment assets	**1 146**	845	**556**	1 019	**1 702**	1 864
Segment liabilities	**886**	719	**460**	469	**1 346**	1 188
People	**5 282**	4 995	**565**	1 279	**5 847**	6 274
LTIFR (fatalities)	**0.70(0)**	0.41(0)	**0.70(0)**	0.23(0)	**0.70(0)**	0.35(0)

1 Power programme contracts.

2 Includes Power & Water non-power programme projects.

3 Restated for discontinued operations.

POWER & WATER CONTINUED

around 6 400 employees, of which 213 are head office based, providing operational enablement and shared functional and commercial support.

In the organised labour environment, skills transfer and development remain high priority issues. The platform is responding through training and development, as well as the strategic initiative to build a high performing core group of artisans and supervisors.

Numerous engagements with union leaders were undertaken to prevent strike action, however the Medupi project experienced major unprotected strike action towards the end of FY2015, with the effects continuing well into FY2016.

In FY2016, the platform spent R62 million on skills development. The majority of this investment was aimed at technical upskilling through targeted learnerships and apprenticeships. Merseta continues to provide support and guidance to our training initiatives.

As at end of FY2016, 1 305 (FY15: 1 209) employees on the Medupi and Kusile projects had successfully completed training, exceeding contractual obligations. The platform continues to invest in the development of artisans, with an additional 12 and 178 apprentices currently in training at Medupi and Kusile. To date, a total of 1 305 apprentices have been trained on these projects.

Relationship building with existing and potential partners has been a key focus and has created better awareness of the Murray & Roberts brand and platform service offering. Joint ventures and consortiums are key elements of the platform strategy, both from a growth perspective and to mitigate risk. A joint venture has been developed with an international EPC company operating in the South African market to provide shut-down, operations and maintenance services in the power sector. Several small projects have been undertaken by this joint venture and the platform intends to grow this relationship to expand this area of business.

The platform has engaged with large Asian companies that are increasingly active in South Africa and the rest of Africa, and two power station opportunities in South Africa are being pursued in the Independent Power Producer coal-fired sector, which are close to preferred bidder status.

In the water sector, the partnership with Hyflux has been revisited and positions the platform to participate in large desalination projects. Murray & Roberts Water has recently secured access to a unique wastewater treatment technology, through a licensing arrangement with Organica from Hungary, a global provider of innovative solutions for the treatment and recycling of wastewater. This technology provides a differentiated offering with advantages over traditional technologies, and a targeted approach will be adopted for significant opportunities that are suitable for this type of technology.

OPERATIONAL

At the end of FY2015 the platform integrated Murray & Roberts Resources & Industrial and Murray & Roberts Electrical & Control Systems under the Murray & Roberts Power & Energy business as part of its rationalisation. Major write-offs were taken in FY2015 on projects undertaken in these two businesses. Unfortunately, additional significant and final write-offs were taken in FY2016 on these legacy projects.

As a result of this organisational restructuring, more robust governance processes have been implemented with executive oversight on project performance reviews. Considerable improvement in project delivery was experienced in FY2016.

During FY2016, mechanical boiler construction at the Medupi and Kusile power stations continued in terms of the contract with Mitsubishi Hitachi Power Systems Africa. At Medupi, Unit 6 has been synchronised and is in commercial use; Unit 5 first fired on oil during June 2016, a significant milestone; and Unit 4 has been hydro tested. At Kusile, after successful hydro testing the chemical cleaning process on Unit 1 is in preparation, to be followed by hydro tests on Unit 2.

Business development is committed to securing an order book to replace work on Medupi and Kusile, which will be substantially completed in FY2019. In the power market, the platform is targeting opportunities in the Renewable Energy Independent Power Producer Procurement Programme sector and is well positioned to secure work in the coal, solar and future gas-to-power sectors. Obtaining preferred bidder status on the George Biomass project was an important achievement, as it comprises full project lifecycle participation, including equity participation as a developer for Murray & Roberts Limited.

In line with its objective to provide repair, operations and maintenance services to the power sector, the platform secured work as a subcontractor to Korean EPC Doosan Heavy Industries on the Morupule A project in Botswana. This project provides an important entry point into the Botswana power sector, potentially presenting brownfield and greenfield opportunities.

With a mandate to operate in complementary markets, the platform has consolidated its capacity and capability in the oil and gas market with its Secunda facility in its third year of operation, with a primary focus on supporting Sasol's operations. Electrical and instrumentation services are being provided on projects in Namibia and South Africa.

Aquamarine Water Treatment increased its revenue in FY2016 and continues to grow its sales network into Africa. Aquamarine is offering water chemicals to complement its existing services and received its first orders from Eskom and Sasol.

Geographically, the platform has made inroads into sub-Saharan Africa by leveraging the Murray & Roberts brand and through successful project delivery. In Ghana, the platform completed a small project for Subsea 7 in the port of Takoradi and at the same location, a fuel storage tank project for GOIL is underway, to be completed early in calendar year 2017. The platform has a presence in the Takoradi port and a number of new prospects have been identified that will provide opportunities. A successful electrical and instrumentation project is nearing completion at the Husab uranium mine in Namibia. During the year, the water business successfully delivered projects in Ghana and Kenya.

RISK

Safety remains a top priority for the platform and its clients and safety issues are dealt with swiftly and with executive-level support and intervention. Safety plans are openly shared with clients who are also included in platform safety improvement initiatives.

The platform's health and safety performance proved challenging in FY2016, with the LTIFR increasing to 0.76 (FY15: 0.37) which translates to 12 lost-time injuries with more than 15 million man-hours worked. Kusile achieved a particularly notable safety performance of 10.6 million man hours without a LTI and achieved 98% in the Fatal Risk Control Protocol third party audit. All businesses are OHSAS 18001 and ISO 9001 and ISO 14001 certified.

The platform leadership team is committed to achieving industry-leading HSE results. A pilot programme, based on behavioural concepts, is underway and aimed at modifying behaviours to support HSE improvement initiatives. The Group's MAP programme has been implemented at Medupi and Kusile, and will be fully implemented on all projects during FY2017.

Improvements have been made with respect to risk and opportunity management through the formalisation of a management methodology, covering project, functional department and platform risk.

PROSPECTS

The platform has identified a substantial project pipeline of opportunities in sub-Saharan Africa, both in the near and medium term. However, competition in this market is strong.

The Department of Energy's Baseload Coal Independent Power Producer Programme and the South Africa gas-to-power programmes remain a key focus and developing relationship with a view to strategic collaboration opportunities will continue into FY2017. In Mozambique, the platform is actively engaged with clients that are developing gas-to-power projects.

Significant investment in the oil and gas operation in Secunda, to support services to Sasol, and recent project delivery success, together with HSE initiatives, have positioned the business for growth.

As was experienced in the last year, it is likely that emergency water situations will continue to arise. To position itself to respond better to these emergencies, Aquamarine has invested in water treatment plants that can be provided at short notice as 'off the shelf' products. The first of these plants will be available during the first quarter of the new financial year, for sale or rental, with water quality and quantity guaranteed. With these water treatment plants in inventory, the rapid deployment of containerised water treatment solutions is a reality.

In the water sector, growth is expected to come from the wastewater treatment sub-sector as there is increasing environmental pressure to upgrade dysfunctional wastewater treatment plants and to reuse treated effluent. Growth is also expected in the industrial sector as industry looks to water security through reuse and recycling to save water and reduce costs. Aquamarine's containerised water and wastewater treatment solutions are highly transportable and rapidly deployed, providing an opportunity for broader market participation. Acquisition of technology in the industrial water treatment sector, specifically AMD, is being sought for conclusion in FY2017. AMD is an international issue and as such, any viable technology will be in high demand.

Growth will be mainly organic, supported by targeted acquisitions to better position the platform for opportunities in the market, as well as to expand and complement its existing service offering. The platform has identified the need for diversification into international markets and initial assessment of potential mid-tier international power engineering companies as acquisition targets is underway.

GOVERNANCE, RISK & REMUNERATION REPORTS

04

A KEY FOCUS FOR THE GROUP IS ENSURING THAT THE BOARD HAS THE REQUISITE SKILLS AND EXPERIENCE TO SUPPORT THE GROUP'S STRATEGY AND GROWTH ASPIRATIONS

GOVERNANCE REPORT

STATEMENT OF COMMITMENT

The Board continues to lead the Group in striving to achieve the highest standards of business integrity, ethics and corporate governance, in the pursuit of its strategic and business objectives. The Board also encourages the executive team to conduct the business of the Group with prudence, transparency, integrity and accountability.

The Board has continued on its journey of achieving and exceeding the requirements of King III. The Group complies with all 75 principles of King III.

The full table of King III Governance Principles, showing the level of Group compliance, is available online at www.murrob.com.

BOARD OF DIRECTORS

At the date of this report, Murray & Roberts had a unitary Board with nine directors, of whom seven are independent non-executive directors and two are executive directors. The composition of the Board promotes a balance of authority and prevents any one director from exercising undue influence over decision-making.

The Board is the Group's highest governing authority and has ultimate responsibility for corporate governance across the Group. It appreciates that strategy, risk, performance and sustainability are interdependent and the Board is responsible for approving the strategic direction of the Group, which addresses and integrates each of these elements. The Board is governed by a charter ("the Board Charter") that sets out its accountability, responsibility and duty to the Group through the Company.

Each member of the Board has a fiduciary duty to act in the best interests of the Company and, in discharging such duty, ensures that the Company performs in the best interests of its stakeholders.

The Company's stakeholders include its shareholders, clients, partners, employees, regulators and the communities in which it operates.

Directors are required to act with due care and skill in all dealings and to uphold the ethics and values of the Group. The Board is required to adhere to agreed standards of accepted behaviour and guidance on decision-making, which promotes integration and coordination, and reaffirms the commitment of each Board member to the Group.

The independent non-executive directors complement the executive directors through the diverse range of skills and experience they bring to bear. They also provide the Board with independent perspectives on corporate governance and strategy as a whole.

There is an agreed procedure for directors to seek professional independent advice at the Company's expense when they feel the need to seek such advice.

The Board's key responsibilities in terms of the Board Charter include:

- Providing ethical leadership and direction to the Group in all matters;
- Approving and monitoring the implementation of the strategic plan developed by management;
- Responsibility for risk governance and monitoring key risk areas;
- Responsibility for the governance of IT;
- Directing the commercial and economic fortunes of the Group;
- Ensuring the Group is a responsible corporate citizen by considering the impact of its business operations on its employees, society and the environment;
- Monitoring that the Group complies with all relevant laws, rules, codes and standards of business practice through a Compliance Framework;
- Monitoring that the Group's communications with all relevant stakeholders are open and prompt;
- Ensuring shareholders are treated equitably and equally;
- Ensuring that disputes are resolved effectively and expeditiously; and
- Monitoring performance through the various Board committees established to assist in the discharging of its duties while retaining full accountability and without abdicating its own responsibilities.

BOARD MEETINGS

The Board formally meets five times a year. In addition, directors meet ahead of the scheduled meeting at which the Group's budget and business plan is examined in the context of an approved strategy. At this meeting, the directors engage with senior executives on the development and implementation of the Group's strategy.

Between meetings, directors are kept informed of major developments affecting the Group by the Group chief executive.

The Board's policy of visiting areas of the Group's operations on an annual basis has continued. During the year under review, the Board visited the Kusile Power Station project.

SELECTION OF DIRECTORS

The Board has an approved policy on the selection and continuation of office for directors, and the nomination and evaluation processes to be followed. One third of all directors are required to retire annually by rotation and if put forward for re-election, are considered for reappointment at the annual general meeting. All directors are appointed at the annual general meeting by shareholders' resolution. The Board is permitted to remove a director without shareholder approval for due cause.

The nomination committee makes appropriate recommendations to the Board on the appointment and re-election of directors. This process encompasses an annual evaluation of skills, knowledge and experience, considers South African transformation imperatives and ensures the retention of directors with an extensive understanding of the Group. All recommended director appointments are subject to background and reference checks. Re-election of directors to the Board is made according to a formal and transparent process. Each non-executive director is provided with a formal letter of appointment.

Newly appointed non-executive directors undergo an induction process to familiarise them with the Group. This includes extensive meetings and discussions with Group management.

The Board, assisted by the nomination committee, assessed the independence of the non-executive directors. All non-executive directors meet the criteria for independence, including Royden Vice who has served on the Board since 2005. The Board confirmed that it is satisfied that there are no relationships or circumstances, which affect or appear to affect his judgement and that his independence is not in any way affected by his length of service.

CHANGES TO THE BOARD

During the year under review, Suresh Kana joined the Board on 1 July 2015 and was appointed to the audit & sustainability, remuneration & human resources and risk management committees. Xolani Mkhwanazi joined the Board on 1 August 2015 and was appointed to the risk management and health, safety & environment committees. Keith Spence joined the Board on 25 November 2015 and was appointed to the risk management, audit & sustainability and the health, safety & environment committees.

Subsequent to year end, Michael McMahon retired from the Board at 30 September 2016, he also stepped down as chairman of the risk management committee and as a member of the nomination and audit & sustainability committees. In addition, Royden Vice will retire from the Board on 30 November 2016 and at the same time, step down as chairman of the remuneration & human resources committee and as a member of the nomination, risk management and audit & sustainability committees. Following the retirements outlined above, Keith Spence will take over as chairman of the risk management committee and Ralph Havenstein as chairman of the remuneration & human resources committee. Suresh Kana and Ralph Havenstein have been appointed to the nomination committee and Ntombi Langa-Royds to the risk management committee.

CHAIRMAN AND GROUP CHIEF EXECUTIVE

The roles of chairman and Group chief executive are separate. They operate under distinct mandates issued and approved by the Board that clearly differentiate the division of responsibilities within the Group and ensure a balance of power and authority.

The chairman, an independent non-executive director, presides over the Board, providing it with effective leadership and ensuring that all relevant information is placed before it for decision. The Group chief executive is responsible for the ongoing operations of the Group, developing its long-term strategy, and recommending the business plan and budgets to the Board for consideration and approval.

The Board appoints the chairman and the Group chief executive. The Board appraises and appoints the chairman annually and the remuneration & human resources committee appraises the Group chief executive annually. This committee also assesses the remuneration of the Board, the chairman and the Group chief executive. The nomination committee is responsible for Board succession planning.

COMPANY SECRETARY

Bert Kok is the company secretary, and is responsible for ensuring the proper administration of the Board and that sound corporate governance procedures are followed. All directors have access to the advice and services of the company secretary and have full and timely access to information that may be relevant for the proper discharge of their duties.

The Board evaluates the competency and effectiveness of the company secretary, as required in terms of the JSE Listings Requirements. The evaluation process includes an assessment of the company secretary's eligibility, skills, knowledge and execution of duties. The Board has considered and is satisfied that the company secretary is competent and has the requisite qualifications and experience to effectively execute his duties. Bert has more than 10 years' experience as a company secretary in a listed company environment. He was previously a director of Chartered Secretaries Southern Africa and its past president in 2010. He is also the secretary of BCC, in which the Group holds a 33,3% shareholding.

The Board confirms that the company secretary maintains an arm's length relationship with the Board and the directors, noting that the company secretary is not a director of the Company and is not related to any of the directors. The company secretary is independent from management and does not have executive duties and responsibilities, aside from the core responsibilities of a company secretary. He is not a material shareholder of Murray & Roberts and is not party to any major contractual relationship with Murray & Roberts.

BOARD COMMITTEES

The Board has established and mandated a number of permanent standing committees to perform specific work on its behalf in various key areas affecting the business of the Group. They are the:

- Executive committee;
- Audit & sustainability committee;
- Health, safety & environment committee;
- Nomination committee;
- Remuneration & human resources committee;
- Risk management committee; and
- Social & ethics committee.

Shareholders elect the members of the audit & sustainability committee at each annual general meeting. The audit & sustainability committee still forms part of the unitary Board even though it has statutory duties over and above the responsibilities set out in its terms of reference.

Although all the committees assist the Board in the discharge of its duties and responsibilities, the Board does not abdicate its responsibilities. The Board and each committee give attention to new and existing governance and compliance matters according to their respective mandates.

Each committee operates according to Board-approved terms of reference, which are reviewed annually and updated where necessary. With the exception of the executive committee, an independent non-executive director chairs each committee.

The committee chairmen are appointed by the Board.

Each committee chairman participates fully in setting the committee agenda and reporting back to the Board at the following Board meeting. As mandated by the individual committee's terms of reference, each committee chairman attends the annual general meeting and is available to respond to shareholder questions on committee activities.

BOARD AND COMMITTEE EFFECTIVENESS

Self-assessment questionnaires on the effectiveness of the Board, its committees and individual directors were conducted during the year. An internal appraisal of the chairman was led by the chairman of the remuneration & human resources committee and discussed by the Board. The appraisals were positive and their recommendations are being followed through for implementation.

EXECUTIVE COMMITTEE

The directors of Murray & Roberts Limited serve as members of the executive committee of the Board, which is chaired by the Group chief executive. The directors of Murray & Roberts Limited support the Group chief executive in:

- Implementing the strategies and policies of the Group;
- Managing the business and operations of the Group;
- Prioritising the allocation of capital, technical know-how and human resources;
- Establishing best management practices and functional standards;
- Approving and monitoring the appointment of senior management; and
- Fulfilling any activity or power delegated to the executive committee by the Board that conforms to the Company's memorandum of incorporation.

RISK MANAGEMENT, SYSTEMS OF CONTROL AND INTERNAL AUDIT

Details of the Group's risk management process, systems of control and internal audit are set out in the risk report on page 64.

CONFLICTS OF INTEREST AND SHARE DEALINGS

Directors are aware that when a matter is considered by the Board in which they individually have a direct or indirect interest, this interest is to be disclosed prior to the Board meeting. These disclosures are noted by the Board when necessary, and recorded in the minutes of the Board meeting.

In accordance with the JSE Listings Requirements, the Group has a policy requiring directors and officers who may have access to price-sensitive information, to be precluded from dealing in the Group's shares, as well as during closed periods. Such closed periods commence from the end of December until the release of the Group's interim results in February of each year and from the end of June until the release of the Group's annual results in August of each year.

To ensure that dealings are not carried out at a time when other price-sensitive information may be known, directors, officers and participants in the share incentive scheme must at all times obtain permission from the chairman, Group chief executive or Group financial director, as the case may be, before dealing in the shares of the Group. The company secretary is notified of any share dealings and, in conjunction with the sponsor, publishes the details of dealings in the Group's shares by directors and officers that have been approved on the Stock Exchange News Service of the JSE Limited.

SPONSOR

In terms of the JSE Listings Requirements, Deutsche Securities (SA) Proprietary Limited acted as sponsor.

