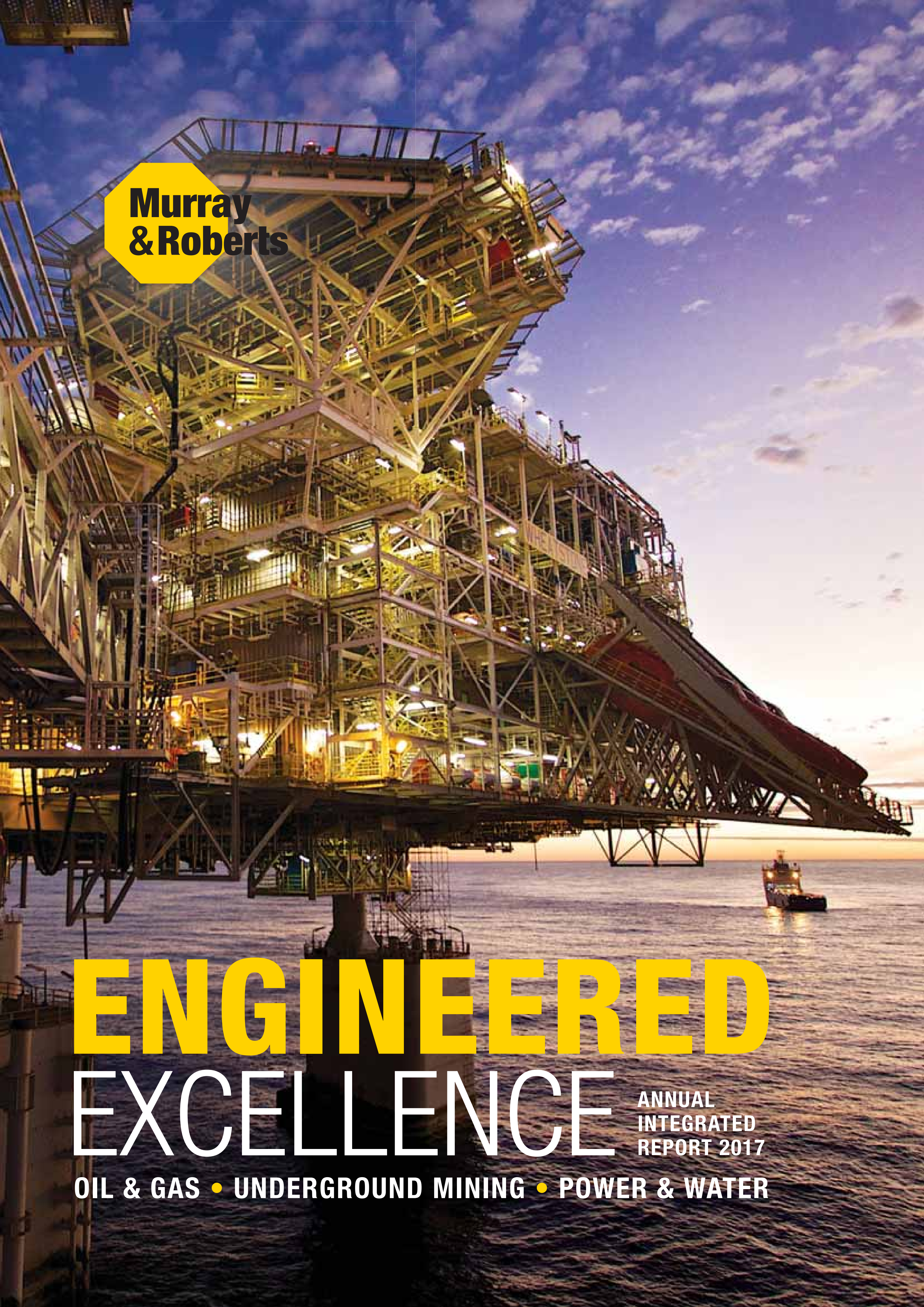


Murray & Roberts

ENGINEERED EXCELLENCE

ANNUAL INTEGRATED REPORT 2017

OIL & GAS • UNDERGROUND MINING • POWER & WATER

We are pleased to present our annual integrated report for the year ended 30 June 2017. Our integrated report presents the strategy, governance, performance and prospects of the Group, including our wholly-owned multinational business platforms and the investments in which we have significant influence.

ABOUT THIS REPORT

The report is aimed primarily at providers of financial capital, our employees, clients and business partners. It is also likely to be of interest to a broader stakeholder readership, as it covers our relationships and interactions with entities deemed to be material to our ability to deliver on our strategy and to our reputation in the multinational markets in which we operate.

This year's report provides stakeholders with a snapshot of each business platform's operating context, business plans and performance with the full business platform reviews available online. As in previous years, the printed report provides condensed financials, with the full annual financial statements available online. The close-out of the remaining projects and the office in the Middle East had a material effect on the Group's continuing financial results in the year under review, given that, while still active, IFRS does not allow these operations to be classified as discontinued. As a result, in many instances the Group's financial results have been reported as 'including and excluding the Middle East', to demonstrate that the impact experienced in FY2017 should not have any further material impact on the Group's continuing operations.

The report also includes the most material sustainability information as it pertains to the Group strategy and the business plans of the platforms. The content index on page 1 sets out the supplementary information available online on the Group's governance, economic, social and environmental frameworks, initiatives and performance.

PG 44 Summarised business platform overviews

PG 94 Summarised financial report

ONLINE Full business platform reviews

ONLINE Full annual financial statements

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 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 four broad material themes 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 were referenced in preparing the report, to ensure focused and connected reporting.

PG 14 Material issues

INTEGRATED THINKING

Our Board committee structure, which has significant overlap in membership, and the Group organisational framework, which defines the relationships between the governing bodies and operating entities within the Group, ensure integrated strategic decision-making that encompasses all aspects that pertain to defending and creating value. Within this context, the Group sustainability framework sets out our aspiration to operate in an ethical and sustainable way, and informs our 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. 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 08 Frameworks for value creation

ONLINE Sustainability report

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. The Board has considered the requirements of King IV and is of the view that the Group materially complies with its principles and practices. A King IV application register will be published in the coming financial year on the Group's website. 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 the GRI G4 guidelines to our sustainability reporting, which across the printed and online platforms meets the GRI G4 core level.

ONLINE GRI G4 content index

ONLINE Full annual financial statements/Auditors' report

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 Assurance statement

APPROVAL

The audit & sustainability committee is responsible for overseeing the preparation and presentation of the annual integrated report and ensuring its integrity and recommended it for Board approval, obtained on 23 August 2017.

PG 120 Important information on forward looking statements

PG 118 A glossary of terms and acronyms used in this report

CONTENTS

FEEDBACK

This integrated report is intended to provide the basis for meaningful engagement with our stakeholders on the Group's repositioning and longer-term strategic direction, and its performance within this context. We welcome your feedback which can be provided to Ed Jardim, Group investor and media executive at ed.jardim@murrob.com.

01

GROUP OVERVIEW

THE ROAD TO A *NEW STRATEGIC FUTURE*

FOCUSED ON GROWTH, RETURNS AND SUSTAINABILITY

Murray & Roberts is today a multinational engineering and construction group, with a focused portfolio of businesses providing services primarily in the natural resources market sectors of metals & minerals, oil & gas, and power & water. The Group is listed on the Diversified Industrials sub-sector of the JSE Limited. Reshaping and alignment of the organisation over the past few years to position it for sustainable growth, profitability and operational excellence, has required recapitalisation and major corporate action, removing the burden of legacy issues and managing significant challenges.

JULY 2011
Group chief executive and financial director appointed

NOVEMBER 2011
Negotiated debt package R4,0 billion

MARCH 2012
Rights issue R2,0 billion

MARCH 2013
Disposal of Clough's 36% investment in Forge R1,8 billion

DECEMBER 2013
Clough becomes a wholly-owned subsidiary R4,4 billion

UP TO MARCH 2014
Proceeds from disposal of companies R3,2 billion

FY2012 | Recovery year restores financial stability

FY2013/FY2014 | Growth years return the Group to sustainable profitability

1 Gorgon Pioneer Materials Offloading Facility marine project.

LANDMARK PROJECTS AROUND THE WORLD

In their diversity, scale and local socio-economic importance, it is our landmark projects around the world that best illustrate the Group's successful transformation into a project delivery group.

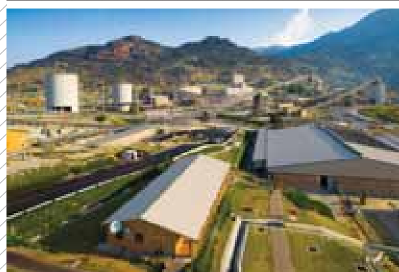
OIL & GAS

Gorgon Project
WESTERN AUSTRALIA

Wheatstone Offshore Hook-up & Commissioning
WESTERN AUSTRALIA

UNDERGROUND MINING

Booysendal Platinum Mine
SOUTH AFRICA



JUNE 2014
Settled GPMOF[1] claim, realising profit R300 million

AUGUST 2014
Dividend payments resumed

SEPTEMBER 2014 TO JANUARY 2016
Acquired
- Aquamarine (SA)
- Booth Welsh (EU)
- CH•IV (USA)
- Enercore (CA)
- Merit (CA)

DECEMBER 2016
Settled Gautrain claims and concluded industry settlement agreement with the South African Government

MARCH 2017
JSE sub-sector change and new Group financial director appointed

APRIL 2017
Sale of Infrastructure & Building platform R314 million

FY2015+ | *New Strategic Future* plan formulated and steadily implemented

PG 26 Chairman's statement
PG 34 Group chief executive's and financial director's report
PG 44 Summarised business platform overviews

POWER & WATER

Freeport Copper Mine
INDONESIA

Kusile Power Project
SOUTH AFRICA

GOIL MGO Storage Facility
GHANA

THE *NEW STRATEGIC FUTURE*

GEOGRAPHIC AND LIFE CYCLE DIVERSIFICATION

The Group's Purpose and Vision, which connect our capabilities to fixed capital formation and human development, and our Values and principle of *Engineered Excellence*, provide the primary point of reference for what we aspire to. Ultimately, they determine the Group's reputation and the quality of our relationships with stakeholders, and therefore our success in advancing our strategy.

The Group's strategic focus is firmly directed at primarily delivering services in the global natural resources market sectors of metal & minerals (underground mining), oil & gas, and power & water. Although it exposes the Group to cyclical dynamics, our strategy is informed by the positive long-term demand trend for natural resources including global population growth, urbanisation and global economic growth.

The geographic and project life cycle diversification of the Group's business platforms mitigates the impact of economic cycles and provides a blend of revenue and earnings. Our approach to international diversification focuses on establishing a permanent presence in growth regions for our clients. We also support clients on an ad hoc basis in other geographies where we do not have a permanent presence.

MURRAY & ROBERTS HOLDINGS LIMITED

A GROUP OF WORLD-CLASS COMPANIES AND BRANDS ALIGNED TO THE SAME PURPOSE, VALUES AND VISION

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

BUSINESS PLATFORMS

OIL & GAS

UNDERGROUND MINING

POWER & WATER

PURPOSE

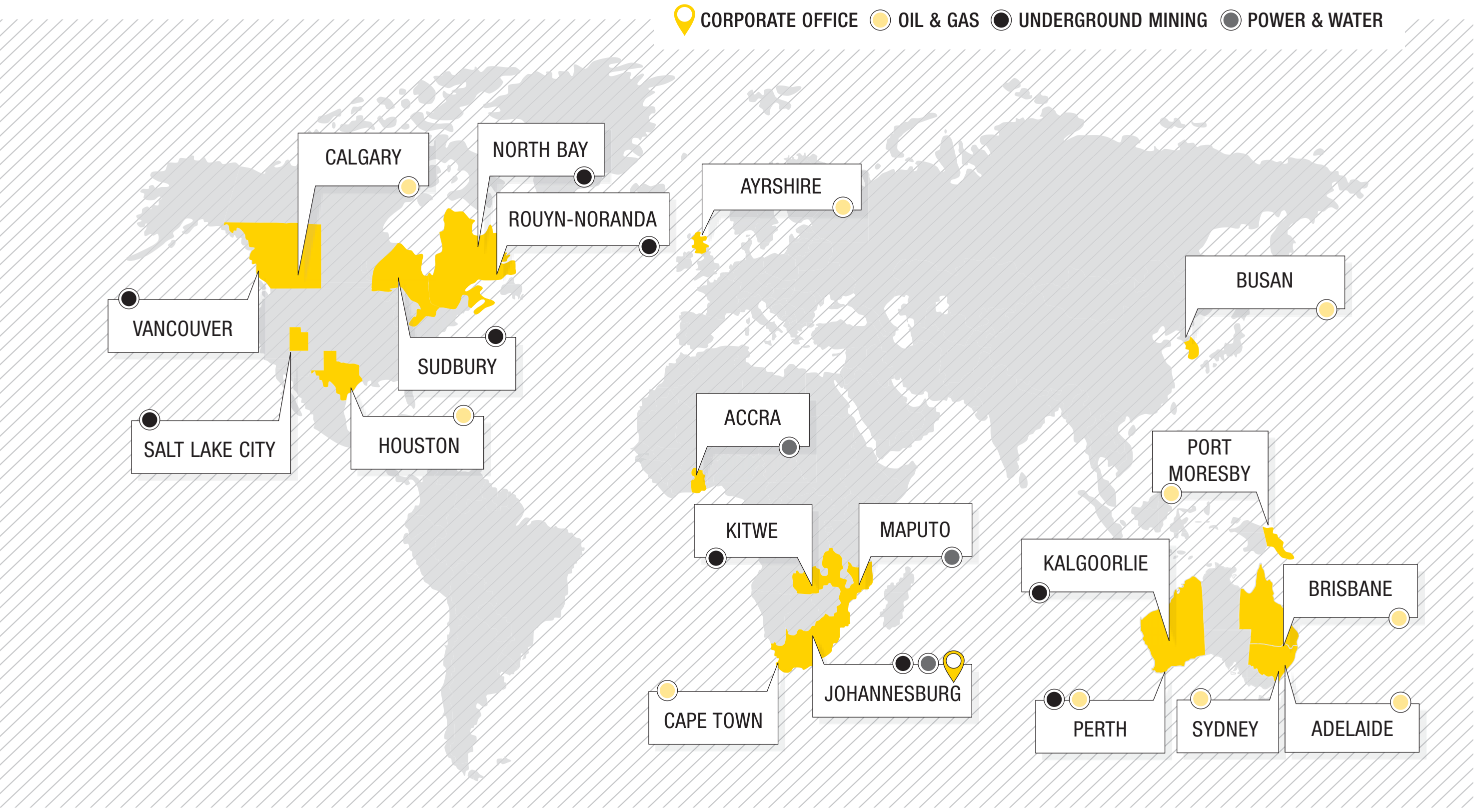
ENABLING FIXED CAPITAL INVESTMENTS THAT SUPPORT THE ADVANCEMENT OF HUMAN DEVELOPMENT

VISION

BY 2025, WE STRIVE TO BE A LEADING MULTINATIONAL ENGINEERING AND CONSTRUCTION GROUP THAT APPLIES OUR PROJECT LIFE CYCLE CAPABILITIES TO OPTIMISE FIXED CAPITAL INVESTMENT

VALUES

- **INTEGRITY**
- **RESPECT**
- **CARE**
- **ACCOUNTABILITY**
- **COMMITMENT**



FULL SERVICE OFFERING ACROSS REGIONS AND PROJECT LIFE CYCLE

BUSINESS PLATFORMS

	CAPABILITIES	GEOGRAPHIES
OIL & GAS	■ Detailed engineering ■ Procurement ■ Construction ■ Commissioning & maintenance	AFRICA AMERICAS ASIA AUSTRALIA EUROPE
UNDERGROUND MINING	■ Detailed engineering ■ Procurement ■ Construction ■ Commissioning & maintenance ■ Operations	AFRICA AMERICAS ASIA AUSTRALIA
POWER & WATER	■ Detailed engineering ■ Procurement ■ Construction ■ Commissioning & maintenance	AFRICA

PROJECT LIFE CYCLE

- Design and engineering/ technical consulting
- Process engineering, procurement and construction
- Construction
- Service and operations

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

PG 44 Summarised business platform overviews

ONLINE Full business platform reviews

FRAMEWORKS FOR VALUE CREATION

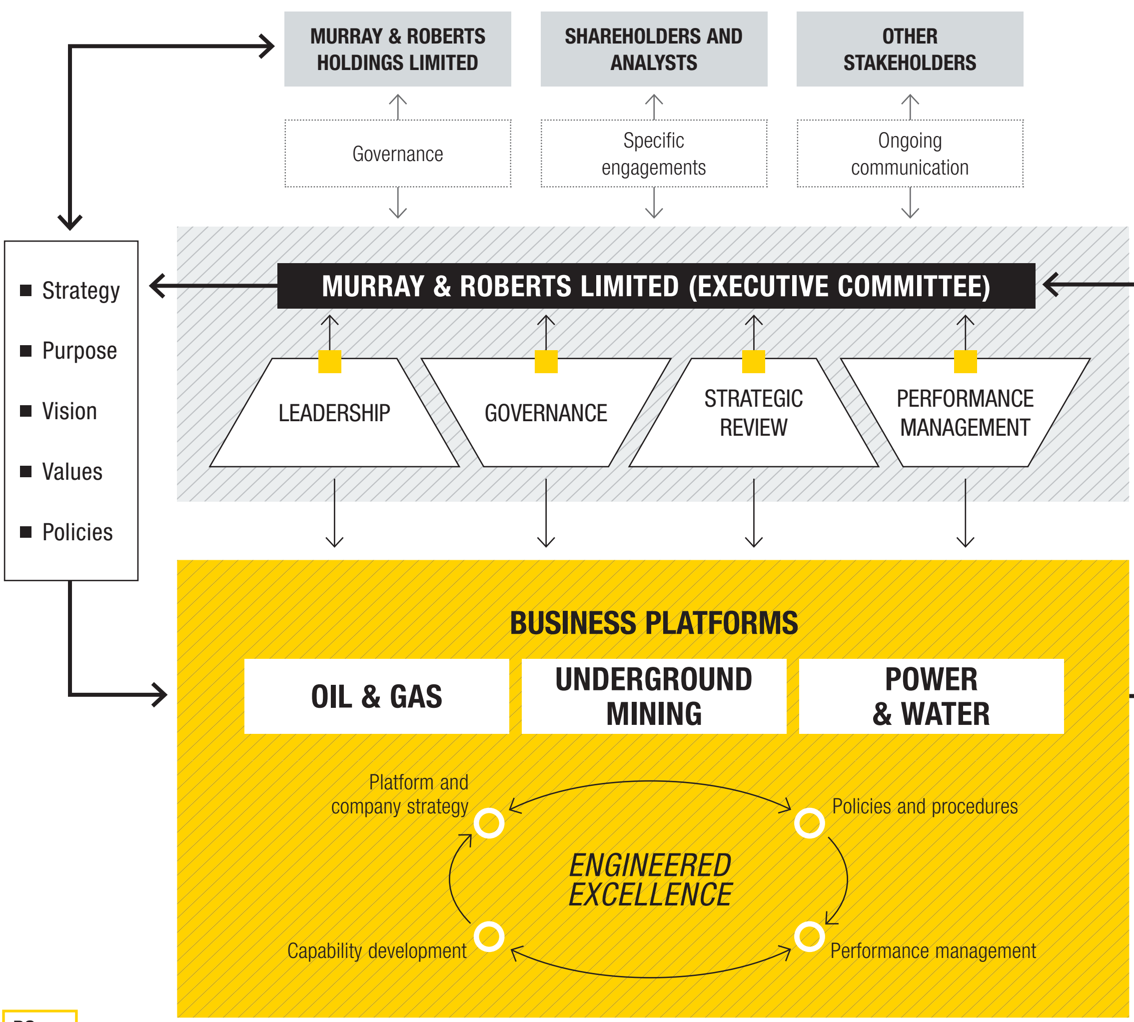
ENSURING INTEGRATED MANAGEMENT APPROACHES

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 in respect of the business platforms.

Proactive succession planning over the last three years has allowed the Board to systematically align its competencies to the strategy, delivering a mix of local, international and market sector experience and the relevant professional acumen to take the Group into the future.

The redefined role of the smaller corporate office is to provide strategic direction and ensure strong leadership at platform level with robust succession plans. Risk is managed by the platforms within the Group's defined risk tolerance framework, and aligned to specified contracting principles, with oversight from the corporate office.