RISK MANAGEMENT REPORT

THE GROUP INTEGRATED ASSURANCE FRAMEWORK COORDINATES THE GROUP'S OVERALL APPROACH TO RISK MANAGEMENT

This entails identifying, assessing, addressing, monitoring, communicating and reporting Group risk, and includes the process of independently auditing adherence to and implementation of Group policies, standards, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The Board-approved Group integrated assurance policy established and sets the mandates for the risk management, regulatory compliance and internal audit functions, effectively forming the following three pillars of the Group Integrated Assurance Framework:

RISK MANAGEMENT	REGULATORY COMPLIANCE	INTERNAL AUDIT
STRATEGIC	LAWS	GOVERNANCE
CORPORATE	RULES	CONTROL
OPERATIONAL	CODES	RISK
PROJECT	STANDARDS	ENVIRONMENT

GOVERNANCE STRUCTURE

METHODOLOGIES

SYSTEMS OF CONTROL

IMPLEMENTATION PLANS

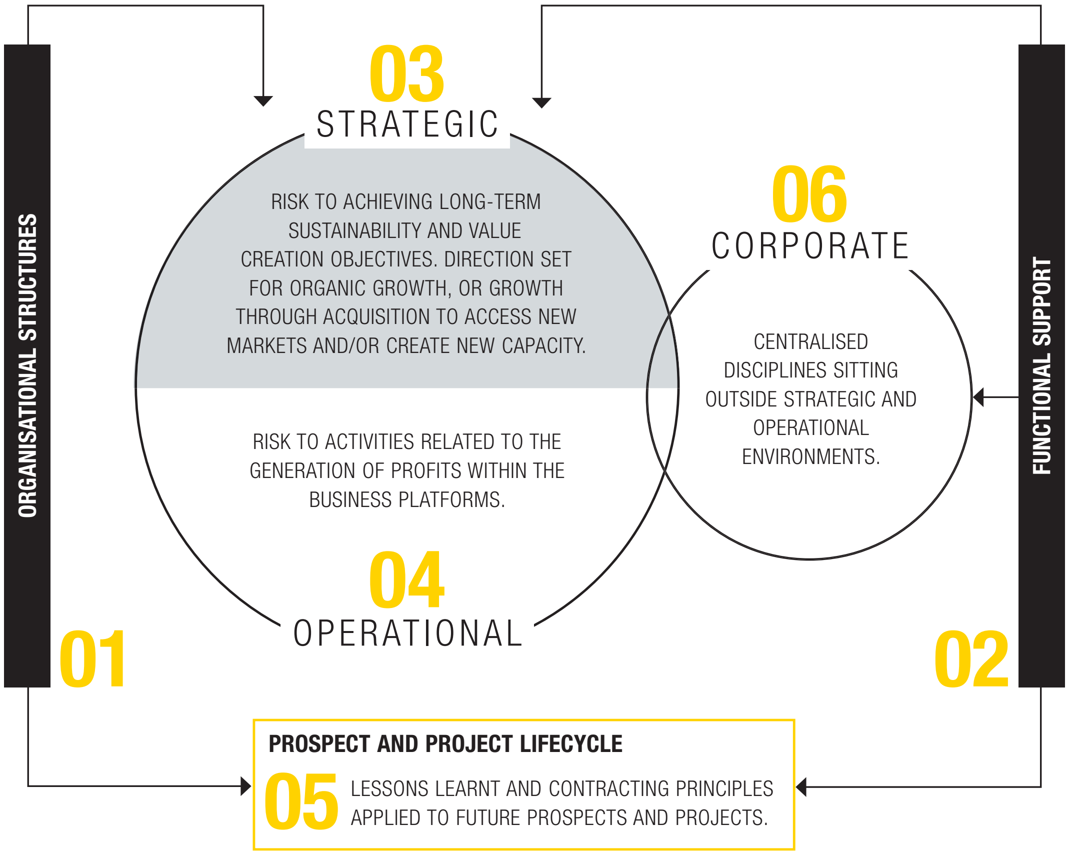
RISK MANAGEMENT

A high level of risk awareness and response has been embedded in daily management and operational activities. Given the size and complexity of the Group, Murray & Roberts acknowledges that risk can never be fully eliminated. For this reason, management has designed and implemented a planned and structured approach to identify, assess, address, monitor, communicate and report the Group's large and complex risks. This includes governance structures (such as the Board risk management committee, the executive risk committee and the business platform risk committees), organisational leadership, strategic planning and effective management to ensure that the appropriate operational and functional capacities, as well as controls, systems and processes are in place to manage risk. Underpinning this is the Group Risk Management Framework.

The Group Risk Management Framework constitutes one of three pillars on which the Group Integrated Assurance Framework stands, and aims to:

- Align strategy with risk tolerance;
- Improve and streamline decision-making which improves the Group risk profile;
- Promote the strategic, informed and coordinated procurement of a quality order book;
- Ensure equitable commercial terms and conditions are contracted based on a predetermined set of acceptable contracting principles, together with the rational pursuit of commercial entitlement;
- Promote early and rigorous project reviews, and timeous response to projects showing early signs of underperformance;
- Promote continuous improvement through the meticulous institutionalisation and rigorous application of key lessons learnt;
- Reduce operational surprises, improve predictability and build shareholder confidence;
- Build robust organisational risk structures and facilitate timeous interventions, to promote long-term sustainable growth; and
- Promote the efficient and proactive pursuit of opportunities.

THE GROUP RISK MANAGEMENT FRAMEWORK



01 ORGANISATIONAL STRUCTURES

In addition to the various Group operating board responsibilities, organisational structures have been created and tasked with risk governance and include the business platform risk committees, the Murray & Roberts Limited risk committee and the Murray & Roberts Limited project oversight committee.

02 FUNCTIONAL SUPPORT

Dedicated risk management support has been created at Group level and within businesses. This includes enterprise-wide risk leadership, risk management monitoring, risk-based auditing and operational and risk committees.

03 STRATEGIC RISK MANAGEMENT

Strategic risk is evaluated as a hurdle to achieving the Group's long-term strategy. Direction is set for organic and acquisitive growth to access new markets and create new capacity, and is also applied to acquisitions, disposals, new business development and timely and necessary leadership intervention.

04 OPERATIONAL RISK MANAGEMENT

Operational risk is a potential barrier to achieving planned profits within the Group's business platforms. Methodologies for identifying, evaluating, mitigating, monitoring and communicating risk are applied in the operational business environment. Business plans with a three-year horizon are developed and performance against these is subject to quarterly review.

05 PROJECT RISK MANAGEMENT

Project risk is evaluated as a potential barrier to delivering contracted scopes against cost, time and technical performance targets, while maintaining health, safety and environmental performance at acceptable levels. A Project Management Framework sets the minimum standard for project management required in the delivery of projects across the Group. A Project Management Development Programme is in place to enhance and refresh project management skills across the Group. The framework also provides internal audit with a consistent set of processes and controls against which project performance is tested. Project risk management activities include the Group risk tolerance filters, lessons learnt and contracting principles schedules, project reviews and project dashboards.

06 CORPORATE RISK MANAGEMENT

Corporate risk management relates to a range of portfolios within the corporate office, which address various forms of risk including risk management standards and procedures, the Group Code of Conduct, the Statement of Business Principles, regulatory compliance, commercial and legal oversight, integrated assurance, business continuity and information technology disaster recovery, treasury, bonds and guarantees, tax, insurance, crisis communication and forensic investigations.

RISK MANAGEMENT REPORT CONTINUED

REGULATORY COMPLIANCE

With the continued growth and expansion of the Group, especially in new geographies and disciplines, regulatory compliance is a large and complex area to understand. This in turn requires a structured approach to evaluate compliance failures and ensure adequate responses are initiated timeously to mitigate and avoid any negative impact on the Group's performance. The regulatory compliance function provides specific focus on regulatory compliance risk within the context of the Group Integrated Assurance Framework.

The key imperative of regulatory compliance is to ensure material compliance across the Group with every law, rule, code and standard where non-compliance could materially impact the Group's performance and/or continued existence, whether from a financial, legal or reputational perspective.

The implementation of the Group Regulatory Compliance Framework focuses on the seamless integration of regulatory compliance (with risk management and internal audit) into business planning, execution and management.

INTERNAL AUDIT

Internal audit is a key element of the Group's assurance structure, and constitutes the third pillar of the Group Integrated Assurance Framework. Internal audit has established a robust, risk-based approach to identify the critical risk management control environment which is relied on by management, and which is to be tested and evaluated for the purposes of providing the Board with the risk management and regulatory compliance assurance it requires to meet its governance objectives. Internal audit follows a planning and execution process through which the risk-based approach is delivered in a consistent manner, followed by detailed reporting and issue tracking.

It is through diligent implementation of the Group Integrated Assurance Framework that the critical risk processes and responses to be included in the internal audit plan are developed. These include interactions with the Group risk manager and the Group legal executive, and with specific reference to their respective mitigation objectives, strategies and plans. The audit plan also encompasses the assessment of Group-wide corporate governance, internal financial controls and risk management procedures, as well as specific areas highlighted by the audit & sustainability committee, Group executive committee and by executive and operational management for separate and dedicated review.

RISK MANAGEMENT PRACTICES

Leaders, tasked with overall governance but who are not involved in the engine room of the business they govern, require line-of-sight to the mechanics for which they are ultimately accountable.

Likewise with risk management, the Board is responsible for the performance of the Group it governs, but is remote from the details that influence (positively or negatively) the outcomes. For this reason, leadership requires line-of-sight to the controls, procedures, processes and systems that deliver the outcomes to ensure that they are appropriate, complete, robust and timeous in application.

The Group has defined four discrete risk environments, being: Strategic, Corporate, Operational and Project. Each risk has a specific owner, be it a business platform, operating board or an individual executive.

In addition, the risk management and internal audit functions, located in the corporate office (and which advise on risk management approaches, methodologies and systems), monitor that risk management is diligently exercised at every level across the Group, and in turn separately report to various constituted boards and committees on both the inherent risk and the residual risk across the Group. This reporting is on a materiality basis, so the higher the level of authority, the greater the level of risk filtration.

As a project-based group, the predominant source of risk is in the project area. Murray & Roberts is an international contractor and contracting on a variety of projects, which differ in specification, scope and size, introduces significant risk into the Group.

Critical to the preparation of bids and successful project delivery is the application of two standards to each bid which have been formulated on the basis of the Group's past performance:

- Group Schedule of Contracting Principles; and
- Group Schedule of Lessons Learnt.

To reduce project risk as far as possible, the following procedures are followed:

- Only competent and experienced executives prepare bids for submission.
- All opportunities are logged on the Opportunity Management System, which tracks and processes opportunities, subjecting them to a series of risk tolerance filters in order to develop a risk profile. These filters are in turn extracted from the delegation of authority matrix, which is approved by the Board.
- In preparing bids, based on first principles and on a bottom-up basis, the estimating tools used across the Group are proven and validated. The costing process is comprehensive, and subject to rigorous and independent internal reviews.
- Risks are identified based on past experience and carved out of bids contractually or retained but priced and then managed within budget.
- Critical bid requirements are: the exclusion and/or pricing of known risks; projects must be cash positive; unacceptable risks and unusual contracting terms are prohibited; and limits of liability are always contracted.
- Where a lump sum project is accepted, the design must be mature, the scope and/or specification clear and an efficient mechanism for change management and dispute resolution must be included in the contract.
- An allowance for contingencies (unforeseen or unplanned risks) is added to the bid price to cater for possible risks (threats) that cannot be proactively priced and managed. They are a hedge against risk and are utilised within the framework for which they are established. They are under the control of the project director and the use of a contingency is ratified by the project review committee.
- Generally known suites of contracts are used, such as FIDIC, NEC, JBCC, GCC, and specific attention is placed on the special terms. Bespoke contracts are negotiated based on the detailed guidance of internal and external attorneys.
- Large and complex project bids are subject to independent review and approval by the Murray & Roberts Limited risk committee, which issues a mandate that has to be followed by the project negotiation team. Projects above USD300 million are escalated to the Murray & Roberts Holdings Board for approval. Any deviation from a mandate is referred back to the relevant risk committee for a final decision.
- The designated executive, identified to lead the project, signs off on the final bid terms and conditions to achieve effective ownership.
- The Murray & Roberts project oversight committee reviews large and complex projects to ensure performance is in line with the tendered terms and prevailing circumstances (to recognise changes in market conditions). Projects showing early signs of underperformance are also reviewed by this committee, with the objective of preventing as far as possible projects entering into distress by identifying early signs of difficulty and ensuring corrective action and intervention is initiated.

All bids submitted are tested against the above two standards to ensure that the identified risks are correctly addressed and failures of the past are not repeated.

The three business platforms, which comprise the Murray & Roberts Group's project businesses, are also the source of operational risk. Risk exposures typically relate to infringement of laws, including competition, health and safety, environment, commercial, technical and logistical activities. Each business platform has its own risk committee at which these and project risks are regularly reviewed and assessed, together with responsible management's mitigation actions.

Strategic and corporate risks are associated with the activities of the office of the Group chief executive and the executive committee members operating in the corporate office. Risks associated with macro factors, such as growth (organic and acquisitive), new markets, new products, accounting, taxation, banking/bonding, funds transfers and the like are managed within the corporate office, reviewed by the risk committee quarterly and reported to the boards of Murray & Roberts Limited and of Murray & Roberts Holdings Limited.

A Group business continuity standard and procedure has been developed and implemented within each business platform. The assurance required with regard to these business plans falls within the mandate of the internal audit function.

The practice of risk management has been widely implemented across the Group. Embedding of risk management is being driven by executive management. As a final control over the management of risk across the Group, every Group area and activity is subject to audit, by both external auditors and internal auditors. The Murray & Roberts internal audit function is well resourced and qualified to carry out its mandated review and evaluation function, which includes risk management, and its findings are evaluated to corroborate the findings of the risk management function in its assessment of the adequacy of risk management across the Group.

RISK MANAGEMENT REPORT CONTINUED

The material Group risks, in no order of priority, are discussed below:

STRATEGIC RISKS

TREND KEY:
- OPPORTUNITY
- THREAT INCREASING
- THREAT STABLE
- THREAT DECREASING
- CLOSED OUT

MACRO ECONOMY

Global demand for commodities remains weak. The major economies remain distressed and market sentiment generally is negative. This affects global business confidence and global demand for capital assets, projects and infrastructure.

Declining business confidence in South Africa and a volatile labour market lead to reduced foreign investment and may further constrain opportunities in the local mining markets.

Insufficient South African government major infrastructure spend impacts negatively on a number of business areas.

MITIGATION

- Focus on client relationships to promote negotiated contracts with equitable terms, focusing on value rather than price.
- Grow further in the natural resources sector, particularly water.
- Continue implementation of African growth strategy in selected countries within the East, West and Central Africa regions.
- Cost reduction across all business platforms and geographies to support profitability.
- JVs with empowered companies have been established for projects where empowerment is required.
- Diversification across the project lifecycle continued, which included an emphasis on development, front-end engineering and operations and maintenance.

OIL & GAS MARKETS

Oil and gas is needed to fuel growing global energy demands. However, the current low oil price and oversupply continues to have a major impact on the revenues of gas producers and has created a reduction in new capital projects and capital spend within the sector.

MITIGATION

- Establish a presence in geographic areas where the oil and gas majors are located.
- Establish joint ventures with other Murray & Roberts platforms to explore East African oil and gas opportunities.
- Diversification across the project lifecycle continued, which included an emphasis on operations and maintenance.
- Diversify oil and gas capability in Australasia markets into complementary water, power and infrastructure markets.

GROUP LIQUIDITY

While Murray & Roberts remains in a cash positive position, outstanding claims, project losses and working capital demands may constrain our ability to make additional acquisitions and meet growth targets.

MITIGATION

- Resolve outstanding claims, including Dubai International Airport, other Middle East projects and Gautrain.
- Continue to manage overheads and improve project and commercial performance.
- Procure advance payments on projects and ensure that all projects remain cash positive or neutral.

TRANSFORMATION

Lack of compliance with employment equity and BBBEE requirements could reduce the likelihood of Murray & Roberts being successful in winning South African public sector tenders and in limited cases, private sector tenders.

MITIGATION

- Continuous monitoring of developments in terms of new BBBEE legislation and other relevant laws.
- Continue to focus on management control, employment equity, skills development and enterprise and supplier development within each South African business.

RISK MANAGEMENT REPORT CONTINUED

OPERATIONAL RISKS

TREND KEY:

- OPPORTUNITY
- THREAT INCREASING
- THREAT STABLE
- THREAT DECREASING
- CLOSED OUT

HEALTH, SAFETY AND ENVIRONMENTAL EXPOSURES

Although the Group has made significant progress in managing safety risk, anything more than Zero Harm remains a concern and continues to receive diligent and proactive attention from the executive team across the Group.

MITIGATION

- The Zero Harm Through Effective Leadership Programme, aimed at establishing a purpose-driven culture, ensures sustainable improvement in health and safety.
- The VFL initiative, practised across the Group is focused on achieving Zero Harm.
- FRCP and Life Saving Rules are in place across the Group on every project site.
- The MAP programme, which was developed in the Oil & Gas platform, is being rolled out across all the operations in the Group.
- The Philisa Care Employee Health and Wellness Programme is in operation in South Africa, and is aimed at improving health and wellness standards and performance across the Group. Similar programmes are in place across a number of international businesses.
- The Environmental Framework, incorporating a number of critical standards, implemented to regulate important environmental issues such as energy efficiency, carbon emissions, waste and water, is in place across the Group's operations.

INDUSTRIAL UNREST

Ongoing industrial and community unrest in South Africa continues to cause project delays and disruptions, impacting on productivity, safety and profitability. It also adds a further hurdle to the decision-making process for investment in new capital projects, particularly in the mining sector.

MITIGATION

- The Employee Relations Framework, implemented last year across the Group's South African operations, is operating well.
- Communication with shop stewards, appointed on all sites, has served to mitigate the risk and the VFL safety initiative is addressing a broader range of issues that affect employees.
- Strike mitigation plans are in place at each business.
- Client engagement and contract and commercial management on projects ensures early and comprehensive pursuit of commercial entitlements.
- The focus on growing our footprint in less risky markets and sectors continues.
- Key areas of the business are under suitable insurance cover.

PROJECT RISK

PROJECT LOSSES

Losses on projects continued to be incurred during the year under review.

MITIGATION

- Management, including at Group level, timeously reviews underperforming projects to revisit and revise recovery plans and programmes.
- Clients are engaged to find common cause around the recovery plans.
- The oversight committee continues to review underperforming projects and provide timeous guidance aimed at driving improvements in project performance.
- A comprehensive project assurance and performance management tool has been developed, based on the experience gained from past project losses, and will be implemented in the forthcoming year. The focus is on obtaining assurance of compliance to project management systems.
- Project Critical Control Dashboards have been developed and are being implemented across the Group to provide executives with key performance indicators of projects under their control.

SOUTH AFRICAN POWER PROGRAMME

The power programme remains a key focus for the Power & Water platform. Past delays and current acceleration in the power programme has exacerbated the scarcity of industrial skills and experience, and the resourcing of the programme remains a challenge.

As the programme is accelerated, unforeseen commercial disputes give rise to an increase in matters being independently adjudicated.

These disputes in turn have an impact on cash flows and while a forum is in place to deal with such disputes, this aspect of the programme is not without undue risk.

MITIGATION

- Clients are being engaged to resolve outstanding matters.
- Disputes will be arbitrated if they cannot be resolved amicably.
- Focus on employing and retaining (locally and internationally) skilled and experienced resources.

UNCERTIFIED REVENUES

Uncertified revenues taken to book on Dubai International Airport, other Middle East projects and Gautrain must still be realised through protracted claims processes. This creates the risk of a write-back of revenues accounted for in prior financial years if the outcomes are less favourable than the accounting position.