ORGANISATIONAL FRAMEWORK

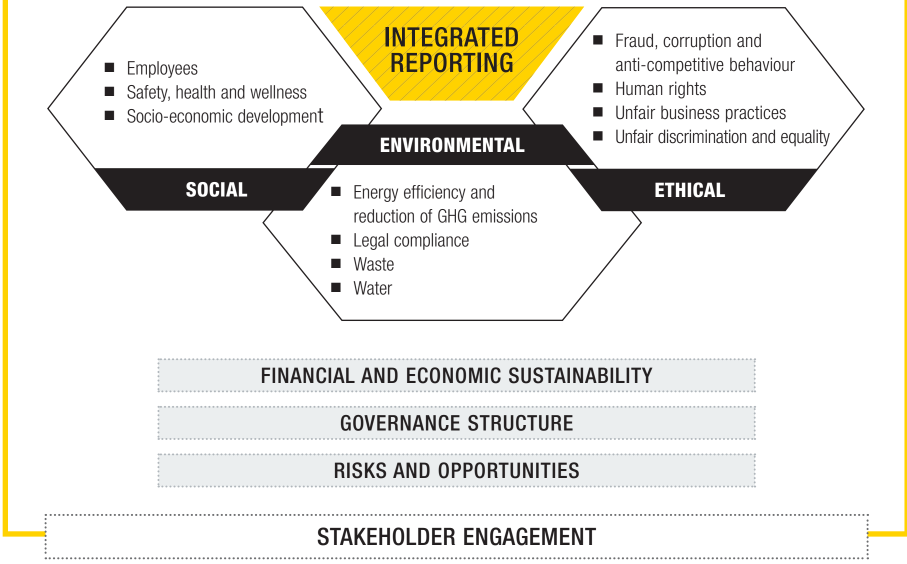


PG 60-93 Governance, risk and remuneration

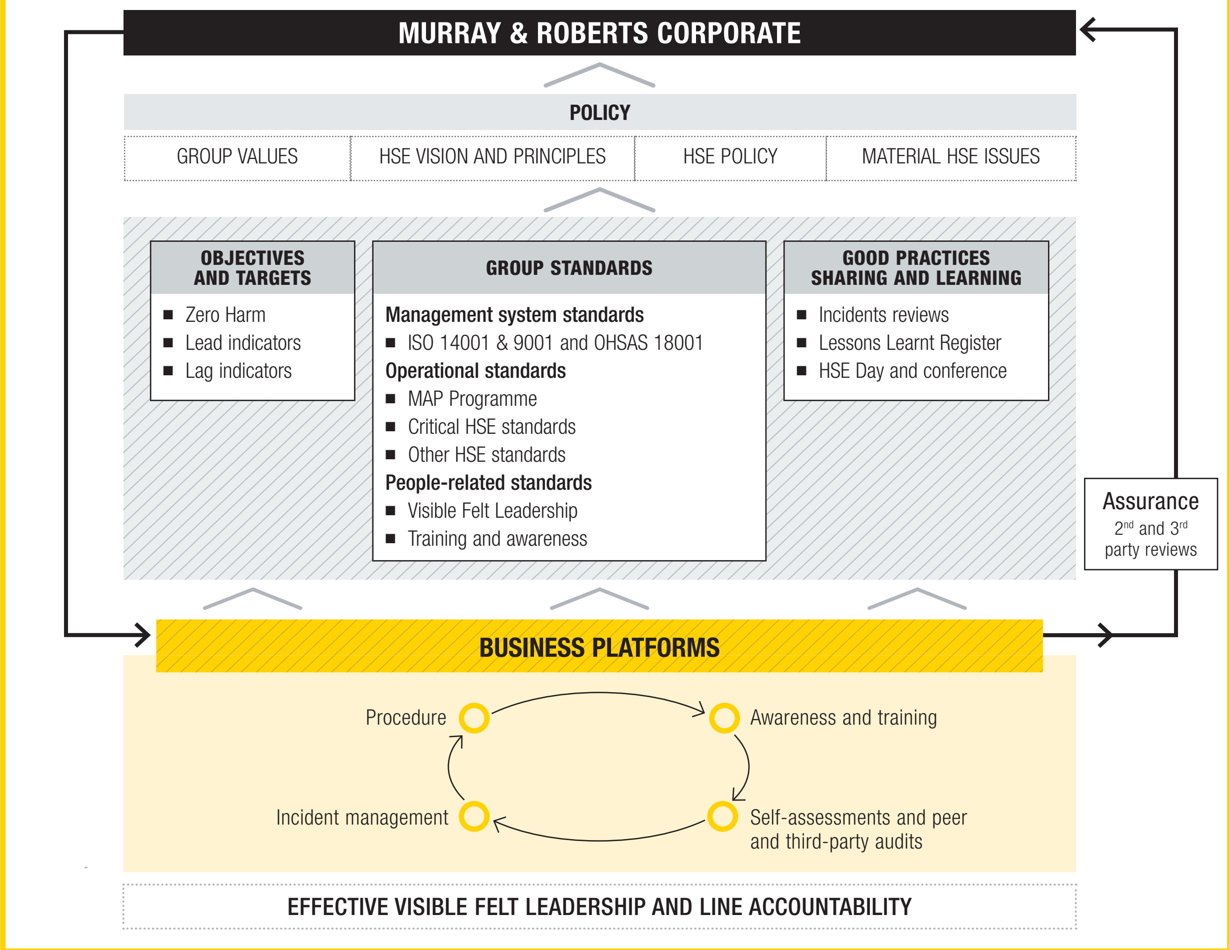
Our Group Sustainability Framework sets out our aspiration to operate in an ethical and sustainable way by:

- Considering the views and concerns of our stakeholders in our strategic and operational decision-making;
- Understanding and mitigating our risks in relation to our opportunities;
- Applying best practice corporate governance beyond minimum requirements;
- Operating world-class businesses able to create and sustain value for shareholders, clients, employees, partners and suppliers, as well as the countries and communities in which we operate; and
- Managing all our impacts according to the principle of Zero Harm.

GROUP SUSTAINABILITY FRAMEWORK



GROUP HSE FRAMEWORK



ONLINE
Safety, health and wellness report

STRATEGY AND RISK

THE ESSENCE OF THE *NEW STRATEGIC FUTURE*

To be a **MULTINATIONAL,** specialised engineering and construction group, focused on the natural resources sector

To provide **SPECIALISED** services across the project life cycle

To achieve ***ENGINEERED EXCELLENCE*** in all aspects of the business

FOCUS ON VALUE CREATION

PG 34 Group chief executive's and financial director's report

VALUE DRIVERS	CORPORATE ACTION	KEY CONSIDERATIONS	FY2018	FY2019	FY2020
01 STRATEGY EXECUTION AND EARNINGS DELIVERY	STRATEGIC FOCUS	Focus on the strategic framework within which the business platforms design their plans	✓	✓	✓
		Continue to expand internationally	✓	✓	✓
		Close-out the Middle East projects/office and the Dubai Airport claim	✓		
	MERGERS AND ACQUISITIONS	Identify and conclude value-accretive acquisitions in key growth markets, specifically the USA	✓	✓	
		Continue to position the business in developed markets and higher margin segments of the project life cycle	✓	✓	
02 OPERATIONAL PERFORMANCE	PERFORMANCE MANAGEMENT	*Engineered Excellence* is non-negotiable	✓	✓	✓
		Deliver/exceed ROICE targets and earnings guidance		✓	✓
03 OPTIMAL CAPITAL STRUCTURE	BALANCE SHEET MANAGEMENT	Target appropriate gearing level to support sustainable growth in the context of the commodity cycle and market volatility		✓	✓
04 CASH RETURNS TO SHAREHOLDERS	DIVIDEND POLICY	Maintain dividend policy and reinvest excess cash in value-creating acquisitive growth	✓	✓	✓
05 STRONG SHAREHOLDER REGISTER	SHAREHOLDER ENGAGEMENT	Secure support from key shareholders on strategy and value proposition	✓	✓	✓

PG 64 Risk management report

RISKS

STRATEGIC RISK	■ Global economy remains depressed ■ Order book replenishment ■ Ongoing weakness in oil and gas markets leading to a lack of large project opportunities ■ Replacement work post the completion of the South African power programme ■ Undertaking value-creating acquisitions ■ Complete the Middle East projects and closure of this operation
CORPORATE RISK	■ Recovery of uncertified revenues
OPERATIONAL RISK	■ Winning new work in the Oil & Gas platform and margin erosion in the platform's existing projects ■ Resource constraints impacting rapid organic growth in the Underground Mining platform as the commodity cycle turns
OPERATIONAL AND PROJECT RISK	■ Health, safety and environmental exposures ■ Industrial unrest in South Africa ■ Ineffective project delivery and project losses ■ Commercial close-out on the South African power programme ■ Unfavourable outcome in terms of the Grayston temporary works collapse
STRATEGIC RISK	■ Group liquidity constraints
STRATEGIC RISK	■ Group liquidity constraints
STRATEGIC RISK	■ Global economy remains depressed
CORPORATE RISK	■ Recovery of uncertified revenues

PERFORMANCE IN THE YEAR

RESILIENT FINANCIAL PERFORMANCE AND RECORD-LOW SAFETY RECORD

REVENUE
R21,4 BILLION
FY2016: R26,1 billion

ORDER BOOK (CONTINUING)
R26,9 BILLION
FY2016: R28,7 billion

EMPLOYEES
14 239
FY2016: 17 047

HEPS
(excl. Middle East)
(DILUTED CONTINUING)
212 CENTS
FY2016: 197 cents

DIVIDEND
45 CENTS =
FY2016: 45 cents

TRAINING SPEND
R144 MILLION
FY2016: R121 million

HEPS (TOTAL)
(DILUTED CONTINUING)
72 CENTS
FY2016: 178 cents

NET CASH
R1,8 BILLION =
FY2016: R1,8 billion

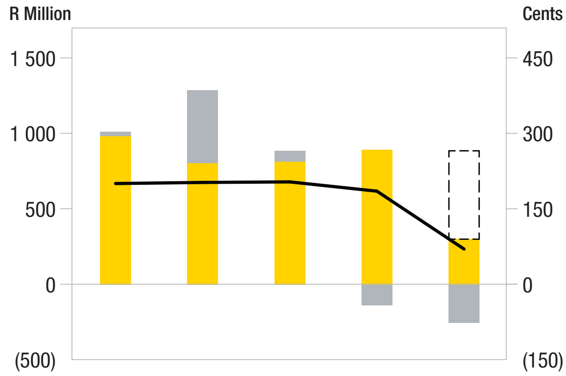
BBBEE
LEVEL 3
GENERIC CODES

ATTRIBUTABLE EARNINGS
R48 MILLION
FY2016: R753 million

ATTRIBUTABLE EARNINGS AND DILUTED CONTINUING HEPS

ATTRIBUTABLE EARNINGS WERE IMPACTED BY THE FOLLOWING EXCEPTIONAL ITEMS:

- R570 million loss incurred in the Middle East.
- R160 million profit realised in Bombela Civils JV, following settlement of Gautrain claim.
- R170 million net present value charge of the cash contribution over 12 years in terms of the Voluntary Rebuilding Programme with the South African Government.



	2013	2014	2015	2016[1]	2017
TOTAL ATTRIBUTABLE EARNINGS (Rm)	**1 004**	**1 261**	**881**	**753**	**48**
CONTINUING ATTRIBUTABLE EARNINGS (Rm)	976	801	810	889	301
DISCONTINUED ATTRIBUTABLE EARNINGS (Rm)	28	460	71	(136)	(253)
DILUTED CONTINUING HEPS (CENTS)	192	194	195	178	72

1 Restated for Mooikloof investment moved from discontinued to continuing operations.
Impact of Middle East losses.

LTIFR[1]
0.52
FY2016: 0.68

TRCR[2]
3.1
FY2016: 4.1

1 Lost Time Injury Frequency Rate.
2 Total Recordable Case Rate.

HEALTH AND SAFETY

The Group achieved a record-low safety performance during the year in its progress towards Zero Harm. Sadly there was one fatality in the Southern African Infrastructure & Building platform on 12 July 2016.

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.

ONLINE
Our employees, transformation and economic development report

ONLINE
Safety, health and wellness report

INVESTMENT MARGINS AND ASPIRATIONS

CRITERIA AND METHOD	ASPIRATION	FY2017 RESULTS
MARGIN EBIT[1] / REVENUE	**5% TO 7.5%**	2.3% **4.9%** (FY2016)
GEARING TOTAL INTEREST BEARING DEBT / ORDINARY SHAREHOLDERS' EQUITY	**20% TO 25%**	8.9% **14.4%** (FY2016)
ROE[2] NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS / AVERAGE ORDINARY SHAREHOLDERS' EQUITY	**17.5% THROUGH CYCLE**	0.7% **11%** (FY2016)
ROICE[3] (TAXED EBIT + INCOME FROM ASSOCIATES) / TOTAL CAPITAL EMPLOYED[4]	**WACC[5] (13%) PLUS 1% TO 4%**	2.6% **10.9%** (FY2016)
FREE CASH FLOW PER SHARE OPERATING CASH FLOW – CAPEX[6] + PROCEEDS ON DISPOSAL OF PPE AND INTANGIBLES / NUMBER OF SHARES	**BUDGET**	CASH POSITIVE (FY2016)
RONA[7] TAXED EBIT + INCOME FROM ASSOCIATES / TOTAL NET ASSETS (EXCL. TAX AND CASH)	**18% AFTER TAXED EBIT**	4.1% **17%** (FY2016)
TOTAL SHAREHOLDERS' RETURN (INCREASE IN SHARE PRICE YEAR ON YEAR + DIVIDEND PER SHARE) / SHARE PRICE (PY)	**RELATIVE TO PEERS**	ABOVE AVERAGE

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

PG 34 Group chief executive's and financial director's report

PG 94 Summarised financial report

MATERIAL ISSUES

THEMES

1 EFFECTIVE STRATEGIC DELIVERY

- STRONG LEADERSHIP CAPABILITY
- ACHIEVE BUSINESS MODEL MATURITY IN ALL PLATFORMS AND OPTIMISE GROWTH POTENTIAL
- ACHIEVE RERATING OF MARKET VALUE

2 COMPETITIVE DIFFERENTIATION

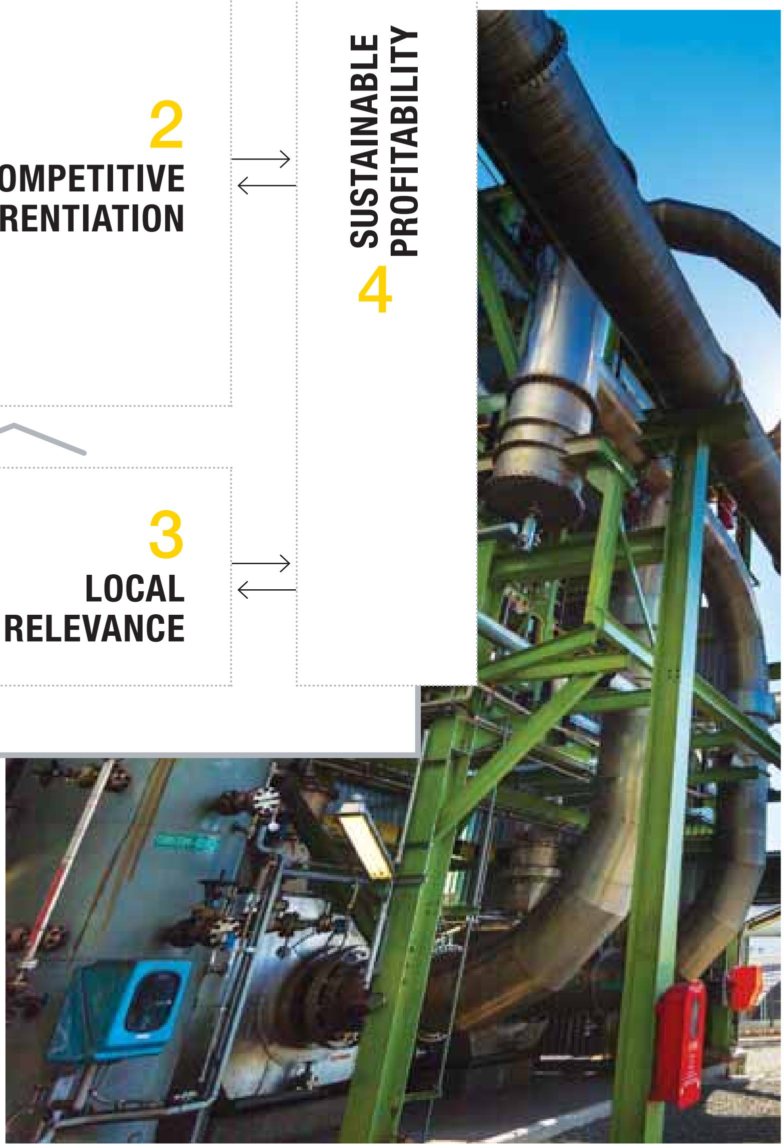
- NON-NEGOTIABLE FOCUS ON *ENGINEERED EXCELLENCE*
- ENSURE EMPLOYEE, CONTRACTOR AND COMMUNITY SAFETY AND MAINTAIN BENCHMARK SAFETY PERFORMANCE
- BECOME AN EMPLOYER OF CHOICE THROUGH BEST PEOPLE PRACTICES
- SECURE APPROPRIATE/REQUIRED PARTNERSHIPS AND DEEPEN SPECIALIST COMPETENCIES

3 LOCAL RELEVANCE

- ENGAGE, UNDERSTAND AND MANAGE LOCAL DYNAMICS
- MAINTAIN COMMERCIAL AND SOCIAL LEGITIMACY

4 SUSTAINABLE PROFITABILITY

- MANAGE SHORT-TERM CYCLICAL PRESSURES AND OTHER EXTERNAL FACTORS IMPACTING MARGINS
- MANAGE COSTS AND PROCESS EFFICIENCIES
- RESOLVE REMAINING LEGACY ISSUES
- INCREASE THE SIZE AND QUALITY OF THE ORDER BOOK



THEME 1:

EFFECTIVE STRATEGIC DELIVERY

Context

- A clear business model and strategy, and a focused portfolio of quality assets, positions the Group well for sustainable growth.
- Strong leadership at Group, platform and business level is fundamental to achieving our strategic objectives, necessitating ongoing succession planning.
- Our performance management system ensures accountability for team and individual objectives, and aligns these to our strategic objectives through the integrated performance dimensions on which leadership is remunerated.
- A strategic focus on global natural resources market sectors exposes the Group to cyclicality. As business platforms expand their geographic scope and ability to deliver services across the full project life cycle, this diversification protects profitability.

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ONLINE Our employees, transformation and local economic development report

ONLINE Full business platform reviews

MATERIAL ISSUE

STRONG LEADERSHIP CAPABILITY

SUB-ISSUE: ONGOING PERFORMANCE AND SUCCESSION MANAGEMENT

GROUP ASPECT

- Appointed Suresh Kana, a Murray & Roberts Board member, as chairman of the Board.
- Appointed Daniël Grobler as Group financial director from within the Group.
- Clarified the governance framework and provided strategic roadmaps for the business platforms, with platform CEOs and CFOs responsible for performance.
- Recruited, selected and appointed new non-executive directors to succeed retiring directors.

OIL & GAS

- Robert Radici promoted to the executive committee as head of commercial and risk.
- Strengthened the business development function, considering its critical importance in growing the order book.
- Delivered bespoke training interventions for leadership, designed for small group participation.

UNDERGROUND MINING

- Justin Oleson, previously president of Cementation USA, appointed president of the Americas, effective July 2017, succeeding Roy Slack.
- Search for new platform CEO underway, to succeed Orrie Fenn who retires end-June 2018.

POWER & WATER

- Further strengthened the executive committee by appointing new functional executives in human resources, business development, commercial, estimating and procurement.
- Hired a new country manager in Mozambique.
- Conducted a talent review to identify potential successors for the executive committee.
- Reviewed middle management and identified the top 20 high potential individuals.

MATERIAL ISSUES | THEME 1: EFFECTIVE STRATEGIC DELIVERY – CONTINUED

MATERIAL ISSUE

ACHIEVE BUSINESS MODEL MATURITY IN ALL PLATFORMS AND OPTIMISE GROWTH POTENTIAL

SUB-ISSUE: ACCELERATE PROJECT LIFE CYCLE DIVERSIFICATION

GROUP ASPECT

- Increased the Group's investment in Bombela to 50% (diversifying across the project life cycle).
- Achieve business plan targets with greater focus on organic growth.
- Expand further into higher margin segments including project development, engineering, de/commissioning, operations & maintenance.
- Grow niche capabilities of bolt-on acquisitions.

OIL & GAS

- Grow specialist engineering and asset support capabilities (operations & maintenance), as well as de/commissioning.
- Secure brownfields opportunities in Australia (specifically) and internationally from FY2019.
- Focus on organic growth in the bolt-on acquisitions.
- Maintain positive relationships with clients to secure LNG projects coming onstream in the medium to long term.
- Explore project life cycle diversification opportunities in complementary markets.

UNDERGROUND MINING

- Renewed focus on predominantly organic growth, but bolt-on acquisitions will be considered.
- Focus on growing contract mining portfolio to generate further annuity income.
- Expand the mine development and engineering service offering.
- Develop 'life-of-mine' relationships with longstanding top and mid-tier mining clients.

POWER & WATER

- Grow operations, maintenance and shutdown capabilities and business.
- EPC work in water treatment: borehole, dams and sea.
- Expand the electrical and instrumentation business offering.
- Increase business volumes in Aquamarine.
- Conclude the concession to operate a biomass plant in George, South Africa.

SUB-ISSUE: MANAGE THE CONSTRAINTS TO STRATEGIC DELIVERY AND POSITION BUSINESSES FOR BEST OPPORTUNITIES

GROUP ASPECT

- Target appropriate gearing and re-invest excess cash in capex and acquisitions to support sustainable growth.
- Develop client relationships to position the Group to access opportunities as they come to market.
- Establish a permanent presence and capacity in regions with major opportunities in selected natural resources market segments.
- Support clients on an ad hoc basis in regions where the Group does not have a permanent presence.

OIL & GAS

- Identify and conclude the appropriate EPC acquisition in the USA to access LNG projects in the region over the medium term.
- Secure gas-to-power, marine and water opportunities in Asia, Africa and North America.
- Secure LNG greenfields projects in PNG and South East Asia.
- Open an office in Indonesia.
- Opened an office in Sydney to pursue selected public infrastructure opportunities on the east coast of Australia.

UNDERGROUND MINING

- Capitalise on the upturn in the commodity cycle.
- Manage potential resource constraints to position the platform for sector upcycle growth.
- Capital expenditure required in FY2018 to deliver secured opportunities.
- Pursue opportunities to grow organically in Australia, Canada, Indonesia, South America and Africa.
- Explore unrealised opportunities in Mongolia, a market re-entered in FY2017.
- Grow the Africa footprint and develop the Asia Pacific Rim market.

POWER & WATER

- Focus on developing and building power generation plants, water treatment services and acid mine drainage solutions in sub-Saharan Africa.
- Capitalise on the increasing demand for solutions to mitigate the environmental impact of traditional natural resource use.
- Business development sectors identified: industrial (sugar and paper sectors) power and health sector for water.
- Actively engage clients developing significant projects.
- Manage public sector risk in Africa.

MATERIAL ISSUE

ACHIEVE RERATING OF MARKET VALUE

GROUP ASPECT LIMITED

- Transferred JSE Limited sub-sector listing from 'Heavy Construction' to 'Diversified Industrials' in March 2017.
- Communicate the new Murray & Roberts' positioning to investment community, including relevant international peer group.
- Secure support for the strategy from long-term shareholders.
- Maintain dividend policy.

THEME 2:

COMPETITIVE DIFFERENTIATION

Context

- 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 our ability to achieve our strategy. This requires that we understand what matters most to our clients.
- Safety performance is a differentiating factor for clients in all our business platforms and informs the tendering price. It also directly impacts our reputation as an employer of choice. Our journey to Zero Harm is supported by a range of programmes focused on continual improvement. We benchmark our safety practices against clients and peers, and implement lessons learnt from incidents and audits. Our businesses carry out self-assessments on Group safety initiatives, and are subjected to independent assurance by internal and external experts. These assessments show a maturing level of compliance.
- We strive to be 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 assists with identifying development needs, which are satisfied through extensive education and training programmes.
- Our ability to secure JV and sub-contractor partnerships are critical to accessing local business and we ensure that these partnerships align to our Values and principles, and the high standards we set as a responsible employer and corporate citizen. This ensures excellent project delivery and mitigates risk, particularly in respect of safety. In addition, an important aspect of effective project delivery is strong local management teams that understand the commercial and social imperatives, and cultural nuances in the regions in which we operate.