MITIGATION

- In the case of the Dubai International Airport dispute, the arbitration is in progress and is likely to be resolved during calendar year 2017.
- Numerous disputes flowing from the Gautrain project are at various stages of arbitration and/or court hearings. Competent legal teams have been retained to advance claims and defend counter-claims with a majority of disputes having been decided in favour of the Group. Appeals have been noted where possible and this process therefore continues.
- Other claims in the Middle East will be pursued through negotiation, mediation and/or arbitration to ensure the most efficient outcome for the Group.

REMUNERATION REPORT

INTRODUCTION BY THE REMUNERATION AND HUMAN RESOURCES COMMITTEE CHAIRMAN

I am pleased to present the remuneration committee's report on directors' and prescribed officers' remuneration. The report provides context for the remuneration considerations and policy through this introduction, outlines our remuneration policy and presents a report on the remuneration outcomes against our policy.

As described in this integrated report, Murray & Roberts was impacted by poor trading conditions in the oil and gas, mining and construction sectors. Activities in these sectors were at their lowest for more than a decade. Lower financial performance in 2016 than 2015 was due to these difficult markets (particularly in the oil and gas sector). Operating profit was marginally below adjusted target at R947 million. Operating profit in terms of the Short Term Incentive Scheme rules is measured on continuing operations. However, the decision to dispose of the I&B platform and Genrec was taken in May 2016 and therefore the Board has resolved to measure performance against operating profit from continuing and discontinuing operations, and also ignoring the R223 million foreign exchange profit related to Group restructuring. ROICE performance of 10,9% was below threshold, due to the lower profitability. Net cash of R1,762 million was better than target, and FCF of R429 million was also above target. This performance is commendable given the difficult trading conditions.

This year's performance is reflected in the remuneration received by executive directors and prescribed officers during the year under review:

- Annual short-term incentives of 52,92% of the possible maximum have been awarded in respect of performance in 2016. This recognises the Group's financial performance in the current market and the good performance against individual non-financial objectives that were set at the start of the year.
- The performance period for the 2013 FSP long-term incentive ended on 30 June 2016. Half of the award was based on ROICE performance, 25% on relative TSR performance and 25% on FCF. ROICE for the three-year performance period was 14,6%, achieving 92% of target of 15,8%, being WACC plus 3%. The Group's TSR over the performance period was at a negative compound rate of 46,4%. However this is better than the peer group weighted negative compound rate of 50,3%. Cumulative free cash flow was above the cash positive target with a positive free cash flow of 51 cents per share. As a result of this performance, 96% of the 2013 FSP award vested on 28 August 2016.
- Guaranteed pay increases of 5% were implemented with effect from 1 July 2016, approximately 1% below inflation and in line with the average percentage increases awarded to salaried staff across the Group.

Given the changes to policy introduced last year, our shareholder support for the current remuneration policy and our general alignment with the draft King IV, no changes were made to the remuneration policy during the course of FY2016.

The remuneration policy as contained in this remuneration report will be put to a non-binding shareholders vote at the annual general meeting of shareholders. Shareholders are referred to ordinary resolution 7 in the loose insert of the printed report.

I will be stepping down from the committee after the AGM in November 2016 after chairing it for eight years. The Group has changed significantly over this period where today it is a global company with strategic business platforms in Underground Mining, Power & Water and Oil & Gas. Ralph Havenstein will take over as chairman of the committee.

As always we welcome the input of our shareholders on our remuneration policy. We believe our remuneration policy and its application reflect shareholder alignment and will lead to an enhanced performance culture in the Group and sustained shareholder value creation.

ROYDEN VICE
CHAIRMAN
REMUNERATION & HUMAN RESOURCES COMMITTEE

REMUNERATION

Introduction

The remuneration report has been prepared by the remuneration committee in line with the principles outlined in King III and has been approved by the Board. The remuneration report has been updated and reflects international reporting trends. The report covers executive directors', prescribed officers' and non-executive directors' remuneration.

The Group executive committee makes key management decisions under the authority delegated to it by the Board and is responsible for execution of the Group's strategy. The members of the executive committee during FY2016 are shown in the table below.

Executive committee members

NAME	TITLE	DESIGNATION
Henry Laas	Group chief executive	Executive director
Cobus Bester	Group financial director	Executive director
Peter Bennett[1]	Chief executive officer – Oil & Gas business platform	Prescribed officer
Orrie Fenn	Chief executive officer – Underground Mining business platform	Prescribed officer
Kevin Gallagher[2]	Chief executive officer – Oil & Gas business platform	Prescribed officer
Jerome Govender	Chief executive officer – Infrastructure & Building business platform	Prescribed officer
Steve Harrison[3]	Chief executive officer – Power & Water business platform	Prescribed officer
Ian Henstock	Commercial executive	Prescribed officer
Thokozani Mdluli	Health, safety and environment executive	Prescribed officer
Andrew Skudder[4]	Sustainability executive	Prescribed officer

1 Peter Bennett appointed on 1 February 2016.
2 Kevin Gallagher resigned on 31 January 2016.
3 Steve Harrison appointed on 1 September 2015.
4 Andrew Skudder resigned on 31 July 2016.

The non-executive directors who served on the Board during FY2016 are listed in the table below.

Non-executive directors

NAME	DESIGNATION
Mahlape Sello	Independent non-executive chairman
Dave Barber	Independent non-executive director
Ralph Havenstein	Independent non-executive director
Suresh Kana[1]	Independent non-executive director
Ntombi Langa-Royds	Independent non-executive director
Michael McMahon[4]	Independent non-executive director
Xolani Mkhwanazi[2]	Independent non-executive director
Keith Spence[3]	Independent non-executive director
Royden Vice[5]	Independent non-executive director

1 Suresh Kana was appointed as an independent non-executive director on 1 July 2015.
2 Xolani Mkhwanazi was appointed as an independent non-executive director on 1 August 2015.
3 Keith Spence was appointed as an independent non-executive director on 25 November 2015.
4 Michael McMahon retired 30 September 2016.
5 Royden Vice will retire 30 November 2016.

The remuneration report outlines the remuneration policy that guides the remuneration committee's decisions, and the remuneration outcome from the application of the remuneration policy during FY2016.

REMUNERATION REPORT CONTINUED

REMUNERATION POLICY

Remuneration policy principles

Murray & Roberts believes that directors, senior executives and employees should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it has to support delivery of the Group's business strategy. The remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining key and critical talent.

The Murray & Roberts remuneration policy is aligned to the Group strategy, which aims to deliver enhanced shareholder value through growth in profitability and cash flows, focus on international natural resource market sectors, diversification of the Group's business model, delivery of project and commercial management excellence and enhanced safety, performance and diversity of the Group's employees.

Murray & Roberts recognises that its remuneration policy should be formalised across all the Group's businesses for remuneration to be consistent and fair, however it needs to remain flexible enough to acknowledge differences across businesses, with varying market conditions and external benchmarking, per business platform.

Remuneration policy for executive directors and prescribed officers

To give effect to the general remuneration philosophy that executive directors, prescribed officers and salaried employees should be paid fair, competitive and appropriately structured remuneration in the best interests of the Company and shareholders, the following broad principles are applied:

- Remuneration consists of fixed and variable components, with emphasis on variable pay at senior levels to encourage performance and shareholder value-add;
- Remuneration structures support the development of a performance culture and the Group's business strategy;
- Remuneration components are set at a competitive level to motivate talent and to attract and retain the services of high-calibre employees;
- The short-term incentive plan aligns the interests of executives with those of shareholders in the short term as performance incentives are subject to Company key financial performance and individual non-financial key performance indicators; and
- The long-term incentive plan rewards achievement of financial performance measures supporting long-term shareholder value creation.

Components of remuneration

The remuneration committee ensures that the mix of remuneration components supports the Group's strategic objectives.
Murray & Roberts has the following remuneration components:

- Guaranteed pay (consisting of salary, benefits and retirement fund contributions);
- Short-term incentives; and
- Long-term incentives.

The Company seeks to position guaranteed pay at the median against appropriate benchmarks, however, for total remuneration the policy is to position earnings at the 75th percentile for executives, senior management and talent and critical skills, where the 75th percentile is achieved at between "on-target" and "stretch" performance. This policy supports the underlying principle of paying for performance and the focus on variable pay.

The table on the following pages summarises the key components of executive directors' and prescribed officers' remuneration, the link to strategy, how each component operates and the maximum opportunity for each element.

Summary of remuneration components and link to strategy

GUARANTEED PAY IS A FIXED COMPONENT, WHICH REFLECTS INDIVIDUAL CONTRIBUTION AND MARKET VALUE FOR RESPECTIVE ROLES, WITH INTERNAL AND EXTERNAL EQUITY BEING CORNERSTONES FOR SETTING GUARANTEED PAY.

OPERATION

- Guaranteed pay consists of salary, benefits and retirement fund contributions.
- Positioned at market median (per job grade taking into consideration the size and complexity of the role). The committee considers the impact of any guaranteed pay increase on the total remuneration package.
- Paid monthly in cash net of allocations to travel allowances, retirement fund, insured benefits and medical aid.
- Guaranteed pay (and other elements of the remuneration package) are paid in different currencies as appropriate to reflect the geographic location of the executive.
- Reviewed annually taking account of Group performance, individual performance, changes in responsibility, levels of increase in the market and levels of increase for the broader employee base.
- Benchmarking is performed relative to peer companies for executive directors and for prescribed officers, against companies listed on the JSE which are of a similar size and nature in terms of market capitalisation and sector. The Oil & Gas business platform CEO is benchmarked against an appropriate group of Australian Securities Exchange-listed engineering and construction and oil and gas operator companies.

MAXIMUM OPPORTUNITY

- There is no prescribed maximum annual increase. However, increases will normally be no more than the general level of increase in the market against which the executive's salary is benchmarked.
- On occasions a larger increase may be awarded to recognise, for example, development in role or change in responsibility.

BENEFITS ARE PROVIDED AT COMPETITIVE LEVELS TO ATTRACT AND RETAIN SUITABLY QUALIFIED AND EXPERIENCED EXECUTIVES.

OPERATION

- Benefits such as travel allowances, insurance policies relating to death-in-service and disability benefits and medical aid are included in guaranteed pay.

MAXIMUM OPPORTUNITY

- There are no prescribed maximum values. However reference is made to market practice and benchmarks.
- Company contributions for disability and death benefits in South Africa are based on pensionable salary, where pensionable salary is no less than 50% of guaranteed pay. The contribution rates are reviewed annually.

REMUNERATION REPORT CONTINUED

RETIREMENT FUND CONTRIBUTIONS ARE MADE TO PROVIDE COMPETITIVE POST-EMPLOYMENT INCOME TO ATTRACT AND RETAIN SUITABLY QUALIFIED AND EXPERIENCED EXECUTIVES.

OPERATION

- Executives in South Africa contribute to the Murray & Roberts Retirement Fund, which is a defined contribution pension fund.
- In Australia contributions are made, as part of guaranteed pay, to a superannuation fund structured as a defined contribution fund.

MAXIMUM OPPORTUNITY

- Maximum company contributions are set according to local retirement fund rules.

SHORT-TERM INCENTIVES DRIVE COMPANY AND TEAM FINANCIAL PERFORMANCE, AS WELL AS INDIVIDUAL PERFORMANCE FOR NON-FINANCIAL MEASURES, IN ORDER TO DELIVER SUSTAINED SHAREHOLDER VALUE. IT ALSO PROVIDES ALIGNMENT WITH SHAREHOLDERS THROUGH A DEFERRED COMPONENT.

OPERATION

- The STI scheme is designed to be self-funding. On-target bonus projections are used to ensure affordability and financial measures such as earnings before interest and tax and actual profit are used to calculate the bonus provision accrual.
- Awards are based on annual performance against a balanced scorecard of metrics as determined by the remuneration committee from time to time.
- The Group chief executive, Group financial director and business platform CEOs have a 70% weighting in favour of financial targets, while other prescribed officers have a 60% weighting. For the 70% financial target weighting for business platform CEOs, 50% is linked to their platform financial measures and 20% to Group financial targets.
- Individual performance is also assessed against suitable objectives related to leadership, relationship, operational and risk (including safety) targets.
- 70% of the award is delivered in cash and 30% in deferred forfeitable shares or conditional rights under the LTI schemes, which vests equally over three years, subject only to continued employment.
- Financial performance targets are measured against audited annual financial performance, net of bonus accruals. Individual non-financial performance targets are based on a formal performance and development evaluation conducted by the executive's direct manager and by the committee for the Group chief executive.

MAXIMUM OPPORTUNITY

- The STI disbursement is based on incentive qualification levels as a percentage of guaranteed pay, which is a function of job grade and performance against agreed financial and/or individual targets as per the individual's performance contract, and applied on a sliding scale between threshold, target and stretch performance.
- Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.
- The STI disbursement is capped at stretch performance or 120% of target.
- The maximum STI disbursement as a percentage of guaranteed pay is 200% for the Group chief executive, 150% for the Group financial director and between 100% and 150% for prescribed officers depending on their job grade.
- Clawback provisions, as described on page 79, apply to STI awards made from August 2015.

LONG-TERM INCENTIVES PROVIDE GENERAL ALIGNMENT BETWEEN THE EXECUTIVES AND SHAREHOLDERS OF THE GROUP. THEY ALSO MOTIVATE AND REWARD EXECUTIVES WHO HAVE CONTRIBUTED TO THE GROUP'S VALUE CREATION OVER THE LONG TERM AND SUPPORT THE RETENTION AND ATTRACTION OF EXECUTIVES.

OPERATION

- Murray & Roberts operates three LTI schemes: the FSP introduced in October 2012, the Vulindlela Trust, which was established in December 2005 as part of the Group's BBBEE shareholding structure, and the CPSP introduced in 2014 following the acquisition of the minority interests in Clough.
- Murray & Roberts has a historical option type plan, namely the Murray & Roberts Holdings Limited Share Option Scheme, which is currently under water and being phased out.

Forefeitable Share Plan

- Forfeitable Murray & Roberts shares are awarded subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- Settlement of the forfeitable shares can be by way of an acquisition of the required number of shares on the market, the use of shares held in treasury account, the use of shares held by the Murray & Roberts Trust, or an issue of shares. The remuneration committee has the ability to cash-settle awards, if necessary, in exceptional circumstances. There is no current intention for awards to be delivered in this way.
- In very specific circumstances, on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to vesting conditions with no performance conditions. These awards are aimed at retention and will not form part of the annual awards.

Letsema Vulindlela Black Executive Trust

- The beneficiaries of Vulindlela are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers. Black prescribed officers have several outstanding allocations under Vulindela, however they have only been allocated forfeitable shares under the FSP since November 2012.

Clough Phantom Share Plan

- Clough phantom shares or conditional rights are awarded subject to continued employment and satisfaction of challenging performance conditions measured over three years, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- The phantom shares will be settled in cash or in Murray & Roberts shares at the date of vesting. The monetary value to which a Clough executive will become entitled as a result of the vesting of phantom shares will be the deemed market value of a Clough share on vesting date multiplied by the number of phantom shares to vest.
- The value of the phantom shares will be equal to the deemed market value of a Clough share. The value of Clough shares will be determined as at 30 June each year based on the median price-earnings multiples of selected listed Australian peer companies against the audited financial results for Clough.
- Executives will give no consideration for the award or settlement of an award.

Share Option Scheme

- The last award under the Share Option Scheme was made in July 2012 and no further awards will be made.
- Outstanding awards in terms of the Share Option Scheme will continue to vest, mostly subject to the meeting of performance conditions.

MAXIMUM OPPORTUNITY

- LTI award levels, expressed as a percentage of guaranteed pay, will be made based primarily on an employee's guaranteed pay, job grade, performance, retention and attraction requirements and market benchmarks.
- The maximum allocation limit as a percentage of guaranteed pay is 190% for the Group chief executive, 140% for the Group financial director and between 80% and 140% for prescribed officers depending on their job grade (face value of shares at grant).
- For FSP allocations from September 2015, 30% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance.
- Under the CPSP, 80% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance.
- Clawback provisions, as described on page 79, apply to LTI awards made from August 2015.

www.murrob.com
A summary of the salient features of the FSP is available in the 2012 integrated report on the Murray & Roberts website

REMUNERATION REPORT CONTINUED

EXECUTIVE SHARE OWNERSHIP AIMS TO BETTER ALIGN THE INTERESTS OF EXECUTIVES WITH THOSE OF SHAREHOLDERS BY ENCOURAGING EXECUTIVES TO BUILD A MEANINGFUL SHAREHOLDING IN THE COMPANY.

OPERATION

- A first move towards this was through the introduction of part deferral of STIs into forfeitable shares, where 30% of the STIs are deferred into forfeitable shares under the FSP or conditional rights under the CPSP.
- In a bid to further encourage executives to hold more shares, the Group chief executive is encouraged to build a shareholding, in "unfettered" shares, equivalent to at least 100% of guaranteed pay, other executive directors equivalent to 75% of guaranteed pay, and prescribed officers equivalent to 50% of guaranteed pay over a period of not more than five years.
- Executives are encouraged to retain at least 50% of any vested shares retained after meeting necessary tax obligations under the LTI schemes.

Choice of performance measures

The table below shows the performance measures set for FY2016, which will again be applied for FY2017. The weightings presented below are for the executive directors. Targets are set every year following a bottom-up business planning process taking account of strategic goals and the prevailing market conditions.

STI performance measures

METRIC	WEIGHTING FOR CHIEF EXECUTIVE AND FINANCIAL DIRECTOR	RATIONALE
Financial performance measures		
EBIT	20%	A key indicator of the underlying profit performance of the Group, reflecting both revenues and costs.
Continuing Diluted HEPS	20%	A key indicator of the value add for shareholders.
Net Cash	10%	A key indicator of the Group's liquidity and ability to meet its debt requirements.
Free Cash Flow	10%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. Free cash flow is an indication of the ability of the Group to pursue opportunities that enhance shareholder value.
ROICE	10%	A key indicator of the effective use of shareholder capital.
Individual performance measures		
Leadership	7,5%	A key indicator of the extent to which strategy implementation, transformation & diversity and leadership succession and development objectives are achieved.
Relationship	7,5%	A key indicator of the extent to which stakeholder engagement and employee relations objectives are achieved.
Operational	7,5%	A key indicator of the extent to which governance, commercial management and project performance objectives are achieved.
Risk	7,5%	A key indicator of the extent to which health, wellness and safety, risk management and environmental objectives are achieved.