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ONLINE Full business platform reviews

MATERIAL ISSUE

NON-NEGOTIABLE FOCUS ON *ENGINEERED EXCELLENCE*

GROUP ASPECT

- Only one loss-making project across all business platforms (excluding Middle East).
- Continue to improve project management systems and ensure contracting excellence.

OIL & GAS

- Business processes and the Pursuit of Excellence culture ensure work is delivered to a high standard, limiting rework and creating opportunities for scope growth and additional income.

UNDERGROUND MINING

- Continued to drive project management excellence through the Project Management Office.
- The absence of any loss-making projects in FY2017 is evidence of improved project management capability within Murray & Roberts Cementation.

POWER & WATER

- Implemented more robust project review governance processes and organisational adjustments to strengthen project delivery.
- Considerable improvement in project delivery with only one loss-making project.
- Developed an improved Project Management Framework with Critical Controls Assurance for full implementation in FY2018.

MATERIAL ISSUES | THEME 2: COMPETITIVE DIFFERENTIATION – CONTINUED

MATERIAL ISSUE

ENSURE EMPLOYEE, CONTRACTOR AND COMMUNITY SAFETY AND MAINTAIN BENCHMARK SAFETY PERFORMANCE

GROUP ASPECT

- Progress in implementing the MAP Programme.
- Achieved record-low safety performance with an LTIFR of 0.52 in FY2017.
- Increased focus on wellness initiatives.

OIL & GAS

- Clough implemented the MAP Programme across all projects in Australia, and is rolling it out to subsidiary companies globally.
- Achieved 555 LTI free days up to May 2017.
- A significant milestone achieved with Zero Harm attained for the first time on Clough's Woodside Karratha Life Extension project.
- Developed HSSE Leadership Programme for construction leaders, combining the practical application of risk management processes with behavioural safety principles.
- Continued to implement pre-mobilisation physical assessments, with all project personnel completing detailed medical assessments.

UNDERGROUND MINING

- Implemented a five-year safety strategy in CCI.
- Achieved 20 months without a fatality.
- Continued to implement the MAP Programme, with the injury severity index and number of high potential incidents decreasing compared to FY2016.

POWER & WATER

- Improved health and safety performance.
- Implemented the MAP Programme across the power programme with good results.
- Developing an enhanced Behaviour Based Safety system with Sasol Group Technology.

MATERIAL ISSUE

BECOME AN EMPLOYER OF CHOICE THROUGH BEST PEOPLE PRACTICES

GROUP ASPECT

- R144 million (FY2016: R121 million) spent on training and development.
- Continue to align training and development to support excellence in project delivery.

OIL & GAS

- The need to develop employees in supervisory roles, has resulted in the development of a Construction Management Academy.
- Reinvigorated the Graduate Programme with an intake of five new graduates.

UNDERGROUND MINING

- Ensure that human capital resources are sufficient to take advantage of the upturn.
- Skills development at Murray & Roberts Cementation is delivered through the world-class training facility at Bentley Park, Carletonville, which is accredited by both the Mining Qualifications Authority and British Safety Council.
- Cementation Canada 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.

POWER & WATER

- Continued to support a successful bursar and graduate programme, which makes young engineers available to the business.
- A structured internship programme is offered in finance, procurement and human resources.

MATERIAL ISSUE

SECURE APPROPRIATE/ REQUIRED PARTNERSHIPS AND DEEPEN SPECIALIST COMPETENCIES

GROUP ASPECT

- Enter appropriate JVs and partnerships with technology providers.
- Enter JVs with local contractors to access opportunities in target markets and geographies.
- Employ new technologies to support differentiated service offerings.

OIL & GAS

- Maintain strong relationships with JV partners in Australia, with the BAM Clough and the Clough AMEC JVs continuing to deliver value.
- Continue to work in collaboration with the Underground Mining platform to pursue brownfields EPC opportunities on the Oyu Tolgoi Expansion Project in Mongolia.

UNDERGROUND MINING

- RUC Cementation Mining introduced real-time tracking of assets which improves decision-making and is providing business development opportunities.
- CCI is developing a full-scale prototype that uses injection hoisting technology (transporting ore to the surface using a pump-driven pipeline loop).
- Continue to invest in trackless mechanised mining and other automated mining technologies.
- Murray & Roberts Cementation is developing rapid access development capability, as well as enhanced systems and skills.

POWER & WATER

- Leverage agreements with technology partners in areas of desalination and water treatment, which are a differentiator in this market sector.
- Demonstrate the water treatment technology with a view to building a full-scale water treatment plant in the long term.
- Signed a strategic cooperation agreement with Shanghai Electric in June 2017, which develops equipment relating to power generation, power transmission and distribution, electromechanical integration, transport and environmental compliance.
- Explore industrial water opportunities through strategic partnerships with Hyflux, Organica and Osmoflo.

WE BENCHMARK OUR SAFETY PRACTICES AGAINST CLIENTS AND PEERS AND IMPLEMENT LESSONS LEARNT FROM INCIDENTS AND AUDITS.

THEME 3: LOCAL RELEVANCE

Context

- As the Group grows its multinational operating base, it is essential that we retain our commercial and social licences to operate in each territory in which we have a presence.
- The Group's leadership continues to ensure compliance with the applicable national regulatory frameworks.
- In South Africa, accelerating our transformation performance is a priority, notwithstanding the constraints of low growth on our ability to drive employment equity.
- 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.
- The Group develops local leadership and skills, and enters into JVs with local contractors in compliance with local contracting conventions.
- Ethical business practices are of great 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, oversight by a compliance officer and an anonymous fraud reporting and investigating function.

PG 34 Group chief executive's and financial director's report

PG 44 Summarised business platform overviews

ONLINE Full business platform reviews

ONLINE Safety, health and wellness report

ONLINE Our employees, transformation and local economic development report

ONLINE Ethical performance

ONLINE Community development report

MATERIAL ISSUE

ENGAGE, UNDERSTAND AND MANAGE LOCAL DYNAMICS

GROUP ASPECT

- Mitigate risks relating to:
  - Labour relations.
  - Commercial risk (jurisdictional).
  - Compliance to national laws, standards and codes.
  - Changes to legal requirements.
  - Corruption.

OIL & GAS

- Clough sits on the Employee Relations – Industrial Relations Policy groups supporting both clients and their service companies.
- Prioritised direct engagements with labour to resolve workforce matters. This has proven successful, with no projects impacted by industrial action.
- Diversity initiatives, specifically focused on indigenous engagement, have been implemented at Clough and include a Policy for Indigenous Engagement.

UNDERGROUND MINING

- Implemented components of the Employee Relations Framework and concluded a three-year wage agreement with industry unions in South Africa.
- In Mongolia, RUC Cementation Mining and Clough partnered with a local contracting company to tender on both surface and underground work at Rio Tinto's Oyu Tolgoi copper mine.
- Cementation Canada established several partnerships and JVs with First Nation groups in Canada and with local companies in Mexico and certain South American countries.

POWER & WATER

- Skills transfer and development remain high priority issues for organised labour. Significant investment in training and development is made to build a high performing core group of artisans and supervisors.
- Instituted a court bid to prevent Eskom from implementing a contract with a Chinese service provider for the Duvha Unit 3 boiler recovery project, which was found to be irregular.

MATERIAL ISSUE

MAINTAIN COMMERCIAL AND SOCIAL LEGITIMACY

GROUP ASPECT

- Ensure that the following aspects that contribute to our legitimacy and reputation are well managed:
  - Stakeholder management.
  - Local management depth.
  - Employment creation.
  - Diversity relevant to each geography.
  - Social investment.
  - Ethics (Values and contracting principles).

OIL & GAS

- Scholarships awarded to top engineering students in the Scholar's Programme.
- In Australia, a range of polices are being implemented to improve gender diversity.

UNDERGROUND MINING

- Transformation and diversity are key focus areas in the South African business, which achieved a BBBEE Level 4 rating under the generic codes.
- 100% of promotions to middle management levels were black (African, Coloured and Indian) employees.

POWER & WATER

- Achieved a BBBEE Level 3 rating.
- Transformation is a priority, with an increase in black senior managers from 5% in FY2016 to 18%, including two appointments at executive committee level.
- The partnership with Raizcorp, a business incubator in Africa, continues to support the development of entrepreneurs in the market.
- 1 515 learners have been trained on the power programme to date, with 118 learners still undergoing training.

THEME 4: SUSTAINABLE PROFITABILITY

Context

- Conditions in FY2017 remained difficult, however we believe that the commodity cycle has turned and that we are moving into a growth phase.
- We remain responsive to short-term market dynamics, employing tactics that support our profitability and hence our ability to invest in our strategic priorities.
- The reduction of costs in the corporate office and across our business platforms continues.
- With margins under increasing pressure, operational excellence in project delivery is essential, and this requires continued investment in productivity and efficiency initiatives.
- *Engineered Excellence* is non-negotiable and our focus on contract, risk and project management excellence prevents project losses and margin erosion.
- Progress has been made in resolving legacy issues and this continues to be a focus. Removing the uncertainty around the settlement of these claims is expected to contribute to the rerating of the Group's market value over time.
- Future profitability depends on the size and quality of our order book, which depends on the embedded risk, margin and commercial terms in the projects we secure.

PG 34 Group chief executive's and financial director's report

PG 44 Summarised business platform overviews

ONLINE Full business platform reviews

MATERIAL ISSUE

MANAGE SHORT-TERM CYCLICAL PRESSURES AND OTHER EXTERNAL FACTORS IMPACTING MARGINS

GROUP ASPECT

- Remain flexible enough to employ short-term tactics in Oil & Gas and Power & Water, to capture profitable growth opportunities in complementary markets, based on existing competencies and client relationships.

OIL & GAS

- Employed a business development manager to facilitate selected civil infrastructure development projects in Australia, mitigating against the limited oil and gas opportunities in the short to medium term.
- Secured its first onshore maintenance project.

UNDERGROUND MINING

- The major contributor to performance was the platform's success in securing projects associated with mining companies' ongoing infrastructure replacement and development spend by mining companies.
- Maximise higher margin raise boring projects.
- Enhance commercial and project management skills to protect margins.

POWER & WATER

- Access downstream opportunities in oil and gas.
- Committed to securing an order book to replace work on Medupi and Kusile, expected to be substantially completed in FY2019.
- Obtained preferred bidder status on the George Biomass project, an important achievement as this comprises full project life cycle participation.

MATERIAL ISSUE

MANAGE COSTS AND PROCESS EFFICIENCIES

GROUP ASPECT

- Continue to streamline the corporate office costs and optimise capacity requirements.
- Leverage information systems to drive operating efficiencies.

OIL & GAS

- Enterprise and business risks are actively reviewed and the progress of mitigation actions regularly monitored.
- Continued to reduce the cost base to preserve gross margins and remain cost competitive in pursuing smaller brownfields and maintenance project opportunities.

UNDERGROUND MINING

- Re-engineer the overhead structure in South Africa.
- Manage the depreciation of idle equipment.

POWER & WATER

- Implemented more robust governance processes with continuing executive oversight on project performance and cost reviews.
- Reduced overhead costs across all projects.
- Completion of the power programme in the next 18 months will put pressure on overhead costs.