LTI performance measures

FSP performance measures over three year vesting period

METRIC, WEIGHTING AND RATIONALE	VESTING
Return on Invested Capital Employed **50%** A key indicator of the effective use of shareholder capital.	For allocations prior to August 2015, 100% vesting will occur at target performance of WACC + 3%, with 80% vesting at threshold performance which is 80% of target. Linear vesting will be applied between these points. For allocations from September 2015, 30% vests for threshold performance and 100% vests for target, where threshold performance is WACC and target performance is WACC + 4%. Linear vesting will be applied between these points
Total Shareholder Return relative to a peer group of competitors **25%** TSR measures the total returns to the Group's shareholders, and provides close alignment with shareholder interests.	A peer group of South African engineering and construction companies is used to evaluate TSR. For allocations prior to August 2015, 100% vesting will occur at median peer TSR performance, with 80% vesting at threshold performance of 80% of target. Linear vesting will be applied between these points. TSR is weighted for each of the peer companies according to their market capitalisation at the beginning of the performance period. For allocations from September 2015, 30% vests for threshold performance and 100% vests for target performance against a market cap weighted index of the peer companies. Threshold is 90% of the combined peer TSR CAGR and target is the combined peer TSR CAGR plus 5%. Linear vesting will be applied between these points.
Free Cash Flow per Share **25%** A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCFPS is an indication of the Group's ability to pursue opportunities that enhance shareholder value.	For the August 2013 allocations, 100% vesting will occur for a positive cumulative FCFPS over the three-year performance period. For the September 2014 and March 2015 allocations, 100% vesting will occur at target FCFPS for each of the three-years under review on a cumulative basis. 80% vesting occurs at threshold performance which is 80% of target. Linear vesting will be applied between these points. For allocations form September 2015, 30% vests at threshold performance and 100% vests at target, where target performance is 120% of cumulative budgeted FCFPS and threshold performance is 80% of budget. Linear vesting will be applied between these points.

Clawback of incentives

For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- The participant acting fraudulently or dishonestly or being in material breach of their obligations to the Murray & Roberts Group; or
- Where Murray & Roberts becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

These clawback provisions apply whether or not awards are made in the form of cash or equity, and whether or not the equity has vested.

Differences in remuneration policy for executives compared to other employees

There are differences in the structure of the remuneration policy for the executive directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role. Only the most senior executives in the Group participate in the FSP and CPSP schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance. As Murray & Roberts believes that all employees should be aligned with key business drivers, participation in the STI also includes middle management, junior management and general employees, subject to the meeting of individual performance targets.

REMUNERATION REPORT CONTINUED

Executive directors' and prescribed officers' employment contracts and policy on termination of employment

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. The employment contracts include pay in lieu of notice provisions which may be invoked at the discretion of the Group. Normal retirement of executive directors and senior management is at age 63, however this is subject to specific legislation in the countries within which Murray & Roberts operates.

There is no material liability to the Group with respect to the termination of employment of any executive director or prescribed officer. The contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts, other than as stipulated in the LTI schemes. The only provision in the contract of employment for executive directors and prescribed officers (other than the Oil & Gas business platform CEO) relating to a payment on termination of employment is that, where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual TFCE.

Any LTI entitlements awarded to an executive director or prescribed officer under the Group's LTI schemes will be determined based on the relevant plan rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding, will forfeit all unvested LTI awards and deferred STI into LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill-health, disability, injury or the sale of the Employer Company will be classified as good leavers and a portion of the LTI awards and deferred STI into LTI awards will vest on the date of termination of employment. This portion will reflect the number of months served since the award date to the date of termination of employment over the total number of months in the vesting period and the extent to which the performance conditions imposed have been met. The remainder of the awards will lapse.

No agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade, other than the Oil & Gas business platform CEO who has a non-competition clause in his contract of employment.

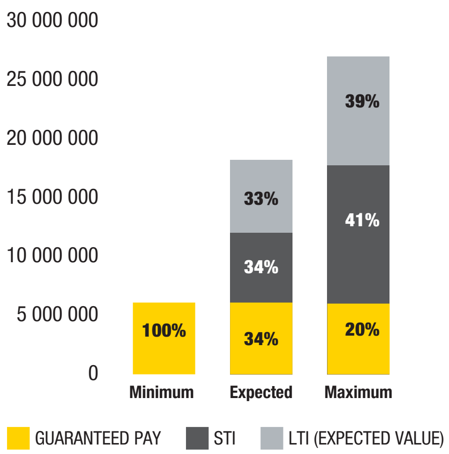
Retention schemes

Retention schemes are used on an ad-hoc basis to provide select executives with retention instruments to ensure the Group is able to attract and retain highly-skilled and experienced executives. Retention schemes may be cash settled or equity settled through the use of one of the Group's LTI schemes. Where appropriate, performance conditions are applied to retention schemes. There are currently no retention schemes in place for executive directors or prescribed officers.

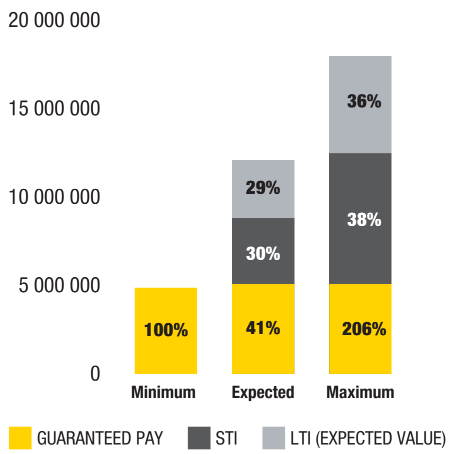
Total remuneration scenarios at different performance levels

The charts below illustrate the total potential remuneration for the executive directors.

GROUP CHIEF EXECUTIVE [1]
(R MILLION)



GROUP FINANCIAL DIRECTOR [1]
(R MILLION)



1 Assumptions:

Minimum = guaranteed pay only (salary, benefits and retirement fund contributions)

Expected = on-target STI allocation and expected value of LTI award

Maximum = stretch STI allocation and face value of LTI award

Guaranteed pay levels (on which other elements of the package are calculated) are based on those applying on 1 July 2016.

Remuneration policy for non-executive directors

Components of remuneration

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. This fee structure reflects the skill and experience brought to the Group by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance at and contribution to Board and committee meetings. The fee structure is reviewed annually.

Fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector. This includes companies in the construction, mining and industrial sectors. It is the Company's policy to align fees to the upper quartile of the benchmark, in alignment with the total remuneration policy for executives and in order to ensure that suitably qualified and experienced non-executive directors are attracted to the Group.

Summary of non-executive director remuneration

REMUNERATION ELEMENT AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY
Fees Director's fees are paid in order to attract and retain high-quality individuals, and to provide appropriate remuneration for the responsibility undertaken. Committee fees recognise the additional responsibilities, time and commitment required.	▪ The chairman is paid a single fee for all responsibilities and includes a director's fee, as well as committee membership fees. ▪ Non-executive directors are paid a director's fee and relevant committee membership fees. ▪ Committee chairmen are paid an additional fee to reflect their extra responsibilities. ▪ All fee levels are reviewed annually and any changes are effective from 1 October following approval by shareholders. ▪ To the extent that non-executive directors do not attend a scheduled Board or committee meeting, an amount will be deducted from their fee. ▪ Where non-executive directors are required to attend a special Board or committee meeting, they will receive an additional fee in respect of their attendance. ▪ A multi-currency director's fee structure is employed based on the place of residence of the non-executive director, which at this time only includes an Australian resident non-executive director.	▪ While there is not a maximum fee level, fees are set by reference to upper quartile market data for companies of similar size and complexity to Murray & Roberts. ▪ There is no prescribed annual increase. However, increases will normally be no more than the general level of increase in the market against which the director's fees are benchmarked. ▪ On occasions a larger increase may be awarded to align fees to the market.
Benefits are paid in order to compensate directors for expenses incurred.	▪ Non-executive directors are entitled to travelling and other expenses incurred in carrying out the business of the Group and attending Board and committee meetings. ▪ Australian resident non-executive directors receive an annual travel allowance to compensate for the time spent travelling between Australia and South Africa to attend Board and committee meetings.	▪ There are no prescribed maximum values. However guidelines are set so as to ensure consistency and to optimise the cost of travel and accommodation.
Short-term and long-term incentives	▪ Non-executive directors do not participate in the STI or any LTI scheme and they do not receive any benefits other than those disclosed.	▪ Not applicable.
Payments on early termination	▪ There are no provisions in any of the non-executive directors' appointment arrangements for compensation payable on early termination of their directorship, other than payment of accrued fees and expenses.	▪ Not applicable.

Tenure of office

The Company's Articles of Association determine that non-executive directors are elected at the annual general meeting for a period of three years. At the end of three years non-executive directors will retire and should they be available for re-election and subject to nomination by the Board, such election will take place at the annual general meeting for a further period of three years. Retirement age for non-executive directors is 70 years.

REMUNERATION REPORT CONTINUED

Fee proposal for 2017

In accordance with King III the remuneration committee reviews and recommends fee structures to the Board for approval (excluding recommendation on their own fees) before submitting recommendations for approval by shareholders at the annual general meeting.

An inflation-linked increase to the non-executive directors' fees is proposed for 2017.

The proposed fees are tabled below:

		Previous per annum	Proposed per annum
Director fees			
Chairman	Includes director and committee fees[1]	R1 350 000	R1 415 000
Resident director	Per annum[2&3]	R275 000	R288 000
Non-resident director	Per annum[2&3]	AUD100 000	AUD100 000
Committee fees			
Audit & sustainability	Chairman	R255 000	R267 000
	Resident member	R136 500	R143 000
	Non-resident member	AUD10 000	AUD10 000
Health, safety & environment	Chairman	R185 000	R194 000
	Resident member	R95 000	R99 000
	Non-resident member	AUD10 000	AUD10 000
Nomination	Member	R60 000	R63 000
Remuneration & human resources	Chairman	R185 000	R194 000
	Member	R95 000	R99 000
Risk management	Chairman	R185 000	R194 000
	Resident member	R95 000	R99 000
	Non-resident member	AUD10 000	AUD10 000
Social & ethics	Chairman	R185 000	R194 000
	Resident member	R95 000	R99 000
	Non-resident member	AUD10 000	AUD10 000
Ad hoc meetings			
Board	Resident member	R45 000	R47 000
	Non-resident member	AUD17 000	AUD17 000
Committee	Resident member	R23 000	R24 000
	Non-resident member	AUD8 900	AUD8 900

1 *Includes fees for chairing the nomination committee and attending all Board committees.*

2 *Calculated on the basis of five meetings per annum.*

3 *A deduction of R24 000 or AUD8 900 per meeting will apply for non-attendance at a scheduled Board meeting.*

4 *A deduction of R10 000 or AUD1 000 per meeting will apply for non-attendance at a scheduled committee meeting.*

5 *Australian resident non-executive directors will receive an annual travel allowance of AUD25 000 to compensate for the time spent travelling to attend meetings.*

In terms of section 66(8) of the Companies Act shareholders are referred to special resolution 1 included in the loose insert of the printed report regarding approval of the proposed non-executive director fee structure for FY2017.

ANNUAL REPORT ON REMUNERATION

This section of the remuneration report outlines the governance of remuneration and how the remuneration policy has been applied to executive directors, prescribed officers and non-executive directors.

Remuneration governance

The remuneration committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration policy with the Company's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and employees through the payment of fair, competitive and appropriately structured remuneration in the best interests of the Company and shareholders. The committee operates under terms of reference reviewed and approved annually by the Board.

Membership

Royden Vice chaired this committee and will be stepping down at the November 2016 meeting and will be replace by Ralph Havenstein. Ntombi Langa-Royds, Suresh Kana and Mahlape Sello serve as members of the committee. The Group chief executive and Group financial director attend meetings in an ex officio capacity. The executives who attend meetings in their ex officio capacity do not participate in any discussions or decisions pertaining to their own remuneration. Specialised advice is sought from time to time.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding guaranteed pay, benefits, short-term incentives, long-term incentives and related matters pertaining to executive directors of the Group, prescribed officers, all managing directors of the Group's businesses and other senior Group executives. It also considers and approves the remuneration and benefits paid to general staff. It has responsibility for oversight of the Group pension, provident and other benefit plans.

The functions, role and mandate of the Group chief executive are considered by the committee and his performance is assessed. Succession planning to the Group chief executive and senior executives is also considered by the committee, as well as the Group's leadership succession and development strategy and employment equity status.

The committee oversees the preparation of the remuneration report and recommends the report to the Board, ensuring that this report is accurate, complete and transparent and provides a clear explanation of how the remuneration policy has been implemented. The committee ensures that the remuneration policy is put to a non-binding advisory vote of shareholders at the annual general meeting.

Key decisions

The key decisions taken during the year by this committee were:

- Approval of increases to the guaranteed pay component of total remuneration for the Group;
- Approval of executive director and prescribed officer guaranteed pay increases for FY2017;
- Approval of short-term incentive payments in respect of FY2016;
- Approval of long-term incentive awards and underlying performance conditions;
- Review and approval of non-executive director fees for FY2017, excluding approval of any recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2016 annual integrated report.

Assessment

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

Remuneration outcomes for executive directors and prescribed officers

The remuneration policy for executive directors and prescribed officers that applied in FY2016 is the same as set out in the remuneration policy report, and the remuneration outcomes described below have therefore been provided in accordance with that same policy.

Single total figure of remuneration

The table on the next page includes the total remuneration for the reported financial year and the previous financial year. The table includes guaranteed pay, the short-term incentive paid (including the deferred short-term incentive) and the long-term incentives that will vest due to performance in the financial year.

REMUNERATION REPORT CONTINUED

Single total figure of remuneration for period to 30 June 2016

EMPLOYEE	Guaranteed pay		STI		LTI		Benefits		Total remuneration	
NAME	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**
Bennett, Peter[1]	–	**3 858 000**	–	**6 342 495**	–	**–**	–	**7 399 000**	–	**17 599 495**
Bester, Cobus	4 310 000	**4 530 000**	2 264 900	**3 808 600**	1 166 138	**1 667 904**	–	**–**	7 741 038	**10 006 504**
Fenn, Orrie	4 260 000	**4 470 000**	2 313 700	**4 120 200**	1 007 119	**1 148 112**	–	**–**	7 580 819	**9 738 312**
Gallagher, Kevin[2]	13 154 530	**8 900 000**	6 856 199	**–**	–	**–**	–	**296 000**	20 010 729	**–**
Govender, Jerome	3 400 000	**3 570 000**	1 727 600	**1 844 800**	751 725	**822 528**	–	**–**	5 879 325	**6 237 328**
Harrison, Steve[3]	2 709 000	**2 951 500**	1 000 000	**1 000 000**	481 875	**685 440**	–	**–**	4 190 875	**4 636 940**
Henstock, Ian	3 355 000	**3 519 500**	1 424 500	**2 299 400**	780 638	**1 016 736**	–	**–**	5 560 138	**6 835 636**
Laas, Henry	5 600 000	**5 900 000**	3 211 600	**6 403 800**	1 604 644	**2 376 192**	–	**–**	10 416 244	**14 679 992**
Mdluli, Thokozani	2 250 000	**2 383 536**	910 300	**1 241 600**	322 856	**685 440**	–	**–**	3 483 156	**4 310 576**
Saieva, Frank	3 116 667	**–**	–	**–**	–	**–**	1 142 224	**–**	4 258 891	**–**
Skudder, Andrew[4]	3 150 000	**3 310 000**	1 337 500	**–**	689 081	**–**	–	**–**	5 176 581	**3 310 000**

1 *Peter Bennett joined the Group on 1 February 2016.*

2 *Kevin Gallagher resigned from the Group with effect of 31 January 2016.*

3 *Steve Harrison appointed on 1 September 2015.*

4 *Andrew Skudder resigned on 31 July 2016.*

The single total figure of remuneration is calculated as set out below.

	2016	**2015**
GUARANTEED PAY	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2017 (effective 1 July 2016) was 4,85% (FY16: 5,2%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2016 for other salaried employees of 5,0%.	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2016 (effective 1 July 2015) was 5,2% (FY14: 6,4%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2015 for other salaried employees of 5,8%.
STI	STI awarded for FY2016 performance. 70% of the award is payable in cash in September 2016, and 30% deferred as an LTI award, which will vest 1/3 each year from FY2017 to FY2019. Peter Bennett's STI award was guaranteed as part of his employment contract agreement.	STI awarded for FY2015 performance. 70% of the award was payable in cash in September 2015, and 30% deferred as an LTI award, which will vest 1/3 each year from FY2016 to FY2018.
LTI	The value of LTI awards under the August 2013 FSP that vested, based on performance during the three-year period to 30 June 2016. The value of that award is based on a share price on 30 June 2016 of R11.90. 4% of the August 2013 FSP awards lapsed due to the actual ROICE which achieved only 92% of target. No LTIs vested under the CPSP for performance to 30 June 2016.	The value of LTI awards under the November 2012 FSP that vested on 28 November 2015, based on performance during the three-year period to 30 June 2015. The value of that award was based on a share price on 30 June 2015 of R12.85. 25% of the November 2012 FSP awards lapsed due to non-achievement of the TSR performance condition. The August 2011 retention Share Options Scheme allocation that vested on 31 August 2014 carried no value as at 30 June 2015 as the share price was below the strike price for this allocation. No LTIs vested under the CPSP for performance to 30 June 2015.
BENEFITS	The payment to Peter Bennett is in recognition of previous incentives foregone when joining the Group. The payment to Kevin Gallagher relates to accumulated leave following his resignation.	The payment to Frank Saieva relates to accumulated leave and three month's pay in lieu of notice, following his resignation on 29 May 2015.

FY2016 STI performance outcomes

Financial performance KPIs are measured against audited annual financial performance and are net of bonus accruals. Individual performance KPIs are based on a formal performance and development evaluation conducted by the Group chief executive for the executives and by the remuneration committee for the Group chief executive.

Performance against the FY2016 Group targets are summarised below, where the outcome represents the overall Group performance expressed as a percentage achievement against target for the specific KPI.

KPA	KPI	WEIGHTING	OUTCOME	COMMENTS
FINANCIAL	PROFITABILITY: EBIT	20%	96%	Adjusted EBIT of R947 million achieved relative to target of R986 million for continuing operations.
FINANCIAL	PROFITABILITY: DILUTED HEPS	20%	90%	HEPS (from continuing and discontinuing operations) of 153 cents achieved relative to target of 170 cents for continuing operations.
FINANCIAL	CASH FLOW: NET CASH	10%	160%	Net cash of R1,762 million achieved relative to target of R1,102 million.
FINANCIAL	CASH FLOW: FREE CASH FLOW	10%	203%	Free cash flow of R429 million relative to target of R211 million.
FINANCIAL	RETURNS	10%	75%	ROICE of 10,9% achieved relative to WACC plus 1,5% (on target) or 14,6%. Performance of less than WACC compared to target attracts no STI payment for the element.
LEADERSHIP	STRATEGY IMPLEMENTATION	7,5%	90%	Further progress made on increasing focus on international natural resource market sectors through the sale of the I&B platform.
LEADERSHIP	TRANSFORMATION & DIVERSITY			Due to a subdued business environment, transformation in South Africa has been slow, however the Group BBBEE rating met the target of Level 2.
LEADERSHIP	LEADERSHIP SUCCESSION & DEVELOPMENT			Performance management and succession planning is well established at executive level, however bench strength could be stronger. CEO succession in Clough was handled expediently and the transition has been smooth.
RELATIONSHIP	STAKEHOLDER ENGAGEMENT	7,5%	90%	Relations with most stakeholders are strong, however relationship between the South African Government and the construction industry could be improved.
RELATIONSHIP	EMPLOYEE RELATIONS			The employee relations plans to mitigate the increased level of labour unrest in South Africa are embedded in the Group companies with limited instability during the year. The South African operations retained their rating in terms of the Deloitte Best Company to Work For Survey and Cementation Canada is again rated as a Top 100 employer in Canada.