MATERIAL ISSUE

RESOLVE REMAINING LEGACY ISSUES

GROUP ASPECT

- Participated in the settlement agreement between the South African Government and seven construction companies, to enhance the relationship with the Government in a geography that remains key, particularly for Underground Mining and Power & Water.
- Settled all Gautrain development period disputes between BCC and GPG.
- Completion of the Middle East projects and closure of office by June 2018.
- Resolve the Dubai Airport claim by May 2018, which is expected to realise future value.
- Manage retained liabilities following the disposal of the Southern African Infrastructure & Building platform. These liabilities have been provided for and include an opencast mining project for Lonmin and the Grayston temporary works collapse.
- Divest from Genrec, the only remaining manufacturing business.

POWER & WATER

- Closed out FY2015/16 legacy projects, with one loss-making project remaining.

MATERIAL ISSUE

INCREASE THE SIZE AND QUALITY OF THE ORDER BOOK

GROUP ASPECT

- Quality of the order book has improved due to rigorous contracting and risk management.
- Order book size negatively impacted by deferred or delayed projects.
- Acquire a full or partial share of an EPC company in the USA to provide access to gas opportunities in North America.

OIL & GAS

- The LNG market is expected to remain oversupplied until 2022, impacting recovery.
- Complementary markets such as Australia's mining and infrastructure markets present significant opportunities.
- Clough's strong track record in project delivery will enable it to successfully pursue new opportunities.
- East coast state governments in Australia are developing many large infrastructure projects. Clough is positioned to pursue selected opportunities and has developed partnering strategies for delivering these projects.

UNDERGROUND MINING

- Market indicators show that the commodity cycle has bottomed out and demand for commodities is anticipated to grow in the short term.
- The platform is positioned to take advantage of the large investment pipeline of underground mining projects in countries and regions where current mining activity is high. This is projected to increase in the future.
- Substantial scope for organic growth will come from mining companies' ongoing spend in infrastructure replacement to sustain their operations and increased greenfields expansion to meet future demand.

POWER & WATER

- The platform is positioned to secure work in coal, gas-to-power and solar projects.
- Investment in the oil and gas operation at Secunda, and recent project delivery success, together with HSE initiatives, have positioned the platform as an important service provider to Sasol.
- In the water sector, opportunity is expected from the wastewater treatment sub-sector due to increasing pressure to upgrade dysfunctional wastewater treatment plants and to reuse treated effluent.
- Growth is expected in the industrial sector as companies move to secure water supply and reduce costs through reuse and recycling initiatives.

02

LEADERSHIP REVIEW


Murray & Roberts

MAHLAPE SELLO

CHAIRMAN'S STATEMENT

"AS THE BUSINESS PLATFORMS IMPLEMENT THEIR PLANS, THE BOARD IS OF THE VIEW THAT THE GROUP'S FINANCIAL PERFORMANCE MAY STEADILY IMPROVE NOTWITHSTANDING AN OPERATING CONTEXT THAT ON BALANCE WILL REMAIN CHALLENGING."

An outcome of the *New Strategic Future*, which the Board approved in 2014, is a significantly different Murray & Roberts.

The Group has transformed from a predominantly South African construction business, to a multinational engineering and construction Group focused on the natural resources market sectors, with most of its income derived from international markets.

The strategy was implemented across two phases. Firstly, optimisation of the business platforms and secondly to position the Group for sustainable growth and value creation, based on the positive long-term demand drivers for natural resources. These include global population growth, urbanisation and economic growth, as well as environmental concerns that are stimulating investment in water security and clean energy sources.

The reclassification of the Group's listing to the Diversified Industrials index on the JSE Limited marks this successful repositioning. The strategic position the Group has achieved and the progress that has been made in addressing the legacy issues that have burdened its investment case for many years, are expected to lead to a rerating of its market value in time.

The Group's strategic focus on natural resources means that it is subject to cyclical dynamics. In mitigation, the business platforms are diversifying across geographies that show growth potential, as well as higher margin segments of the project life cycle.

Their ability to diversify successfully, requires that the business platforms progressively deepen the competitiveness of their value propositions to clients.

Amid persistently difficult market conditions, the Group's business platforms performed respectably in the year. This enabled the Board to declare an annual dividend of 45 cents per share, in line with the Group's dividend policy.

While the outlook for the natural resources market remains uncertain, we anticipate an upturn in the metals and minerals sector in the short term for which the Underground Mining platform is well positioned. The Oil & Gas platform is pursuing work in complementary markets, while its international expansion gathers momentum, given our medium-term expectations of a recovery in its markets. In the Power & Water platform, as the Medupi and Kusile power station projects near completion, concerted effort is being made to re-establish the business as a contractor of choice with new clients in the broader power and water sectors.

Consensus forecasts predict sustained global economic growth, at around 3%, supporting a recovery in demand for most key commodities to 2021, which bodes well for the mining sector. The current oversupply in global LNG markets should begin to moderate by 2022, although certain regions like the USA are buoyant in new supply capacity. In Africa, power generation and distribution and the escalating need for wastewater treatment solutions provide good opportunity. Geopolitical risks and rising economic protectionism, monetary and fiscal policies, regulatory risks and domestic political shocks will continue to be the major uncertainties affecting economic outcomes in our targeted regions.

The Board is confident that as the Group implements its strategy through the business platforms, its financial performance may steadily improve, despite the challenging operating context. In this respect, the Group's governance framework is clear and well-functioning, and each of the business platforms have strong management teams focused on operational excellence and growth opportunities.

DEEPENING CORPORATE CITIZENSHIP

As a multinational Group, our reputation as a responsible corporate citizen in each of our markets is fundamental to our strategic ambitions. This pertains to retaining our commercial and social licences to operate by being responsive to domestic regulatory and contracting requirements, maintaining a competitive edge through industry-leading HSE performance, and attracting and retaining the local talent needed to deliver specialised services. Excellence in every aspect of what we deliver to clients, and how we conduct ourselves, is as critical to the Group's profitability as it is to its sustainability.

Together to Zero Harm

Underpinning the Group's strategic journey is the progress it has made towards Zero Harm, with its record-low safety performance delivered in the year. Sadly, the Group experienced a fatality in the Infrastructure & Building platform before the completion of sale in April 2017. Ditebogo Phuduhudu (27), an apprentice mechanic, was electrocuted while performing his duties in July 2016. The Board deeply regrets the death of Ditebogo and again offers its deepest sympathies to his family and friends.

Fatalities and injuries at work are unacceptable and avoidable, and the Group continues to focus on understanding and managing the complex interplay of factors required to ensure Zero Harm to our employees, service providers and communities. The Group's safety programmes aim to empower employees to identify and report safety hazards, encouraging a culture of care that starts with each individual and extends to their colleagues. The Group's health and wellness programmes offer support in preventing the underlying issues that may affect employees' ability to work safely and productively.

Transformation and diversity

As the Group expands its operations across target geographies, the Board is cognisant of the importance of national and local requirements. This extends from 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.

In South Africa, in terms of the BBBEE generic codes, the Group was rated as a Level 3 contributor and the Board is focused on accelerating the Group's transformation progress, especially in employment equity. Outside of South Africa, appropriate diversity targets within the context of their operations, are also required from the Group's multinational business.

The Group's people management practices support a high-performance culture and a value proposition that offers professional and intellectual challenges, and continuous learning and development opportunities for employees. The Group's policies and procedures, which include a Code of Conduct and Statement of Business Principles, ensure consistency with the Purpose, Vision, Values and strategic goals of the Group. This alignment extends to the Group's performance management and development processes.

The Group's economic, social and environmental initiatives, are reviewed in the supplementary sustainability information online.

CHAIRMAN'S STATEMENT – CONTINUED

LEADING THE TRANSITION TO A 'NEW' MURRAY & ROBERTS

To contextualise this seminal point in the Group's strategic development, it is appropriate to look back briefly at the major developments that have characterised the Board's work during my tenure as chairman. It would not be an overstatement to say that this period has required far more in-depth strategic counsel and robust decision-making from the Board than may be considered routine.

Portfolio optimisation

The transition to a focused multinational engineering and construction Group involved major corporate action, including the divestment of the Construction Products business platform; the sale of Clough's investment in Forge; the acquisition of the minority shareholding in Clough and then the sale of the Infrastructure & Building platform. The Infrastructure & Building platform transaction was consistent with our intention, set out in the *New Strategic Future*, to exit the civil infrastructure and general building sector through a first-of-its kind empowerment transaction in this industry.

After this extended period of corporate activity, it was noteworthy for the Board that the three-year business plans we approved in July 2017, pertained entirely to value creation, the next phase of the *New Strategic Future*.

Legacy issues

Removing the commercial burden of the past and unencumbering the Group's strategic flexibility, and indeed its reputation, has been most complex and time consuming for the Board. Stakeholders will be aware of the intricate and protracted legal processes related to settling the substantial claims associated with legacy projects over the past few years. Having settled the Gorgon Pioneer Materials Offloading Facility marine project in Western Australia in June 2014, the claims relating to the Gautrain disputes were finally settled in the year (detailed in the chief executive's and financial director's report on page 34). The lengthy legal process in respect of the Dubai Airport claim is finally in arbitration, with an award expected in FY2018.

The Group incurred substantial losses in the Middle East in the year under review. The decision to close the Group's buildings business in the Middle East and to exit the region will be mainly implemented by June 2018.

Voluntary Rebuilding Programme

Arguably the most damaging and protracted issue affecting the Group in recent years, and indeed the entire construction sector in South Africa, has been the historical anti-competitive behaviour which led to the fast-track settlement process launched in February 2011 and settled in 2013.

Following an extensive period of negotiation, the Government and seven construction companies concluded a further settlement agreement in October 2016.

This latest agreement settles any exposure to potential claims for damages from identified public entities arising from the collusive activities of the past. It acknowledges the opportunity to foster a better working relationship between the Government and the industry going forward, and to advance the transformation of the South African construction sector. The financial impact of the settlement agreement for Murray & Roberts is a charge of R255 million over 12 years, of which the present value of approximately R170 million has been accounted for in FY2017.

The sale of the Infrastructure & Building platform was consistent with the option in the settlement to dispose of an economic interest of not less than 40% in the South African civil engineering and general building construction businesses of the companies involved, to enterprises that were more than 51% black owned, managed and controlled. This has released the Group from this option in respect of the settlement agreement, while it retains the financial obligation.

It is vital that our South African businesses can contract successfully with the public sector, which holds considerable opportunities, specifically for our Power & Water business platform. The restoration of this relationship through the settlement will support our intention to participate in future infrastructure development in South Africa.

Acquisition by ATON of a beneficial interest in Murray & Roberts

A notable event in the financial year was the acquisition by ATON of a 25.5% beneficial interest in Murray & Roberts in February 2017. ATON is a private investment holding company headquartered in Germany, with a diverse portfolio of investments in the mining, engineering, aviation and health technology sectors. As advised at the time on SENS, discussions were held with ATON as a major minority shareholder, specifically regarding the Group's interim results at the time. As of 30 April 2017, ATON's beneficial interest in Murray & Roberts increased to 29.99% according to the Group's analysis. We have not received any further guidance, correspondence or communication from ATON regarding its intentions in relation to its investment in the Group.

SUCCESSION PLANNING FOR THE *NEW STRATEGIC FUTURE*

I have had the privilege of serving on the Board as an independent non-executive director since 2009 and as chairman from 2013, and I will retire at the 2017 AGM.

Succession planning over the last three years, in view of impending retirements and in step with the *New Strategic Future*, has allowed the Board to systematically align its competencies to the strategy. The Board that takes the helm at the beginning of this new chapter in the Group's growth story, is well constituted in its mix of local, international and market sector experience and relevant professional acumen.

Following on from the three non-executive director appointments made last year in preparation for the retirement of two non-executive directors, the nominations committee followed a consultative process in planning for my retirement and that of Dave Barber. Dave has served as an independent non-executive director since June 2008 and will also retire from the Board.

In terms of the chairmanship, the nomination committee considered the skillset that would serve the best interests of the Group at this juncture and was unanimous in appointing Suresh Kana to serve as chairman.

Suresh has been a member of the Board since July 2015. He was previously the chief executive officer and senior partner of PwC Southern Africa and PwC Africa, in which position he served on the PwC Global Board and its Strategy Council. He is the chairman of the Financial Standards Reporting Council of South Africa, and a member of the King Committee on Governance. He is also the chairman of Imperial Holdings and a non-executive director of the JSE Limited, and a professor of accounting at the University of Johannesburg.

Appointments made in the last year have culminated in a Board that will benefit from fresh thinking and new perspectives, and a considerably lower average age and length of term that will underpin its stability in the period ahead.

Daniël Grobler was appointed as Group financial director in April 2017. Diane Radley, Emma Mashilwane and Alex Maditsi were appointed as non-executive directors to the Board in August 2017. Emma and Diane have been appointed to both the audit & sustainability and risk management committees, where Diane will assume chairmanship of the audit & sustainability committee after the AGM. Alex has been appointed to the health, safety & environment; remuneration and social & ethics committees respectively.

In parallel with the succession process and similarly aligned to the Group's strategy, the Board conducted an amended evaluation process. This yielded positive findings (as outlined in the nomination committee report available in the online report) which the new chairman will address. Suresh will also guide the Board's full adoption of King IV to the extent that any changes are necessary. The Board has assessed the Group's readiness for the new requirements and, besides the additional disclosure requirements, our view is that the Group already materially accords with the principles and practices of the revised standard.

I wish to make special mention of Cobus Bester, who retired as Group financial director in the year. Cobus held this position for nearly six years, after more than a decade of service to the Group. His financial leadership has been invaluable in addressing the legacy issues the Group has faced. Daniël Grobler, previously the managing director of Murray & Roberts Cementation, succeeded Cobus in April 2017.

IN CLOSING

It is gratifying that my retirement coincides with Murray & Roberts' coming of age in its strategic development. The achievements over the past five years have been significant, with only one exception. That we were not able to complete the closure of the Group's operations in the Middle East, and settle the associated legacy claims, is an item I would have preferred to have seen dealt with.

However, my time at Murray & Roberts has been both challenging and deeply satisfying. I am indebted to my colleagues on the Board, who have been exemplary in their duty of care and their respective contributions to positioning the Group for sustainable growth and returns for all its stakeholders.

CHAIRMAN'S STATEMENT – CONTINUED

EXCELLENCE IN EVERY ASPECT OF WHAT WE DELIVER TO CLIENTS, AND HOW WE CONDUCT OURSELVES, IS AS CRITICAL TO THE GROUP'S PROFITABILITY AS IT IS TO ITS SUSTAINABILITY.

On behalf of the Board, I convey our thanks to all our shareholders for their support, those that have walked this path with us and those that have bought into the Group's growth story more recently. Lastly, to the Group's executive teams and the business platforms, and all the people of Murray & Roberts, it is ultimately your talent and dedication that has delivered the Group to this point where the *New Strategic Future* is a visible reality, notwithstanding the profound changes you have faced and the challenges you have met.

I will watch the progress of the Group in the years ahead with much interest and great pride.

MAHLAPE SELLO
Group chairman

MESSAGE FROM THE INCOMING CHAIRMAN

It is my pleasure to accept the Board's endorsement to succeed Mahlape Sello as independent non-executive chairman of the Group.

Mahlape knows the Group well and has proven herself to be a director of dedication and insight. I would like to take this opportunity to thank Mahlape for her contribution in chairing the Board over the past five years.

Murray & Roberts has a proud and distinct history and is today recognised as a multinational project life cycle contractor, with a large portion of its operations, assets and profits derived outside of South Africa. The Group has over the recent past transformed its strategic direction and entered a new era through the implementation of its *New Strategic Future* plan, with the sale of its Infrastructure & Building platform and focus on the global natural resources market sectors of metals & minerals, oil & gas, and power & water.

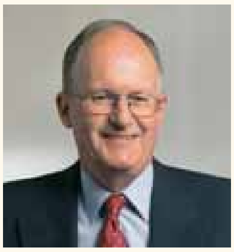
It is a privilege to be associated with Murray & Roberts and I am excited about the Group's future. I am mindful of my duty as chairman, and collectively, with my fellow directors, will take great care in diligently discharging our obligations as a Board.

SURESH KANA

GROUP DIRECTORATE

NON-EXECUTIVES

DAVE BARBER



RM AS

QUALIFICATIONS
FCA (England & Wales), AMP (Harvard)

APPOINTED
27 June 2008

EXPERIENCE
Former global chief financial officer Anglo Coal
Former chief financial officer Anglo American Corporation of South Africa

OTHER DIRECTORSHIPS
n/a

RELEVANT SKILLS AND EXPERTISE
Accounting, Finance, Strategic Leadership

RALPH HAVENSTEIN

HSE N RHR SE

QUALIFICATIONS
MSC (Chemical Engineering), BCom

APPOINTED
01 August 2014

EXPERIENCE
Former chief executive officer Anglo American Platinum
Former chief executive officer Norisk Nickel International

OTHER DIRECTORSHIPS
Northern Platinum Ltd
Omnia Holdings Ltd

RELEVANT SKILLS AND EXPERTISE
Petrochemistry and Mining, Chemical Engineering, Strategic Leadership

SURESH KANA

Chairman designate

RM AS RHR N

QUALIFICATIONS
BCom Hons, BCompt, CA(SA), MCom

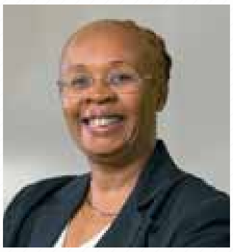
APPOINTED
01 July 2015

EXPERIENCE
Former territory senior partner for PwC Africa

OTHER DIRECTORSHIPS
Imperial Holdings
JSE Limited
King Committee on Corporate Governance
Financial Standards Reporting Council of South Africa

RELEVANT SKILLS AND EXPERTISE
Accounting, Finance, Strategic Leadership

NTOMBI LANGA-ROYDS



SE RHR N RM

QUALIFICATIONS
BA Law (Lesotho), LLB (Lesotho)

APPOINTED
01 June 2013

EXPERIENCE
Human resource executive

OTHER DIRECTORSHIPS
Mpact Ltd
Redefine Properties Plc
Europe Assistance Worldwide Services (SA)

RELEVANT SKILLS AND EXPERTISE
Human Capital, Law

ALEX MADITSI

RHR HSE SE

QUALIFICATIONS
BProc, LLB, LLM

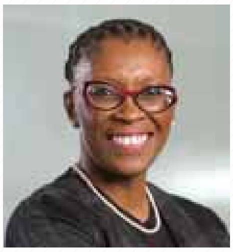
APPOINTED
23 August 2017

EXPERIENCE
Former operations planning and legal director for Coca-Cola Southern and East Africa

OTHER DIRECTORSHIPS
Bidvest Group Ltd
African Rainbow Minerals Ltd

RELEVANT SKILLS AND EXPERTISE
Law, Commercial, Remuneration

EMMA MASHILWANE



RM AS

QUALIFICATIONS
BCom Hons, BCompt, CA(SA)

APPOINTED
23 August 2017

EXPERIENCE
Head of risk advisory services of Nkonki Inc

OTHER DIRECTORSHIPS
Tiger Brands Ltd

RELEVANT SKILLS AND EXPERTISE
Accounting, Finance, Risk Management

N Nomination committee
Chairman: Mahlape Sello

RM Risk management committee
Chairman: Keith Spence

SE Social & ethics committee
Chairman: Ntombi Langa-Royds

AS Audit & sustainability committee
Chairman: Suresh Kana

RHR Remuneration & human resources committee
Chairman: Ralph Havenstein

HSE Health, safety & environment committee
Chairman: Ralph Havenstein

DIANE MCCANN (RADLEY)

RM | AS

QUALIFICATIONS
CA(SA), MBA

APPOINTED
23 August 2017

EXPERIENCE
Former chief executive officer Old Mutual Investment Group

OTHER DIRECTORSHIPS
Old Mutual Real Estate Holdings Ltd
Marriot Unit Trust Company Ltd
DG Murray Trust

RELEVANT SKILLS AND EXPERTISE
Accounting, Finance Investment

XOLANI MKHWANAZI

RM | HSE | SE

QUALIFICATIONS
BSc, MA, PhD, EDP

APPOINTED
01 August 2014

EXPERIENCE
Former chairman of BHP Billiton SA Operations
Former head of National Energy Regulator

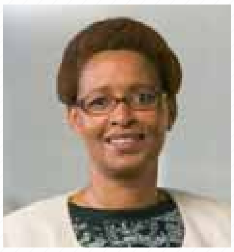
OTHER DIRECTORSHIPS
Public Investment Corporation
South 32 Ltd

RELEVANT SKILLS AND EXPERTISE
Applied physics, Power, Engineering, Mining

MAHLAPE SELLO

Chairman

Appointed chairman in 2013.



N | SE | RHR | HSE

QUALIFICATIONS
Master of Arts in Law (Russia), LLB (Wits)

APPOINTED
25 February 2009

EXPERIENCE
Advocate of the High Court

OTHER DIRECTORSHIPS
Life Healthcare Group Holdings Ltd

RELEVANT SKILLS AND EXPERTISE
Law, Commercial

KEITH SPENCE

AS | HSE | RM

QUALIFICATIONS
BSc Hons

APPOINTED
25 November 2015

EXPERIENCE
Former chairman of Clough Ltd
Former executive at Woodside
Former executive at Shell

OTHER DIRECTORSHIPS
Geodynamics Ltd
Base Resource Ltd
Oil Search Ltd
Independence Group NL

RELEVANT SKILLS AND EXPERTISE
Oil & Gas, Strategic Leadership

EXECUTIVES

DANIËL GROBLER

Group financial director

Joined the Group in 2010. Appointed to the Board and as Group financial director in 2017.

QUALIFICATIONS
CA(SA)

APPOINTED
01 April 2017

EXPERIENCE
Former managing director of Murray & Roberts Cementation
Various financial and leadership functions within the Group since 2010

OTHER DIRECTORSHIPS
n/a

RELEVANT SKILLS AND EXPERTISE
Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance

HENRY LAAS

Group chief executive

Joined the Group in 2001. Appointed to the Board and as Group chief executive in 2011.

HSE

QUALIFICATIONS
BEng (Mining), MBA

APPOINTED
01 April 2011

EXPERIENCE
Former chairman of Murray & Roberts Engineering SADC Former managing director of Murray & Roberts Cementation
Various senior management and executive positions within the Group since 2001

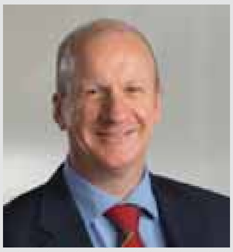
OTHER DIRECTORSHIPS
n/a

RELEVANT SKILLS AND EXPERTISE
Mining and Engineering, Commercial Negotiations, Strategic Leadership

BERT KOK

Group secretary

Joined the Group in 2011. Appointed Group secretary in 2014.