EVALUATION KEY:
PERFORMANCE BETWEEN TARGET AND STRETCH | PERFORMANCE BETWEEN THRESHOLD AND TARGET | PERFORMANCE BELOW THRESHOLD

REMUNERATION REPORT CONTINUED

KPA	KPI	WEIGHTING	OUTCOME	COMMENTS
OPERATIONAL	GOOD GOVERNANCE	7,5%	70%	The Group continues to implement good governance practices with a focus on legal compliance and King III application.
	COMMERCIAL MANAGEMENT			Good progress made on the Gautrain and Dubai International Airport claims resolution, particularly with respect to the positive Sandton Cavern award. Ongoing improvement in contract management and lessons learnt practices across most operations.
	PROJECT PERFORMANCE			It was disappointing that we incurred losses on some projects, however the quantum of these losses has steadily declined over the past few years.
RISK	HEALTH, WELLNESS & SAFETY	7,5%	70%	Regrettably two employees lost their lives through work-related incidents, and two members of public lost their lives in the Grayston temporary works collapse incident. The LTIFR (0,68) rate was better than target, with TRCR (4,1) slightly below target. Both are however industry leading performances. There is continued focus on improving lead indicators with a total of 97 763 VFLs conducted.
	RISK MANAGEMENT			Risk management practices and internal audit are well-established disciplines and no material findings were reported
	ENVIRONMENT			Environmental reporting and awareness has improved and no major environmental incidents were reported.

FY2016 LTI performance outcomes

Vesting of the 2013 FSP award

The three-year performance period for the August 2013 FSP award ended on 30 June 2016. The FY2013 FSP award comprised 1 874 853 awards as at 30 June 2016, with 706 080 awards to the executive directors and prescribed officers. Half of the award was based on ROICE performance, 25% on relative TSR performance and 25% on FCFPS. ROICE for the three year performance period was 14,6%, below the target of 15,8%, being WACC plus 3%. The Group's TSR over the performance period was disappointing at a negative compound rate of 46,4%. However this is better than the peer group weighted negative compound rate of 50,3%. Cumulative free cash flow was above the cash positive target with a positive free cash flow of 51 cents per share. As a result of this performance, 96% of the FY2013 FSP award vested. The 4% of the award that did not meet the TSR performance condition lapsed on 24 August 2016. All FSP allocations awarded to Andrew Skudder lapsed on his resignation.

Vesting and expiry of Share Option Scheme awards

The 20 April 2011 Share Option Scheme did not meet the performance condition on the fifth anniversary, being 20 April 2016. In terms of the scheme rules, the right to exercise this option was extended for a period of one year to 19 April 2017. If the performance condition is not met at this date, the 20 April 2011 Share Option Scheme will lapse.

LTI awards granted in 2016

An allocation of forfeitable shares was made in September 2016 under the FSP.

The September 2016 FSP is the annual allocation of forfeitable shares to senior executives including the executive directors and prescribed officers and will vest in 2019. A total number of 6 080 500 forfeitable shares were allocated, of which 2 385 500 forfeitable shares to the value of R33 330 800 million were allocated to the executive directors and prescribed officers. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of the September 2016 FSP award is subject to meeting performance conditions for the three year performance period from 1 July 2016 to 30 June 2019 as shown in the table below.

Thirty percent of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Group's business strategy and the market conditions.

September 2016 FSP award performance conditions

CRITERIA	PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET FOR MAXIMUM VESTING
ROICE	Average Return on Invested Capital Employed over the performance period	50%	WACC	WACC plus 4%
TSR	Relative Total Shareholder Return over the performance period	25%	Combined peer TSR CAGR x 90	Combined peer TSR CAGR + 5%
FCFPS	Free Cash Flow per Share generated over performance period	25%	80% of Budgeted FCF	120% of Budgeted FCF

Peer companies to be used for the TSR performance measure are Aveng, Group 5, WBHO, Basil Read and Stefanutti Stocks.

The September 2016 FSP award was settled through a market purchase and use of the shares that lapsed under the August 2013 FSP award, thereby not resulting in any dilution to shareholders.

The aggregate number of shares at any one time which may be allocated under the Share Option Scheme and the FSP will currently not exceed 22 236 806 shares. This represents 5,0% of the number of shares currently in issue. As at 30 June 2016 there were 3 224 040 shares allocated under the Share Option Scheme and 13 723 188 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral. It should however be noted that these shares were not allocated by way of an issue of shares and as such are not dilutive.

The maximum number of shares allocated to any participant in respect of all unvested awards under the FSP and the Share Option Scheme, will not exceed 2 223 681 shares. This represents 0,5% of the number of shares currently in issue. As at 30 June 2016, the Group chief executive had the highest number of unvested awards at 1 449 135 awards, representing 0,33% of the shares currently in issue, less than the cap.

An allocation of Conditional Rights under the CPSP will be made on 1 October 2016, to the value of AUD2 327 984 million to 26 executives, of which AUD1 272 368 million is allocated to the Clough executive officers including the Clough CEO. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of the October 2016 CPSP award is subject to meeting performance conditions for the three year performance period from 1 July 2016 to 30 June 2019 as shown in the table below.

Eighty percent of the award will vest at threshold and 100% at target, with no vesting for below threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Oil & Gas business platform strategy and the market conditions.

Peer companies to be used for the RGNPAT performance measure are Ausenco, GR Engineering, Lycopdium, Monadelphous, WorleyParsons, Downer and UGL.

The performance conditions will be evaluated over a three-year period and will run concurrently with Clough's financial year. The phantom shares will cliff vest, subject to the above performance conditions, three years from the award date.

The phantom shares will be settled in cash at the date of vesting. The monetary value to which a Clough executive will become entitled as a result of the vesting of phantom shares will be the deemed market value of a Clough share on vesting date multiplied by the number of phantom shares to vest. The executives will give no consideration for the award or settlement of an award.

2 404 500 shares were allocated under Vulindlela in FY2017 to 174 executives. No shares under Vulindlela were allocated to executive directors and prescribed officers. The objective of Vulindlela is to provide black executives the opportunity to become shareholders in Murray & Roberts and as an attraction and retention incentive. In addition, Vulindlela aims to align the interests of black executives with those of the shareholders. The beneficiaries of Vulindlela are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers. Allocations are based on management band, performance and potential of the individual and the number of shares allocated was determined with reference to the face value of shares to be allocated relative to the employee's guaranteed pay. Black executives who are top or senior executives as members of operating company executive committees were allocated shares under the FSP. In terms of the Trust Deed the Trust will be terminated at the end of 2021. As a result the September 2016 allocation will be the last allocation due to the five year lock-in period.

October 2016 CPSP award performance conditions over the vesting period

CRITERIA	PERFORMANCE CONDITION	TARGET	WEIGHTING
ROICE	Clough's Average Return on Invested Capital Employed	Clough WACC + 3%	25%
ROE	Clough's Average Return on Equity	17,5% through the cycle	25%
RGNPAT	Clough's Relative Growth in Net Profit After Tax	100% relative to peers	25%
FCF	Clough's Free Cash Flow generated	Budget for performance period	25%

REMUNERATION REPORT CONTINUED

Remuneration outcomes for non-executive directors

The remuneration policy for the non-executive directors set out in the remuneration policy report applied in FY2016. The remuneration of non-executive directors for the year ended 30 June 2016 was:

Non-executive directors' remuneration

NAME	Directors' fees '000	Non-attendance '000	Special board '000	Committee fees '000	Chairman's fees '000	**Total 2016 '000**	Total 2015 '000
DD Barber	271	–	45	345	–	**661**	618
R Havenstein	271	–	45	277	–	**593**	479
NB Langa Royds	271	–	45	277	–	**593**	573
JM McMahon	271	–	45	376	–	**692**	821
SP Kana[1]	271	–	45	300	–	**616**	–
XH Mkhwanazi[2]	250	(22)	45	158	–	**431**	–
WA Nairn[3]	–	–	–	–	–		331
M Sello	–	–	–	–	1 333	**1 333**	1 253
RT Vice	271	–	–	470	–	**741**	749
Total	1 876	(22)	270	2 203	1 333	**5 660**	4 824

AUD

NAME	Directors' fees '000	Non-attendance '000	Special board '000	Committee fees '000	Chairman's fees '000	**Total 2016 '000**	Total 2015 '000
K Spence[4]	58		17	18		**93**	–

1 Appointed 1 July 2015.

2 Appointed 1 August 2015.

3 Retired 1 January 2015.

4 Appointed 25 November 2015.

DETAILED GROUP DIRECTORATE

NON-EXECUTIVE DIRECTORS

MAHLAPE SELLO

INDEPENDENT NON-EXECUTIVE DIRECTOR
Master of Arts in Law (Russia) LLB (Wits)

Mahlape was appointed to the Board in 2009 and became chairman in 2013. She is chairman of the nomination committee and a member of the social & ethics, the health, safety & environment and the remuneration & human resources committees. She is also a trustee of the Murray & Roberts Trust. Mahlape is an Advocate of the High Court of South Africa and member of the Johannesburg Society of Advocates. She is member of the South African Law Reform Commission and the chairperson of the Advertising Industry Tribunal of the Advertising Standards Authority of South Africa.

DAVID (DAVE) DUNCAN BARBER

INDEPENDENT NON-EXECUTIVE DIRECTOR
FCA (England & Wales) AMP (Harvard)

Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee. Dave was formerly the global chief financial officer of Anglo Coal, a division of the Anglo American Plc Group with operations in Australia, Canada, Venezuela, Colombia, China and South Africa, as well as chief financial officer of Anglo American Corporation of South Africa. The majority of his career was spent in the Anglovaal Group prior to its unbundling where he held the position of group chief financial officer. He has served as a non-executive director and member of the audit committee for several companies, including AFGRI, Anglo Platinum, Barnard Jacobs Mellet Holdings, Telkom and Highveld Steel and Vanadium Corp. His career has also included positions within PriceWaterhouseCoopers, Fedsure and SA Breweries.

RALPH HAVENSTEIN

INDEPENDENT NON-EXECUTIVE DIRECTOR
B.Com, MSc Chem Eng

Ralph was appointed to the Board in 2014. He is the chairman of the health, safety & environment committee and a member of the social & ethics committee. Ralph is a chemical engineer and has completed a Senior Executive Programme at the Stanford Graduate School of Business. Ralph has experience in the petrochemical and mining sectors, and currently serves as a non-executive director on the boards of Northam Platinum and Omnia Holdings. Ralph is a past chief executive officer of Anglo American Platinum, as well as Norilsk Nickel International. Ralph was previously vice president of the SA Chamber of Mines and was a director of Mintek (South Africa).

DR SURESH PARBHOO KANA

INDEPENDENT NON-EXECUTIVE DIRECTOR
M.Com CA (SA)

Suresh was appointed to the Board in 2015 and is a member of the audit and sustainability committee. Suresh is a Chartered Accountant and retired as the Territory Senior Partner for PwC Africa in June 2015. He has held a number of senior positions in PwC since joining as an articled clerk in 1976. He is a member of King Committee on Governance in South Africa and was the chairman of SAICA. He currently serves as a non-executive director of JSE Limited and is chairman of Imperial Holdings. He also serves on the audit committee of the United Nations World Food Programme headquarted in Rome.

NOMALIZO (NTOMBI) BERYL LANGA-ROYDS

INDEPENDENT NON-EXECUTIVE DIRECTOR
BA (Law) LLB

Ntombi was appointed to the Board in 2013. She is chairman of the social & ethics committee and a member of the remuneration & human resources committee. She is also a trustee of the Murray & Roberts Trust. She has more than 25 years' experience in human resources. Ntombi is an independent non-executive director of Mpact, Redefine Properties and Europe Assistance Worldwide Services (South Africa). She has previously served as a non-executive director of African Bank Investments, PPC, Exhibitions for Africa, Momentum Health, Momentum Insurance Group, Primedia Publishing, Respiratory Care Africa, Human Capital Institute (Africa), Columbus Stainless Steel and Sun Air Airlines.

JOHN MICHAEL MCMAHON

INDEPENDENT NON-EXECUTIVE DIRECTOR
PrEng, BSc Eng

Michael was appointed to the Board in 2004. He is the chairman of the risk management committee, and a member of the nomination and the audit & sustainability committees. He was formerly the chairman of Central Rand Gold, Gencor and Impala Platinum Holdings, and a director of Gold Fields. Michael was a project manager at Murray & Roberts during the 70s.

DR XOLANI HUMPHREY MKHWANAZI

INDEPENDENT NON-EXECUTIVE DIRECTOR
MSc PhD (Applied Physics)

Xolani joined the Board in 2014 and is a member of the risk management committee. Xolani is a physicist with an MSc and PhD in Applied Physics from the University of Lancaster (UK) and has completed an Executive Development Programme at the University of the Witwatersrand, in partnership with Harvard University. He is currently a non-executive director of South 32 Limited and chairs the Central Energy Fund. Xolani has experience in the power, engineering and mining sectors, and was chairman of BHP Billiton's South African Operations, having joined BHP after establishing Bateman Africa as the first BEE Engineering company. Prior to that, Xolani played an important role in the restructuring of the electricity supply industry in South Africa, heading up the National Electricity Regulator. He has also worked at the CSIR, the Atomic Energy Corporation and spent time as a Physics Researcher in Australia.

KEITH WILLIAM SPENCE

INDEPENDENT NON-EXECUTIVE DIRECTOR
BSc (Geophysics)(Hons)

Keith was appointed to the Board in 2015. He is a member of the risk management, health safety & environment and audit & sustainability committees. Keith has over 30 years' experience in the oil and gas industry, including 18 years with Shell and has a broad knowledge of the resources sector. Keith chairs the Board of the National Offshore Petroleum Safety and Environmental Management Authority and the Industry Advisory Board of the Australian Centre for Energy and Process Training. He is non-executive chairman of Geodynamics Limited and Base Resource Limited and a non-executive director of Oil Search Limited and Independence Group NL. Keith joined the board of the then listed company Clough Limited in 2008 and was chairman from 2010 until its acquisition via scheme of arrangement by Murray & Roberts.

ROYDEN THOMAS VICE

INDEPENDENT NON-EXECUTIVE DIRECTOR
B.Com CA(SA)

Royden was appointed to the Board in 2005. He is chairman of the remuneration & human resources committee and a member of the risk management, the audit & sustainability and the nomination committees. He is also a trustee of the Murray & Roberts Trust. Royden is chairman of Hudaco Industries, Waco International and Puregas, a Governor of Rhodes University and a director of Life Healthcare. He was previously the chief executive officer of Waco International and of Industrial and Special Products at UK-based BOC Group, chairman of African Oxygen (Afrox), Afrox Healthcare and Consol Glass.

EXECUTIVE DIRECTORS

ANDRIES JACOBUS (COBUS) BESTER

GROUP FINANCIAL DIRECTOR
B.Com (Acc) (Hons) CA(SA)

Cobus joined Concor in 1998 and following the acquisition of Concor by Murray & Roberts in 2006 was appointed to the Murray & Roberts Limited Board in 2007 and the Murray & Roberts Holdings Board in 2011. Cobus is the chairman of Murray & Roberts International Holdings, and a director of Clough Limited. Cobus is the chairman of the Bombela Operating Company and has overall management responsibility for Murray & Roberts Concessions. He was previously group financial director for Basil Read and Concor for three and six years respectively and managing director of Concor between 2005 and 2011. He has extensive experience in the construction and engineering industry.

LAMBERTUS (BERT) KOK

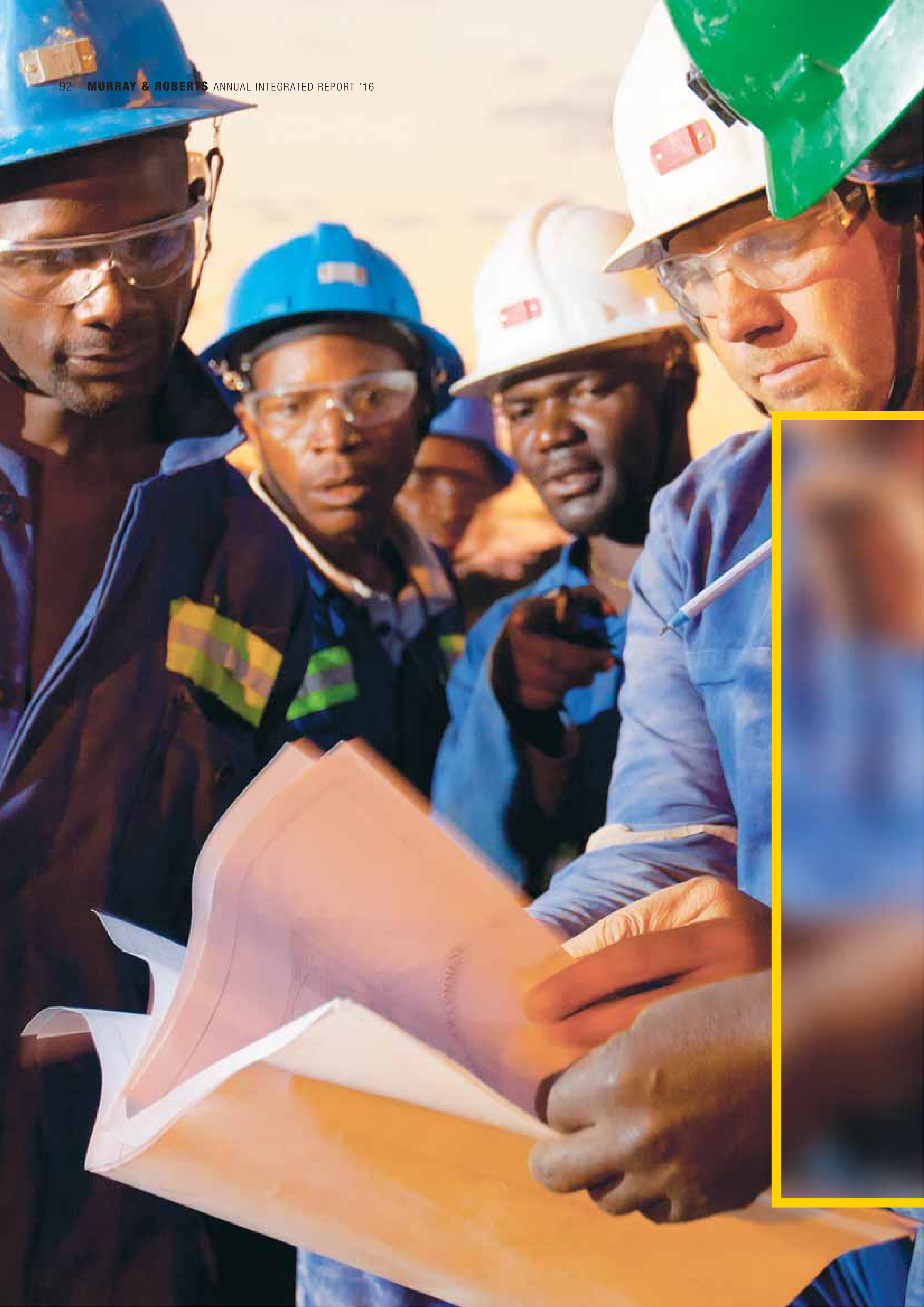
COMPANY SECRETARY
FCIS, FCIBM

Bert joined the Group in 2011 and was appointed company secretary in 2014. He has experience as a company secretary in a listed company environment since 2003. He was previously a director of Chartered Secretaries Southern Africa and its past president in 2010.

HENRY JOHANNES LAAS

GROUP CHIEF EXECUTIVE
BEng (Mining) MBA

Henry joined the Group in 2001 and was appointed to the Board and as Group chief executive in 2011. He is a member of the health, safety & environment committee. Henry is chairman of Murray & Roberts Limited, Clough Limited and the Bombela Concession Company and he is a director of Murray & Roberts International Holdings. He played an instrumental role in the global expansion of the Cementation Group and has a strong track record of successful resolution of complex commercial matters and business strategy development and implementation. Henry was previously an executive director of Murray & Roberts Limited responsible for the Group's engineering business.



SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

05

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

The directors of Murray & Roberts Holdings Limited and Murray & Roberts Holdings Limited and its subsidiaries are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss and cash flows for that year in accordance with IFRS and per the requirements of the Companies Act. The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

a) The Board and management set standards and management implement systems of internal controls, accounting and information systems; and

b) The audit & sustainability committee recommends Group accounting policies and monitors these accounting policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The internal audit function is led by the Group internal audit executive and comprises both internal employees and resources from KPMG. It serves management and the Board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The Group continues to address any control weaknesses which are identified, however, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No. 71 of 2008 and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 46. The annual financial statements have been compiled under the supervision of AJ Bester (CA)SA, (Group financial director) and have been audited in terms of Section 29(1) of the Companies Act of South Africa.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the external auditors to express an opinion on the consolidated and separate annual financial statements. For their unmodified report to the shareholders of the Company and Group refer to the online integrated report.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2016, is available in the online integrated report, and were approved by the Board of directors at its meeting held on 24 August 2016 and are signed on its behalf by:

M SELLO
GROUP CHAIRMAN

HJ LAAS
GROUP CHIEF EXECUTIVE

AJ BESTER
GROUP FINANCIAL DIRECTOR

CERTIFICATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2016

In terms of Section 88(2)(e) of the Companies Act, I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2016, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L KOK
GROUP COMPANY SECRETARY
24 August 2016

AUDIT & SUSTAINABILITY COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2016

The committee assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the JSE Limited. It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements. The committee operates under a terms of reference which was reviewed and approved by the Board during the year.

The committee chairman reports on committee deliberations and decisions at the Board meeting immediately following each committee meeting. The internal and external auditors have unrestricted access to the committee chairman. The independence of the external auditor is regularly reviewed and all non-audit related services are pre-approved and notified.

The committee reviews the quality and effectiveness of the external audit process. The committee is satisfied that the external auditor is independent and has nominated Deloitte & Touche for re-election at the forthcoming annual general meeting of shareholders. Deloitte & Touche is a properly accredited auditing firm with Tony Zoghby as the individual registered auditor for the current year and from next year, due to partner rotation, Graeme Berry will be the individual registered auditor for 2017.

MEMBERSHIP

Dave Barber serves as chairman of the committee, with Suresh Kana, Michael McMahon and Royden Vice as members, all of whom are suitably skilled and experienced to discharge their responsibilities in compliance with the Companies Act of South Africa. Keith Spence joined the committee on 24 February 2016, however, his appointment is still subject to shareholder approval.

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief audit executive and the external auditors all attend meetings by invitation. The chairman of the committee also serves on the risk management committee. This ensures that overlapping responsibilities are appropriately addressed.

TERMS OF REFERENCE

The committee's responsibilities include:

- Assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls;
- Monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders;
- Making recommendations to the Board to ensure compliance with International Financial Reporting Standards;
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk as they relate to financial reporting;
- Receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

ASSESSMENT

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

STATUTORY DUTIES

In addition to the duties set out in the terms of reference, the committee performed the required statutory functions in terms of Section 94(7) of the Companies Act of South Africa.

FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. The committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function as well as the experience of senior members of management responsible for the finance function.

INTERNAL AUDIT

The Group internal audit function was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes. The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board’s and management’s responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and are resourced with both internal employees and resources obtained from KPMG. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and

AUDIT & SUSTAINABILITY COMMITTEE CONTINUED

records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

The annual plan is based on an assessment of risk areas internal audit and management identify, as well as focus areas highlighted by the audit committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on internal audit findings is presented to the audit committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found. The audit committee approved internal audit's risk-based audit plan for financial year 2017. The internal audit function reports directly to the audit committee and their mandate in relation to the internal audit function is to:

- Approve the appointment, performance and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Review the internal audit program, coordination between the internal and external auditors and the resourcing and standing within the Company of the internal audit function;
- Monitor and evaluate the performance of the internal audit function in terms of agreed goals and objectives;
- Receive confirmation that Group internal audit is in general conformance with the IIA's International Standards for the Professional Practice of Internal Auditing; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the audit committee.

An internal audit charter, reviewed by the committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function.

The charter gives the chief audit executive direct access to the chief executive officer, Group financial director, chairman of the audit committee and chairman of the Board.

INTERNAL FINANCIAL CONTROLS

The internal audit plan works on a multi-year programme and based on the work completed in 2016, which included the design and effectiveness of internal control, considering information and explanations provided by management, the results of the external audit, except for a few specific control weaknesses noted, in all material respects, the Group's system of financial controls provides a reasonable basis for the preparation of reliable annual financial statements.

In the prior year in one platform a new ERP system implementation took place and as all controls were not yet in place, additional testing was required to ensure the accuracy of the annual financial statements. The auditors are currently satisfied that there are sufficient controls in place in the new system, however, as the controls were not in place for the entire year additional audit work was performed in 2016.

AUDIT AND ADMINISTRATION

Financial leadership in Murray & Roberts caters for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews throughout the year. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the committee. There are agreed procedures for the committee to seek professional independent advice at the Company's expense.

INTEGRATED REPORTING

During the year under review, external service providers were appointed to provide assurance on the sustainability information. The committee recommended the annual integrated report and the Group's annual financial statements for Board approval. It is satisfied that they comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements in 2015 provided by the JSE.

ASSURANCE

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King III principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

The Group Integrated Assurance Framework governs and coordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

DD BARBER
24 August 2016

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 the Business Platform Reviews for a more detailed report on the performance of the different operating platforms within the Group.

The summarised consolidated financial statements have been derived from the Group's consolidated financial statements for the year ended 30 June 2016, which were approved by the Board of directors on 24 August 2016. The summarised consolidated financial statements are consistent in all material respects with those consolidated financial statements. These summarised consolidated financial statements comprise a consolidated statement of financial position at 30 June 2016, a consolidated statement of financial performance, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended. The complete set of consolidated financial statements was compiled under the supervision of AJ Bester (CA)SA, Group financial director. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The Group's consolidated financial statements for the year ended 30 June 2016 were audited by the auditor, Deloitte & Touche, on which an unmodified audit opinion was expressed on 24 August 2016.

The complete set of the consolidated financial statements together with the auditor's report is available in the online integrated report at www.murrob.com.

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2016

This report presented by the directors is a constituent of the consolidated and separate annual financial statements at 30 June 2016, except where otherwise stated. All monetary amounts set out in tabular form are expressed in millions of Rand, except where otherwise stated.

1 NATURE OF BUSINESS

MAIN BUSINESS AND OPERATIONS

Murray & Roberts Holdings Limited is an investment holding company with interest in the construction & engineering, underground mining development, and oil & gas markets.

The Company does not trade and all of its activities are undertaken through a number of subsidiaries, joint arrangements and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated financial statements.

GROUP FINANCIAL RESULTS

At 30 June 2016 the Group recorded earnings of R753 million (2015: R881 million), representing diluted earnings per share of 182 cents (2015: diluted earnings per share of 213 cents). Diluted headline earnings per share was 153 cents (2015: diluted headline earnings per share of 207 cents).

Full details of the financial position and results of the Group are set out in these consolidated and separate financial statements. The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 46.

GOING CONCERN

The Board is satisfied that the consolidated and separate financial statements comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

UNCERTIFIED REVENUE

The Group's share of uncertified revenue is included in amounts due from contract customers in the statement of financial position. The uncertified revenue has been recognised through the statement of financial performance in current and prior periods in respect of claims and variation orders on projects (refer to note 9 of the consolidated financial statements), relating mainly to Gautrain and Dubai International Airport.

A cumulative total revenue of R2 020 million being amounts due from contract customers, has been recognised in the statement of financial position at 30 June 2016 (2015: R2 158 million) as the Group's share of uncertified revenue in respect of claims and variation instructions on the Group's projects. Recognition of these assets is supported by the Group's independent experts and advisers, and in accordance with IAS 11: *Construction Contracts*.

The Gautrain Delay & Disruption Claims are still in progress with the legal basis for these claims established in July 2015. The claim in respect of additional costs incurred following a design change relating to the bridges over John Vorster and Jean Avenues in Pretoria ("Cantilever Bridges"), on its merits, was ruled in favour of BCJV on 4 May 2016, with quantum to be determined in October 2016. The balance of the Delay and Disruption claim is scheduled to be heard in calendar year 2018. Any award will attract interest dating from 2009 to the date of award.

The key dates in the arbitration process for the Dubai International Airport claim have now been confirmed. The preliminary issue matter heard in March 2016 was awarded in favour of the joint venture. A statement of claim was submitted in May 2016 accompanied by witness statements and expert reports, with respondents reply due in November 2016. The arbitration hearing will take place from April to May 2017. The claim is expected to be resolved during the 2017 calendar year.

Resolution of these extremely complex legal and financial claims and variation instructions have yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being awarded finally, compared to that recognised in the statement of financial position at 30 June 2016.

SANDTON STATION CAVERN CLAIM

The Gautrain Sandton Station Cavern Claim, on its merits, was ruled in favour of BCC in October 2013. On 2 March 2016, the arbitration tribunal awarded the provisional quantum of R354 million. The final award to BCC including escalation determined in May 2016 at R624 million (ex VAT). Province has instituted High Court proceedings to review the quantum award. BCC are opposing the application for review. This amount has not been taken to book as there is uncertainty as to when the amount will be paid.

GRAYSTON TEMPORARY WORKS COLLAPSE

In November 2015, the DoL instituted a Section 32 Inquiry into the incident to gather information relating to the cause or causes for the collapse of the temporary works structure. This is a formal inquiry conducted under the provisions of the Occupational Health and Safety Act, 1993. At the conclusion of the inquiry, the DoL will submit a written report containing its findings, to the National Prosecuting Authority for its consideration. Taking into account that the inquiry is still ongoing and that this is a complex matter, the Group cannot speculate on the cause or causes of the incident at this time. The direct financial impact of this incident on the Group is not expected to be material. No provision has been raised for possible civil claims. A provision to complete the works has been raised, taking into account the delays and additional costs to completion.

SANRAL CLAIMS

SANRAL served summons on Murray & Roberts Limited during April 2016 for alleged additional cost and damages incurred given collusive conduct in the period 2005 to 2006 on four roads contracts. An amount of R591 million has been included in contingent liabilities. The Group has defended the summons and do not believe that there will be a material impact on results.

SEGMENTAL DISCLOSURE

The Group continues to operate under four platforms, which remain unchanged from the previous period. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the consolidated financial statements).

2 AUTHORISED AND ISSUED SHARE CAPITAL

Full details of the authorised and issued capital of the Company at 30 June 2016 are contained in note 12 of the consolidated financial statements.

Particulars relating to the Murray & Roberts Trust are set out in note 13 of the consolidated financial statements.

At 30 June 2016 the Trust held 30 150 (2015: 30 150) shares against the commitment of options granted by the Trust totalling 3 224 040 (2015: 6 656 920) ordinary shares. The shares held by the Trust were purchased in the market and have not been issued by the Company.

Particulars relating to the Vulindlela Trust are set out in note 13 of the consolidated financial statements. During the year the Vulindlela Trust granted a total of 2 012 700 shares (2015: 1 416 500 shares) to black executives as part of the Group's BBBEE.

At 30 June 2016 the Vulindlela Trust held 10 626 886 (2015: 10 648 635) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 914 060 (2015: 4 593 432) ordinary shares. The shares held by the Vulindlela Trust were purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (2015: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (2015: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the FSP employees were allocated shares during the year by the remuneration committee totalling 8 831 888 shares (2015: 5 036 345). The shares held by the entities, in escrow, were purchased on the market and have not been issued by the Company.

3 DIVIDEND

The Board considered and approved a new dividend policy in the prior financial year. The dividend payment is subject to an annual review, as distributions may be influenced by global market conditions, possible merger and acquisition activity and/or relative balance sheet strength. In terms of this policy the Board will consider paying an annual dividend, of between three and four times earnings cover.

The Board has declared a gross annual dividend of 45 cents per ordinary share in respect of the year ended 30 June 2016 and will be subject to the dividend tax rate of 15%, which will result in a net dividend of 38,25 cents per share to those shareholders who are not exempt from paying dividend tax.

The dividend has been declared from income reserves.

In terms of the Dividends Tax effective 1 April 2012, the following additional information is disclosed:

- The number of shares in issue at the date of this declaration is 444 736 118 and the Company's tax number is 9000203712.

4 SUBSIDIARIES AND INVESTMENTS

ACQUISITIONS

ACQUISITION OF MERIT CONSULTANTS INTERNATIONAL INC.

Cementation Canada Inc. ("Canada") completed the acquisition of the assets of Merit on 30 November 2015, for a consideration of R22 million. Merit is a project and construction management company that provides support to the mining and minerals industry worldwide. Services provided by Merit include both technical and project management services to capital projects, with a focus on maintaining control in the owner's hands and delivering projects safely within budget and schedule. Based in Vancouver, Canada, Merit has helped deliver successful projects for mining companies around the world.

ACQUISITION OF THE BUSINESS OF ENERCORE PROJECTS LIMITED

Clough established a new entity, CEL, in the current financial year. On 8 October 2015, CEL executed an Agreement with Enercore to purchase the business (as carried on by Enercore) and the Purchased Assets, in exchange for the assumption of the Assumed Liabilities, of Enercore. Enercore also obtained 25% shareholding in CEL. Enercore is an engineering services company headquartered in Calgary, Canada, which specialises in the provision of Engineering, Procurement and Construction Management services to the Canadian oil and gas sector. This acquisition will establish Clough's Canadian Engineering, Procurement and Construction project delivery arm.

DISPOSALS

DISPOSAL OF REMAINING TOLCON BUSINESSES

The Group disposed of the majority of its Tolcon businesses' assets and liabilities in financial year 2015, with the remaining businesses namely the Group's interest in Cape Point Partnership, Entilini Operations Proprietary Limited and the investment in Entilini Concession Proprietary Limited disposed of in the current financial year. The Group disposed of its interest in Cape Point Partnership, effective 16 October 2015, for gross consideration of R18 million (R13 million net of transaction costs and other adjustments). The total consideration was received on the effective date. Entilini Operations Proprietary Limited and Entilini Concession Proprietary Limited were disposed of for gross proceeds of R3 million (R2 million net of transaction costs and other adjustments). The sale was effective 23 June 2016 and proceeds were received on the same day.

DISCONTINUED OPERATIONS

The Board has taken the decision that the Southern African construction operations within the I&B platform and the Genrec operations within the Power & Water platform are no longer part of the strategic future of the Group.

REPORT OF THE DIRECTORS CONTINUED

These operations have met the requirements in terms of IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations* and have been presented as discontinued operations in the consolidated statement of financial performance, including the representation of prior year comparatives as required by the accounting standards. All assets and liabilities related to the sales have been transferred to held-for-sale in the statement of financial position.

5 SPECIAL RESOLUTION

During the year under review the following special resolutions were passed by shareholders:

1) The proposed fees payable quarterly in arrears to non-executive directors; and

2) General authority to repurchase shares.

In terms of the Companies Act requirements, special resolutions relating to the sale of certain businesses were passed by subsidiary companies.

6 EVENTS AFTER THE REPORTING DATE

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company financial statements, which significantly affects the financial position at 30 June 2016 or the results of its operations or cash flows for the year then ended.

7 INTEREST OF DIRECTORS

A total of 1 609 340 (2015: 1 609 340) share options are allocated to directors in terms of the Murray & Roberts Holdings Limited Employees Share Incentive Scheme, further details are set out in note 13.

The directors of the Company held direct beneficial interests in 278 392 ordinary shares of the Company's issued ordinary shares (2015: 25 592). Details of the ordinary shares held per individual director are listed below and also set out in note 42.

BENEFICIAL	Direct	Indirect
30 June 2016		
DD Barber	**2 723**	**–**
AJ Bester	**123 472**	**817 000**
HJ Laas	**152 197**	**1 337 000**
30 June 2015		
DD Barber	2 723	–
AJ Bester	17 425	508 000
HJ Laas	5 444	743 500

At the date of this report, these interests remain unchanged.

8 DIRECTORS

At the date of this report, the directors of the Company were:

INDEPENDENT NON-EXECUTIVE

M Sello (chairman); DD Barber; R Havenstein; SP Kana; NB Langa-Royds; JM McMahon; XH Mkhwanazi and RT Vice.

KW Spence joined the board on 25 November 2015.

EXECUTIVE

HJ Laas (Group chief executive) and AJ Bester (Group financial director).

9 CHANGES TO THE BOARD

During the year under review, Suresh Kana joined the Board on 1 July 2015 and was appointed to the audit & sustainability, remuneration & human resources and risk management committees. Xolani Mkhwanazi joined the Board on 1 August 2015 and was appointed to the risk management and health, safety & environment committees. Keith Spence joined the Board on 25 November 2015 and was appointed to the risk management, audit & sustainability and the health, safety & environment committees.

Subsequent to year end, Michael McMahon retired from the Board at 30 September 2016, he also stepped down as chairman of the risk management committee and as a member of the nomination and audit & sustainability committees. In addition, Royden Vice will retire from the Board on 30 November 2016 and at the same time, step down as chairman of the remuneration & human resources committee and as a member of the nomination, risk management and audit & sustainability committees. Following the retirements outlined above, Keith Spence will take over as chairman of the risk management committee and Ralph Havenstein as chairman of the remuneration & human resources committee. Suresh Kana and Ralph Havenstein have been appointed to the nomination committee and Ntombi Langa-Royds to the risk management committee.

10 COMPANY SECRETARY

Lambertus Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

Business address
Douglas Roberts Centre, 22 Skeen Boulevard
Bedfordview, 2007

11 AUDITORS

Deloitte & Touche continued in office as external auditors. At the annual general meeting on 5 November 2016, shareholders will be requested to re-appoint Deloitte & Touche as external auditors for the 2017 financial year. Graeme Berry will be the individual registered auditor who will undertake the audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	2	**2 188,8**	3 020,8
Investment property	3	**–**	17,5
Goodwill	4	**642,4**	635,8
Other intangible assets	5	**238,3**	208,1
Investments in joint venture	37	**–**	46,0
Investments in associate companies	6	**17,5**	27,7
Other investments	7	**812,8**	710,4
Deferred taxation assets	21	**603,9**	596,3
Amounts due from contract customers	9	**1 513,5**	2 259,5
Non-current receivables		**77,3**	121,4
Total non-current assets		**6 094,5**	7 643,5
Current assets			
Inventories	8	**241,3**	261,2
Amounts due from contract customers	9	**4 964,9**	6 204,1
Trade and other receivables	10	**1 490,8**	1 656,6
Current taxation assets	34	**25,5**	63,2
Derivative financial instruments		**–**	0,1
Cash and cash equivalents	11	**2 812,8**	2 890,6
Total current assets		**9 535,3**	11 075,8
Assets classified as held-for-sale	31	**2 335,1**	83,6
Total assets		**17 964,9**	18 802,9
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	**2 552,1**	2 585,9
Reserves	14 & 15	**1 537,8**	1 343,7
Retained earnings		**3 111,0**	2 568,5
Equity attributable to owners of Murray & Roberts Holdings Limited		**7 200,9**	6 498,1
Non-controlling interests	16	**62,6**	24,9
Total equity		**7 263,5**	6 523,0
Non-current liabilities			
Long term loans	18	**650,4**	1 140,6
Retirement benefit obligations	19	**16,8**	16,2
Long term provisions	20	**186,6**	264,3
Deferred taxation liabilities	21	**178,9**	133,1
Subcontractor liabilities	22	**–**	871,8
Non-current payables		**84,7**	99,8
Total non-current liabilities		**1 117,4**	2 525,8
Current liabilities			
Amounts due to contract customers	9	**1 522,0**	2 121,2
Trade and other payables	23	**4 191,1**	4 355,4
Short term loans	24	**342,9**	356,9
Current taxation liabilities	34	**59,7**	103,0
Provisions and obligations	25	**312,4**	293,3
Subcontractor liabilities	22	**1 189,9**	2 473,3
Derivative financial instruments		**–**	2,7
Bank overdrafts	11	**76,0**	43,9
Total current liabilities		**7 694,0**	9 749,7
Liabilities classified as held-for-sale	31	**1 890,0**	4,4
Total liabilities		**10 701,4**	12 279,9
Total equity and liabilities		**17 964,9**	18 802,9

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2016	2015[1]
Continuing operations			
Revenue	26	**26 148,0**	24 013,3
Profit before interest, depreciation and amortisation		**1 773,9**	1 539,8
Depreciation		**(447,8)**	(435,9)
Amortisation of intangible assets		**(50,7)**	(40,0)
Profit before interest and taxation	27	**1 275,4**	1 063,9
Interest income	29	**53,6**	62,7
Interest expense	28	**(124,8)**	(130,2)
Profit before taxation		**1 204,2**	996,4
Taxation expense	30	**(298,2)**	(186,5)
Profit after taxation		**906,0**	809,9
Income from equity accounted investments		**7,4**	3,1
Profit for the year from continuing operations		**913,4**	813,0
(Loss)/profit from discontinued operations	31	**(123,5)**	81,1
Profit for the year		**789,9**	894,1
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**752,8**	881,0
Non-controlling interests	16	**37,1**	13,1
		789,9	894,1

Basic and diluted earnings per share were 189 cents (2015: 218 cents) and 182 cents (2015: 213 cents) respectively. For further details refer to note 32.

1 *Restated for discontinued operations.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2016	2015
Profit for the year		**789,9**	894,1
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**(2,9)**	(10,3)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations and realisation of reserve	14 & 16	**226,4**	3,6
Effects of cash flow hedges	14	**(0,1)**	(1,2)
Reclassification for amounts relating to cash flow hedges	14	**–**	3,1
Taxation related to effects of cash flow hedges	14	**–**	1,3
Reclassification adjustment relating to available-for-sale	15	**–**	1,6
		226,3	8,4
Other comprehensive income/(loss) for the year net of taxation		**223,4**	(1,9)
Total comprehensive income		**1 013,3**	892,2
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**975,6**	879,1
Non-controlling interest		**37,7**	13,1
		1 013,3	892,2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Hedging and Translation reserve	Other capital reserves	Retained earnings	**Attributable to owners of Murray & Roberts Holdings Limited**	Non-controlling interests	**Total equity**
Balance at 30 June 2014	2 692,8	1 145,8	262,9	1 802,8	**5 904,3**	27,3	**5 931,6**
Total comprehensive income/(loss) for the year	–	6,8	(8,7)	881,0	**879,1**	13,1	**892,2**
Treasury shares acquired (net)	(106,9)	–	–	–	**(106,9)**	–	**(106,9)**
Transfer to retained earnings	–	–	(110,1)	110,1	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(1,4)	–	**(1,4)**	–	**(1,4)**
Recognition of share-based payment	–	–	48,4	–	**48,4**	–	**48,4**
Dividends declared and paid[1]	–	–	–	(18,5)	**(18,5)**	(15,5)	**(34,0)**
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	–	(206,9)	**(206,9)**	–	**(206,9)**
Balance at 30 June 2015	2 585,9	1 152,6	191,1	2 568,5	**6 498,1**	24,9	**6 523,0**
Total comprehensive income/(loss) for the year	–	226,8	(3,1)	751,9	**975,6**	37,7	**1 013,3**
Treasury shares acquired (net)	(33,8)	–	–	–	**(33,8)**	–	**(33,8)**
Transfer to retained earnings	–	–	(1,5)	1,5	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(44,6)	–	**(44,6)**	–	**(44,6)**
Recognition of share-based payment	–	–	16,5	–	**16,5**	–	**16,5**
Dividends declared and paid[1]	–	–	–	(4,4)	**(4,4)**	–	**(4,4)**
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	–	(206,5)	**(206,5)**	–	**(206,5)**
Balance at 30 June 2016	2 552,1	1 379,4	158,4	3 111,0	**7 200,9**	62,6	**7 263,5**

1 *Dividends relate to distributions made by entities that hold treasury shares.*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2016	2015
Cash flows from operating activities			
Receipts from customers		**30 705,9**	30 668,4
Payments to suppliers and employees		**(29 616,9)**	(29 602,2)
Cash generated from operations	33	**1 089,0**	1 066,2
Interest received		**76,9**	85,0
Interest paid		**(147,8)**	(157,5)
Taxation paid	34	**(256,2)**	(408,0)
Operating cash flow		**761,9**	585,7
Dividends paid to owners of Murray & Roberts Holdings Limited		**(210,9)**	(225,4)
Dividends paid to non-controlling interests		**–**	(15,5)
Net cash inflow from operating activities		**551,0**	344,8
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(430,9)**	(424,7)
– Replacements		**(98,7)**	(134,8)
– Additions		**(332,2)**	(289,9)
Proceeds on disposal of property, plant and equipment		**159,6**	76,0
Investment in joint venture	37	**(23,5)**	(46,0)
Purchase of intangible assets other than goodwill	5	**(61,7)**	(124,5)
Proceeds on disposal of business	35	**15,1**	121,7
Cash related to acquisition of businesses		**–**	17,6
Dividends received from associate companies	6	**17,8**	–
Dividends received from joint ventures classified as held-for-sale		**2,0**	35,0
Acquisition of businesses	35	**(21,6)**	(162,2)
Proceeds on disposal of assets held-for-sale		**–**	64,2
Cash related to assets held-for-sale		**(257,1)**	(3,0)
Proceeds from realisation of investment	7	**53,8**	132,0
Other		**(3,1)**	(2,1)
Net cash outflow from investing activities		**(549,6)**	(316,0)
Cash flows from financing activities			
Net acquisition of treasury shares		**(78,0)**	(107,4)
Net movement in borrowings	36	**(374,3)**	(1 196,8)
Net cash outflow from financing activities		**(452,3)**	(1 304,2)
Total decrease in net cash and cash equivalents		**(450,9)**	(1 275,4)
Net cash and cash equivalents at the beginning of the year		**2 846,7**	4 276,6
Effect of exchange rates		**341,0**	(154,5)
Net cash and cash equivalents at the end of the year	11	**2 736,8**	2 846,7

STATEMENT OF VALUE CREATED

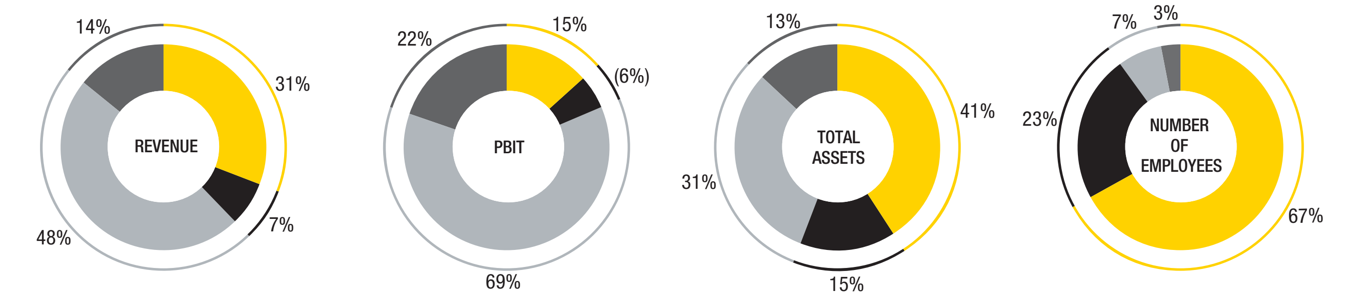
FOR THE YEAR ENDED 30 JUNE 2016

ALL MONETARY AMOUNTS EXPRESSED IN MILLIONS OF RANDS	2016	%	2015[1]	%
Revenue	**26 148,0**		24 013,3	
Less: Cost of materials, services and subcontractors	**(11 269,6)**		(8 330,6)	
Value created	**14 878,4**		15 682,7	
Distributed as follows:				
To employees				
Payroll costs	**13 354,6**	**89,7**	13 862,0	88,4
To providers of finance				
Net interest on loans	**71,2**	**0,5**	67,5	0,4
To government				
Company taxation	**201,3**	**1,4**	396,3	2,5
To maintain and expand the Group				
Reserves available to ordinary shareholders	**752,8**		881,0	
Depreciation	**447,8**		435,9	
Amortisation	**50,7**		40,0	
	1 251,3	**8,4**	1 356,9	8,7
	14 878,4	**100,0**	15 682,7	100,0
Number of people[2]	**33 893**		34 712	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	**201,3**		396,3	
Indirect taxation	**837,3**		745,5	
Employees' tax	**552,1**		1 033,1	
Rates and taxes	**0,1**		–	
Government grants	**(0,4)**		(0,6)	
Customs and excise duty	**–**		–	
	1 590,4		2 174,3	

1 *Restated for discontinued operations.*

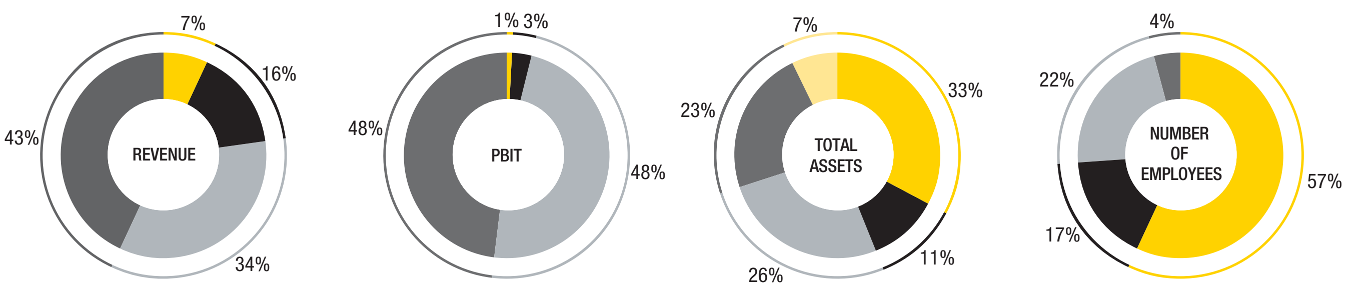
2 *People includes direct joint arrangement hires and third party contractors of 16 846 (2015: 10 242).*

GEOGRAPHIC



SOUTHERN AFRICA | MIDDLE EAST | AUSTRALASIA & SOUTHEAST ASIA | NORTH AMERICA & OTHER

SEGMENTAL

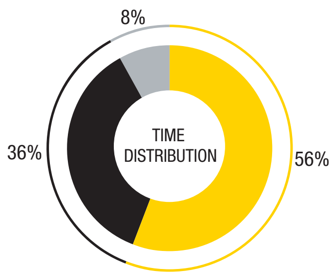


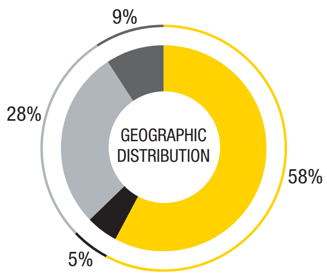
BOMBELA & MIDDLE EAST[1] | POWER & WATER[2] | UNDERGROUND MINING | OIL & GAS | CORPORATE & PROPERTIES

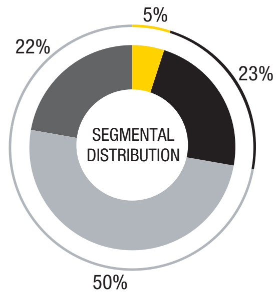
1 *Bombela and Middle East total assets includes amounts for discontinued operations Tolcon and Southern African construction operations.*

2 *Power & Water platform total assets includes amounts for Genrec Engineering that has been classified as discontinued operations in the current year.*

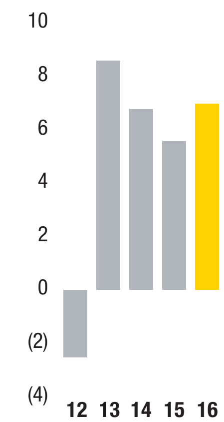
ORDER BOOK



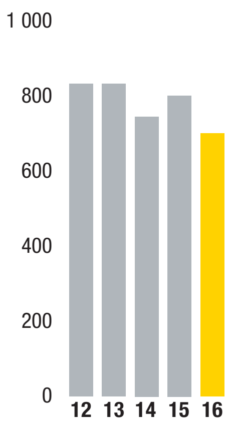




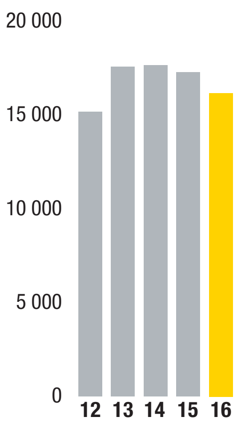
RETURN ON AVERAGE TOTAL ASSETS
(%)



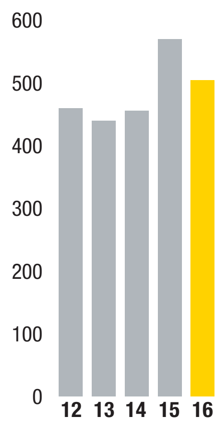
PRODUCTIVITY OF ASSETS
(ASSETS PER R1 000 TURNOVER)



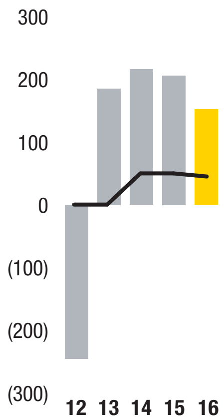
CREATION OF VALUE
(R MILLION)



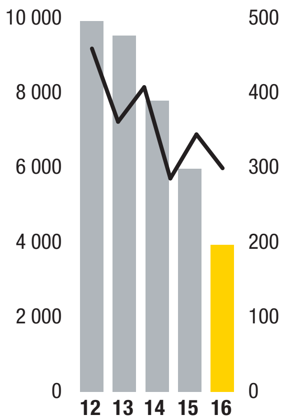
PEOPLE PRODUCTIVITY
(VALUE RATIO)



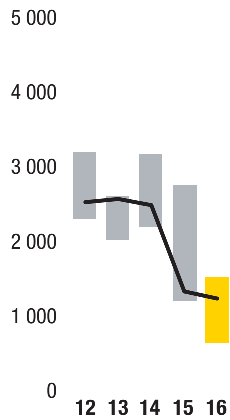
DILUTED HEPS AND DIVIDENDS
PER SHARE (CENTS)



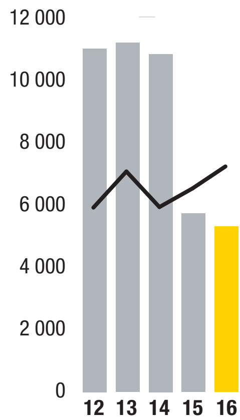
SHARES TRADED
(R MILLION)



SHARE PRICE MOVEMENT
(CENTS)



MARKET CAPITALISATION
(R MILLION)



TEN-YEAR FINANCIAL REVIEW

30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2016	IFRS Restated[1] 2015	2014	2013	2012	2011	2010	2009	2008	2007
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE[1]										
Revenue	**26 148**	24 013	29 620	28 071	25 107	19 323	15 342	17 456	13 288	7 335
Profit/(loss) before interest and taxation	**1 275**	1 064	1 480	2 007	(522)	(1 273)	641	1 602	522	172
Net interest (expense)/income	**(71)**	(68)	(59)	(122)	(253)	(194)	(170)	27	33	35
Profit/(loss) before taxation	**1 204**	996	1 421	1 885	(775)	(1 467)	471	1 629	555	207
Taxation expense	**(298)**	(187)	(483)	(619)	(175)	(97)	(14)	(241)	(160)	(69)
Profit/(loss) after taxation	**906**	809	938	1 266	(950)	(1 564)	457	1 388	395	138
Income/(loss) from equity accounted investments	**8**	3	1	164	144	88	15	2	1	(111)
Profit from discontinued operations	**(124)**	82	461	40	214	(172)	757	948	1 667	769
Non-controlling interests	**(37)**	(13)	(139)	(466)	(144)	(87)	(131)	(320)	(349)	(94)
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**753**	881	1 261	1 004	(736)	(1 735)	1 098	2 018	1 714	702
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	**4 849**	6 411	6 410	6 017	7 323	4 658	5 247	5 490	4 872	3 983
Current assets	**11 870**	11 160	12 488	17 365	14 042	13 976	14 937	17 190	16 006	8 780
Goodwill	**642**	636	486	488	437	435	554	490	488	206
Deferred taxation assets	**604**	596	427	657	634	470	343	305	208	16
Total assets	**17 965**	18 803	19 811	24 527	22 436	19 539	21 081	23 475	21 574	12 985
Equity attributable to owners of Murray & Roberts Holdings Limited	**7 201**	6 498	5 905	7 041	5 887	4 221	6 203	5 581	4 865	3 637
Non-controlling interests	**63**	25	27	1 657	1 215	1 100	974	1 053	960	178
Total equity	**7 264**	6 523	5 932	8 698	7 102	5 321	7 177	6 634	5 825	3 815
Non-current liabilities	**1 117**	2 526	1 908	1 958	1 596	1 873	2 367	1 447	1 290	1 102
Current liabilities	**9 584**	9 754	11 971	13 871	13 738	12 345	11 537	15 394	14 459	8 068
Total equity and liabilities	**17 965**	18 803	19 811	24 527	22 436	19 539	21 081	23 475	21 574	12 985

1 *Comparatives before financial year 2016 have been restated for discontinued operations and the adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are equity accounted for rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

RATIOS AND STATISTICS

30 JUNE 2016

		IFRS Restated[1]								
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EARNINGS										
Earnings/(loss) per share (cents)										
– Basic	**189**	218	310	247	(214)	(530)	336	618	521	216
– Diluted	**182**	213	305	245	(214)	(528)	335	612	510	212
Headline earnings/(loss) per share (cents)										
– Basic	**158**	212	221	188	(246)	(456)	308	616	507	297
– Diluted	**153**	207	217	186	(246)	(454)	307	609	496	293
Dividends per share (cents)	**45**	50	50	–	–	–	105	218	196	116
Dividend cover	**3,4**	4,1	4,3	–	–	–	2,9	2,8	2,5	2,5
Interest cover[2]	**10,2**	8,2	7,6	8,8	(1,4)	(4,0)	1,9	4,9	2,2	1,9
PROFITABILITY										
PBIT on revenue (%)[2]	**4,9**	4,4	5,0	7,1	(2,1)	(6,6)	4,2	9,2	3,9	2,3
PBIT on average total assets (%)[2]	**6,9**	5,5	6,7	8,5	(2,5)	(6,3)	2,9	7,1	3,0	1,5
Attributable profit on average ordinary shareholders' funds (%)	**11,0**	14,2	19,5	15,5	17,1	5,7	29,1	38,6	40,3	20,9
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**508**	574	459	443	463	420	413	469	473	407
Total average assets (Rands)	**703**	804	748	836	836	1 051	1 452	1 290	1 300	1 592
Value created (Rm)[3]	**16 246**	17 352	17 773	17 660	15 237	10 069	11 651	13 689	10 984	6 063
Value ratio[3]	**1,11**	1,13	1,16	1,20	1,05	1,00	1,33	1,39	1,40	1,31
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**14**	23	42	23	31	44	45	54	34	36
Total liabilities	**147**	188	234	182	216	267	194	254	270	240
Current assets to current liabilities	**1,24**	1,14	1,04	1,25	1,02	1,13	1,29	1,12	1,11	1,09
Operating cash flow (Rm)	**762**	586	931	1 653	(2 318)	462	943	1 732	3 124	1 918
Operating cash flow per share (cents)	**171,4**	132	209	372	(521)	139	284	522	941	578
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	382,7	367,8	367,8	367,8	367,8	367,8
Weighted average number of treasury shares (millions)	**46,1**	41,4	38,3	37,9	39,2	40,3	41,3	42,1	38,7	42,0
Number of employees – 30 June[3]	**33 893**	29 581	25 498	33 281	44 710	42 422	40 413	38 981	45 654	33 466

DEFINITIONS

Dividend cover	Diluted headline earnings/(loss) per share divided by dividend per share
PBIT	Profit before interest and taxation
Interest cover	PBIT divided by interest expense
Value ratio	Value created as a multiple of payroll cost
Net asset value	Ordinary shareholders' equity
Average	Arithmetic average between consecutive year ends

1 Comparatives before financial year 2016 have been restated for discontinued operations.

2 The above calculations are based on normalised earnings of R1,3 billion (2015: R1,1 billion).

3 Includes continuing and discontinued operation.

SEGMENTAL ANALYSIS

30 JUNE 2016

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	GROUP 2016	GROUP 2015	DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1] 2016	DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1] 2015
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE				
Revenue	**26 148**	24 013	**4 658**	6 643
Profit/(loss) before interest and taxation	**1 275**	1 064	**(118)**	80
Net interest (expense)/income	**(71)**	(68)	**–**	(4)
Profit/(loss) before taxation	**1 204**	996	**(118)**	76
Taxation (expense)/credit	**(298)**	(187)	**(16)**	5
Profit/(loss) after taxation	**906**	809	**(134)**	81
Income/(loss) from equity accounted investments	**8**	3	**10**	1
(Loss)/profit from discontinued operations	**(124)**	82	**–**	–
Non-controlling interests	**(37)**	(13)	**–**	–
Profit/(loss) attributable to holders of Murray & Roberts Holdings Limited	**753**	881	**(124)**	82
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	**5 453**	7 007	**–**	11
Current assets[3]	**11 870**	11 160	**2 364**	173
Goodwill	**642**	636	**–**	–
Total assets	**17 965**	18 803	**2 364**	183
Ordinary shareholders' equity	**7 201**	6 498	**473**	152
Non-controlling interests	**63**	25	**1**	–
Total equity	**7 264**	6 523	**474**	152
Non-current liabilities	**1 117**	2 526	**–**	–
Current liabilities[3]	**9 584**	9 754	**1 890**	31
Total equity and liabilities	**17 965**	18 803	**2 364**	183
SUMMARISED STATEMENT OF CASH FLOWS				
Cash generated from/(utilised by) operations before working capital changes	**1 326**	1 575	**(9)**	194
Change in working capital	**(239)**	(509)	**(170)**	71
Cash generated from/(utilised by) operations	**1 087**	1 066	**(179)**	265
Interest and taxation	**(329)**	(480)	**18**	(32)
Operating cash flow	**758**	586	**(161)**	233

1 *Includes the Infrastructure & Building Southern African construction operations, Genrec Engineering, Construction Products Africa operating platform, Group's properties divisions, interest in Steel reinforcing bar manufacture and trading operations and Tolcon excluding investments in the Bombela Concession and Bombela Operating Companies and its operating companies.*

2 *Retained, post the discontinuation of the Infrastructure & Building Southern African construction businesses.*

3 *Includes assets/liabilities classified as held-for-sale.*

BOMBELA & MIDDLE EAST[2]		POWER & WATER		UNDERGROUND MINING		OIL & GAS		CORPORATE AND PROPERTIES	
2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
1 872	1 025	**4 276**	3 617	**8 788**	7 565	**11 212**	11 806	**–**	–
6	149	**27**	(152)	**506**	411	**525**	838	**211**	(182)
(5)	3	**38**	17	**1**	3	**177**	172	**(282)**	(263)
1	152	**65**	(135)	**507**	414	**702**	1 010	**(71)**	(445)
(9)	(8)	**(67)**	14	**(178)**	(164)	**17**	(40)	**(61)**	11
(8)	144	**(2)**	(121)	**329**	250	**719**	970	**(132)**	(434)
8	3	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
(33)	(9)	**(10)**	(4)	**2**	–	**4**	–	**–**	–
(33)	138	**(12)**	(125)	**331**	250	**723**	970	**(132)**	(434)
2 411	3 757	**59**	416	**1 775**	1 572	**254**	526	**954**	725
1 695	2 379	**1 545**	1 539	**2 820**	2 504	**3 310**	3 934	**136**	631
–	44	**81**	81	**58**	36	**503**	475	**–**	–
4 106	6 180	**1 685**	2 037	**4 653**	4 112	**4 067**	4 935	**1 090**	1 356
1 580	1 230	**338**	794	**2 682**	2 243	**2 000**	2 083	**128**	(4)
54	20	**38**	28	**(25)**	(23)	**(5)**	–	**–**	–
1 634	1 250	**376**	822	**2 657**	2 220	**1 995**	2 083	**128**	(4)
86	1 115	**10**	27	**358**	379	**178**	105	**485**	900
2 386	3 816	**1 299**	1 188	**1 638**	1 513	**1 894**	2 745	**477**	461
4 106	6 181	**1 685**	2 037	**4 653**	4 112	**4 067**	4 933	**1 090**	1 357
(157)	(34)	**229**	(95)	**689**	722	**733**	883	**(159)**	(95)
(397)	(229)	**33**	(206)	**16**	(112)	**8**	(144)	**271**	111
(554)	(263)	**262**	(301)	**705**	610	**741**	739	**112**	16
–	2	**16**	7	**(187)**	(222)	**120**	34	**(296)**	(269)
(554)	(261)	**278**	(294)	**518**	388	**861**	773	**(184)**	(253)

ANALYSIS OF SHAREHOLDERS

FOR THE YEAR ENDED JUNE 2016

SIZE OF HOLDING	Number of shareholders	% of shareholders	Number of shares	%
1 – 1 000	4 409	63,72	1 052 864	0,24
1 001 – 10 000	1 724	24,92	5 850 581	1,32
10 001 – 100 000	487	7,04	16 994 699	3,82
100 001 – 1 000 000	234	3,38	76 837 584	17,28
1 000 001 shares and over	65	0,94	344 000 390	77,35
Total	**6 919**	**100**	**444 736 118**	**100**
Category				
Unit Trust/Mutual Fund	169	2,44	173 957 278	39,11
Pension Funds	211	3,05	153 510 999	34,52
Black Economic Empowerment	3	0,04	31 698 559	7,13
Private Clients	77	1,11	30 159 373	6,78
Insurance Companies	21	0,30	12 514 393	2,81
Trading Position	12	0,17	7 614 494	1,71
Custodians	11	0,16	2 722 228	0,61
University	8	0,12	2 449 019	0,55
Medical Aid Scheme	10	0,14	1 222 824	0,27
Sovereign Wealth	4	0,06	1 160 089	0,26
Foreign Government	3	0,04	884 444	0,20
Charity	11	0,16	823 120	0,19
American Depository Receipts	2	0,03	691 642	0,16
Local Authority	1	0,01	491 408	0,11
Investment Trust	3	0,04	450 743	0,10
Hedge Fund	2	0,03	378 019	0,08
Exchange Traded Funds	4	0,06	342 588	0,08
Real Estate Fund	1	0,01	69 875	0,02
Other	6 366	92,01	23 595 023	5,31
Total	**6 919**	**100**	**444 736 118**	**100**

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of shares
Government Employees Pension Fund (ZA)	69 102 705	15,54
Allan Gray Balanced Fund (ZA)	22 841 655	5,14

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of shares
Allan Gray Investment Council (ZA)	100 318 641	22,56
Coronation Asset Management (ZA)	66 843 820	15,03
PIC (ZA)	54 969 481	12,36
Sanlam Investment Management (Group)	24 455 256	5,50

SHAREHOLDER SPREAD	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-public*	14	0,20	46 449 257	10,44
Public	6 905	99,80	398 286 861	89,56
Total	**6 919**	**100**	**444 736 118**	**100**

* *Includes directors, Murray & Roberts Trust, Murray & Roberts Retirement Fund, employees and associates,*

SHAREHOLDERS' DIARY

Financial year-end	June
Mailing of annual integrated report	October
Annual general meeting	November
Publication of half year results 2016/17	February 2017
Publication of preliminary report 2016/17	August 2017

For a comprehensive Shareholders' Diary, please visit the Investor's portal on www.murrob.com.

ADMINISTRATION AND CORPORATE OFFICE

Company Registration Number	1948/029826/06
JSE Share Code	MUR
ISIN	ZAE000073441

BUSINESS ADDRESS AND REGISTERED OFFICE

Douglas Roberts Centre,
22 Skeen Boulevard, Bedfordview 2007
Republic of South Africa

POSTAL & ELECTRONIC ADDRESSES AND TELECOMMUNICATIONS NUMBERS

PO Box 1000, Bedfordview 2008
Republic of South Africa

Telephone	+27 11 456 6200
Email	info@murrob.com
Website	www.murrob.com

SHARE TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street, Braamfontein 2001
PO Box 4844, Johannesburg 2000
Republic of South Africa

Telephone	+27 11 713 0800
Fax	+27 86 674 4381

SPONSORED LEVEL 1 AMERICAN DEPOSITORY RECEIPT (ADR) PROGRAMME

US Exchange	OTC
US Ticker	MURZY
Ratio of ADR to Ordinary Share	1:1
CUSIP	626805204
Depository Bank	Deutsche Bank Trust Company Americas

AUDITORS

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead, Sandton 2196
Private Bag X6, Gallo Manor 2052

SPONSOR

Deutsche Securities (SA) Proprietary Limited
3 Exchange Square
87 Maude Street, Sandton 2196
Private Bag X9933, Sandton 2146

INVESTOR RELATIONS AND MEDIA ENQUIRIES

Ed Jardim

Telephone	+27 11 456 6200
Email Address	ed.jardim@murrob.com

GLOSSARY OF TERMS

Agreement	Asset Purchase and Sale Agreement
AMD	Acid Mine Drainage
BBBEE	Broad-Based Black Economic Empowerment
BCC	Bombela Concessions Company
BCJV	Bombela Civil Joint Venture
Board	The Board of Murray & Roberts Holdings Limited
BOC	Bombela Operating Company
Brownfields	Existing, developed property or infrastructure on which expansion or redevelopment occurs
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CAGR	Compound Annual Growth Rate
CBD	Central Business District
CDP	Carbon Disclosure Project
CDP	Community Development Programme
CEL	Clough Enercore Limited
Cementation AG	Cementation Above Ground
Company	Murray & Roberts Holdings Limited
CPSP	Clough Phantom Share Plan
CSDP	Central Securities Depository Participant
CSI	Corporate Social Investment
Companies Act	Act 71 of 2008 (as amended)
DoE	Department of Energy
DoL	Department of Labour
Dubai International Airport	Dubai International Airport Concourse 2
EBIT	Earnings Before Interest and Tax
EC&I	Electrical Controls and Instrumentation
ECD	Early Childhood Development
EMEA	Europe, Middle East and Africa
Enercore	Enercore Projects Limited
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement, Construction and Management
EPL	Enercore Projects Limited
FCF	Free Cash Flow
FCFPS	Free Cash Flow Per Share
FEED	Front-End Engineering and Design
FRCP	Fatal Risks Control Protocols
FSP	Forfeitable Share Plan
FY2016	For the year ended 30 June 2016
Gautrain	Gautrain Rapid Rail Link
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GMA	Gautrain Management Agency
Greenfields	New, undeveloped property where there is no need to work within the constraints of existing buildings or infrastructure
GRI	Global Reporting Initiative
Group	Murray & Roberts Holdings and its subsidiaries
Group CE	Group Chief Executive
Group FD	Group Financial Director
HEPS	Headline Earnings per Share
HSE	Health, Safety and Environment
HSSE	Health, Safety, Security and Environment
JV	Joint-venture
IFRS	International Financial Reporting Standards
IPP	Independent Power Producers
IR Framework	International Integrated Reporting Councils Integrated Reporting Framework
King III	King Code of Governance Principles 2009
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
LTI	Long-term incentives
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MAE	Major Accident Events
MAP	Major Accident Prevention
Merit	Merit Consultants International Inc
M&A	Mergers & Acquisitions
MLI	Medupi Leadership Initiative
Near Orders	Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close
NIHL	Noise-Induced Hearing Loss
NPAT	Net Profit After Tax
O&M	Operations and Maintenance
OMS	Opportunity Management System
Order Book	Confirmed and signed project orders
Order Book Pipeline	Tenders, budgets, feasibilities and prequalifications the Group is currently working on (excluding Near Orders). It also includes opportunities which are being tracked and are expected to come to the market in the next 36 months
Papua New Guinea	PNG
PFA	Pulverised Flue Ash
PMA	Project Management Academy
PNG	Papua New Guinea
Province	Gauteng Provincial Government
RGNPAT	Relative Growth in NPAT
ROE	Return on Equity
ROICE	Return on Invested Capital Employed
SADC	Southern African Development Community
Share Option Scheme	Murray & Roberts Holdings Limited Employee Share Incentive Scheme
SHEQ	Safety Health Environment and Quality
TB	Tuberculosis
STI	Short-term incentives
TFCE	Total Fixed Cost of Employment
TRCR	Total Recordable Case Rate
Trust	The Murray & Roberts Trust
TSR	Total Shareholder Return
VFL	Visible Felt Leadership
Vulindlela	Letsema Vulindlela Black Executives Trust
WACC	Weighted Average Cost of Capital

MURRAY & ROBERTS INTERNATIONAL OFFICES

AUSTRALIA

18 – 32 Parliament Place
West Perth
Western Australia, 6005
Tel: +61 8 9281 9281
Email: clough@clough.com.au

3/138 Abernethy Road, Belmont, Perth
Western Australia, 6104
Tel: +61 8 9270 9666
Email: info@ruc.com.au

21 Heath Street, Lonsdale
South Australia, 5160
Tel: +61 8 8186 0300
Email: admin@e2o.com.au

BOTSWANA

Plot 1214, Nkuruma Road, Old Industrial Site
PO Box 657, Gaborone
Tel: +267 395 1871
Email: info.botswana@murrob.com

CANADA

590 Graham Drive, North Bay
Ontario, Canada
P1B 7S1
Tel: +1 705 472 3381
Email: info@cementation.ca

4 Walford Road, Sudbury
Ontario, Canada
P3E 2H4
Tel: +1 705 523 4300
Email: info@cementation.ca

33 Rue Gamble Ouest, Rouyn-Noranda
Quebec, Canada
QC J9X 2R3
Tel: +1 819 762 2062
Email: info@cementation.ca

401 – 750 West Pender Street
Vancouver, British Columbia
Canada V6C 2T8
Tel: (604) 669-8444
Email: info@meritconsultants.net

115 Quarry Park Rd, Calgary
AB T2C 5G9, Canada
Tel: +1 403 523 2000
Email: info@enercoreprojects.ca

GHANA

Units 3 and 4
5th Floor
Ambassador Hotel
Ridge
Accra, Ghana
Tel: +233 302 633 888
Email: info.ghana@murrob.com

MOZAMBIQUE

Rua dos Desportistas
3 Andar
Edificio JAT V-III
Maputo
Mozambique
Tel: +27 11 456 6276
Email: info@murrob.co.mz

SCOTLAND

3 Riverside Way
Irvine, Ayrshire, Scotland
KA115DJ
Tel: +44 3450 344344
Fax: +44 1294 203801
Email: enquiries@boothwelsh.co.u

UNITED ARAB EMIRATES

Ground Floor, Dubai National Insurance Building
Sheikh Zayed Road
PO Box 30023, Dubai, United Arab Emirates
Tel: +971 4 372 8500
Email: info@murrob.ae

UNITED STATES OF AMERICA

0150 South Centennial Parkway, Suite 110
Salt Lake City, Utah 84070
Tel: +1 801 937 4120
Fax: +1 801 679 4005
Email: info@cementation.us

1221 McKinney Street
Suite 3325
Houston, Texas, 77010
Tel: +713 964 6775
Email: info@ch-iv.com

ZAMBIA

Plot 6374
Corner Dr Aggrey Avenue & Kariba Road
Light Industrial Area
PO Box 20227
Kitwe, Zambia
Tel: +26 097 880 2818
Email: info.cementation@murrob.com

DISCLAIMER

This report includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21 E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group's strategy; the economic outlook for the industry; and the Group's liquidity and capital resources and expenditure. These forward-looking statements speak only as of the date of this report and are not based on historical facts, but rather reflect the Group's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "should", "planned", "may", "potential" or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of any unexpected events.

Neither the content of the Group's website, nor any website accessible by hyperlinks on the Group's website is incorporated in, or forms part of, this report.

BOOYSENDAL MINE, MPUMALANGA, SOUTH AFRICA

Booysendal platinum mine is located in the southern compartment of the eastern limb of the Bushveld complex, 35 kilometres from the town of Mashishing in Mpumalanga, South Africa and is owned by Northam Platinum Limited. The life of mine is approximately 50 years. Murray & Roberts Cementation provides mine development, stoping and construction on a contract basis and utilises a mechanised, trackless, Board and Pillar mining methodology at the underground mining operation.

Murray & Roberts