QUALIFICATIONS
FCIS, FCIBM

APPOINTED
26 February 2014

EXPERIENCE
More than 10 years Listed Company Secretary
Former (2010) President of Chartered Secretaries Southern Africa

OTHER DIRECTORSHIPS
n/a

RELEVANT SKILLS AND EXPERTISE
Corporate Governance, Company Secretarial Administration

HENRY LAAS AND DANIËL GROBLER

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

"MURRAY & ROBERTS IS TODAY A MULTINATIONAL ENGINEERING AND CONSTRUCTION GROUP, WITH A FOCUSED PORTFOLIO OF BUSINESSES PROVIDING SERVICES PRIMARILY IN THE NATURAL RESOURCES MARKET SECTORS OF METALS & MINERALS, OIL & GAS AND POWER & WATER."

The significant reshaping and alignment of the organisation is the most evident feature of the progress we have made over the past few years to change the strategic direction of the Group, with a large portion of its operations, assets and profits derived outside of South Africa.

The milestones achieved over this period coincide with distinct phases of strategic delivery since 2011. The immediate challenge at that time was to restore liquidity and profitability. Then came a period of active risk and portfolio management to secure a base of high-quality assets, a platform for future growth. In tandem, we formulated and began to systematically implement the *New Strategic Future* – a strategy for sustainable growth widely supported by our shareholders and the broader investment community. Throughout this period, a focused effort to address the legacy issues that have undermined the Group's reputation and returns, has continued.

THE *NEW STRATEGIC FUTURE* UNFOLDING

04 | ROBUST NEAR ORDERS AND PROJECT PIPELINE

- Diversified business model has resulted in a better quality order book.
- Despite the Oil & Gas order book coming under pressure, the Underground Mining order book is more resilient.

03 | STRONG BALANCE SHEET ALLOWS THE GROUP TO NAVIGATE THROUGH THE COMMODITY DOWN CYCLE

- Low gross gearing and strong cash position is assisting Murray & Roberts to survive in an environment where producers are cutting back on projects, with natural resources demand expected to return in the medium term.

02 | CLEARLY DEFINED GROWTH STRATEGY AND BUSINESS MODEL

- Murray & Roberts is focused on the full project life cycle service offering, exposure to select natural resources market sectors, and international diversification.
- Growth opportunity exists from expected short to medium term recovery of the commodity cycle through diversification of the business model and international expansion.

01 | A MULTINATIONAL, SPECIALIST ENGINEERING AND CONSTRUCTION GROUP

- Murray & Roberts has transformed from being predominantly a South African construction company, to a multinational projects group focused on the natural resources market sector.
- Murray & Roberts received approval to reclassify its listing on the JSE Limited from 'Heavy Construction' sub-sector to 'Diversified Industrials' sub-sector on 20 March 2017.

PG 04 The 'Road to a *New Strategic Future*' is illustrated in more detail in the introductory pages of this year's report.

The business portfolio optimisation envisaged in the first phase of the *New Strategic Future* has been largely achieved. The last remaining items are to close our buildings business in the Middle East once our projects there have been completed, which we expect to do in FY2018, and to sell our strategically non-core steel fabrication business, Genrec. Although we will continue to evolve our strategy in response to market dynamics, the financial year to June 2018 will essentially be our first year as a fundamentally reshaped Murray & Roberts.

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

ENGINEERED EXCELLENCE

THE PRINCIPLE OF *ENGINEERED EXCELLENCE* MEANS THAT WE WILL PLAN OR 'ENGINEER' EVERYTHING WE DO, IN SUCH A WAY THAT WE ACHIEVE AN OUTCOME OF 'EXCELLENCE'. WHETHER IT IS IN THE WAY WE ARE DEVELOPING OUR PROJECTS, THE WAY IN WHICH WE STRUCTURE OUR BALANCE SHEET OR THE WAY IN WHICH WE DEVELOP OUR PEOPLE. NOTHING WILL HAPPEN BY CHANCE – WE WILL TAKE CHARGE OF OUR FUTURE AND PLAN THE OUTCOMES WE WISH TO ACHIEVE.

The Group's strong year-end cash position, after several years of difficult trading conditions, is an outcome of the work done to restore the Group's statement of financial position. This has supported the Group's resilience through the commodity down-cycle and in withstanding the impact of the oil price collapse in November 2014. It has also enhanced our ability to create value for stakeholders, despite these pressures.

Another feature of repositioning the Group over the last six years has been the attention we have given to *Engineered Excellence*. While the excellence we strive for in every aspect of the business is fundamental to our competitiveness and reputation, it also supports the quality of the Group's earnings, and ultimately investment returns. It is a non-negotiable requirement for our three business platforms.

It is worth noting (as shown in the figure below) that the Group's average attributable earnings over the last five years, despite cyclical pressures, extensive portfolio management and the negative impact of exceptional items, compare well with those achieved historically. Generally, this demonstrates the benefit of narrowing the Group's focus to businesses able to deliver sustainable returns over the longer term.

In the last year, we redefined the role of the corporate office in relation to the business platforms (illustrated on page 8). This has consolidated the Group's business model, clarifying the organisational framework for a multinational business and the governance structure required to protect and grow shareholder value in the years ahead.

Critical to achieving the Group strategy and performance aspirations, and therefore an important aspect of the role of the corporate office, is to ensure strong leadership at business platform level. The process to appoint a candidate to succeed Orrie Fenn, chief executive officer of the Underground Mining business platform, when he retires in June 2018, is underway. A suitably experienced executive is being sought to lead this business into the future, given its strategic maturity and international footprint.

Notwithstanding the impact of persistently difficult market conditions and the potential for future losses from the remaining non-core businesses in its portfolio, an improvement in the Group's performance can be expected with renewed confidence, supported by analyst and third-party assessments.

FINANCIAL UPDATE

The Group took a strategic decision to exit the civil engineering and building market and to sell its Southern African Infrastructure & Building businesses. As this sale excluded the building business in the Middle East, the board of directors ("the Board") decided to close this business. In terms of the International Financial Reporting Standards, the business in the Middle East is to be abandoned and is not yet a discontinued operation. Its financial results are hence reported as continuing operations.

As the business in the Middle East recorded a substantial loss of R570 million for the year under review, Group revenue, EBIT, HEPS and earnings per share ("EPS") for FY2017 is reported as 'including and excluding' the Middle East. This is to enable a clear understanding of the negative impact of the Middle East business on the continuing operations' earnings profile.

It is anticipated that future losses in the Middle East will be limited to a reduced overhead cost and legal fees associated with pursuing the Dubai Airport claim, as all known project losses have been accounted for in FY2017.

The Group reported revenue from continuing operations, excluding the Middle East, of R20,8 billion (FY2016: R24,4 billion), or R21,4 billion (FY2016: R26,1 billion) including the Middle East. Attributable earnings were R48 million (FY2016: R753 million). Diluted continuing HEPS, excluding the Middle East, increased to 212 cents (FY2016: 197 cents), or decreased to 72 cents (FY2016: 178 cents) including the Middle East. The Group maintained its strong cash position with cash, net of debt, of R1,8 billion (30 June 2016: R1,8 billion).

As expected, the Oil & Gas platform delivered a reduced operating profit of R217 million (FY2016: R525 million). Major greenfields LNG projects in Australia that Clough worked on reached completion. Strategies are in place to secure work on brownfields, operations & maintenance, and public infrastructure projects. Meaningful earnings growth from this current low base is only expected in the medium term, as global energy producers' confidence returns and they start investing in new projects. The platform's operating margin declined to 3% (FY2016: 5%).

The Underground Mining platform delivered an operating profit of R464 million (FY2016: R506 million), a decline of 18% on the prior year, with a platform margin of 6% (FY2016: 6%). Decline in revenue and margins in the Americas were largely offset by an excellent year for RUC Cementation Mining in Australasia and Cementation Zambia in Africa.

The Power & Water platform delivered an operating profit of R171 million (FY2016: R27 million). The increase was underpinned by a strong performance on the power programme, resulting in higher revenues. The prior year result was negatively impacted by the impairment of revenue taken on legacy contracts and a loss-making contract in Namibia.

Net financing costs decreased to R42 million (FY2016: R71 million), mainly attributable to the repayment of the revolving credit facility in Australia, as well as the cash received through the settlement of all the development claims with the Gauteng Province in respect of the Gautrain.

The increase in the effective taxation rate to 36% (FY2016: 25%) was mainly attributable to substantial losses incurred in the Middle East, a tax free jurisdiction, foreign withholding taxes and profits earned in higher tax jurisdictions, partly reduced by tax free dividend income and capital profits.

Income from equity accounted investments decreased to R7 million (FY2016: R18 million), largely made up of the Group's investment in BOC and a Mooikloof development.

The loss from discontinued operations for the year was R253 million (FY2016: R136 million). The disposal of the Southern African Infrastructure & Building businesses was effective 1 April 2017, and the Group recorded R71 million of retained liabilities on the sale of these businesses and other historical items. Genrec recorded a loss before taxation of R68 million for the year, primarily due to low levels of revenue and a weak order book. The R170 million net present value charge of future expenses in relation to the VRP agreement between the listed construction companies and the South African Government, as previously announced on SENS, was also recorded under discontinued operations.

Capital expenditure for the period was R564 million (FY2016: R431 million) of which R405 million (FY2016: R332 million) was for expansion and R159 million (FY2016: R99 million) for replacement. The capital expenditure was largely incurred in the Underground Mining platform.

Shareholders are referred to the announcement released on SENS on 30 June 2017, regarding the Company's decision to repurchase shares to the value of R250 million.

The order book for continuing operations increased to R26,9 billion (30 June 2016: R28,7 billion).

STRATEGIC REVIEW

As we move forward to realise the Group's Vision for 2025, our strategic focus is shifting from portfolio management to optimising and aligning the earnings potential of the three business platforms. Each of the platforms are at different stages in their strategic development, with clear plans to deepen their specialist service offerings and achieve their growth aspirations through geographic and project life cycle diversification in their respective natural resources market sectors.

Executing our strategy and delivering earnings

The Group has not escaped the pressure our clients have felt at the bottom of the commodity cycle, with our financial performance in the year indicating the considerable impact of weak commodity and energy prices, as well as trading risk in the Middle East. However, signs are encouraging that the commodity cycle is turning, with producers expected to start investing in expansion and exploration in the near term, especially in the mining sector.

To be a specialist contractor in our chosen market sectors requires our business platforms to have a permanent presence in the geographies with the most compelling growth potential for clients, along with the ability to support them in other territories. It also requires that our service offerings provide coverage of clients' requirements across the full project life cycle. This provides diversification benefits both in relation to geographic risk and the spread of revenue and earnings across all segments or phases of the project life cycle.

Our organic and acquisitive growth plans are therefore focused on positioning our businesses in key growth markets, specifically developed markets, and the higher-margin segments of the project life cycle. An important addition to engineering, construction and commissioning services, which are susceptible to volatile economic cycles, is for our business platforms to extend their service offering to include operations and maintenance work that provides more stable long-term income. Similarly, the Group will consider selective investments as a project developer to generate good returns over the life of a project.

The Oil & Gas business platform, which provides services across the project life cycle, has been significantly affected by the completion of all the major LNG projects in Australia and a depressed oil and gas market. This transition was anticipated with strategies in place to shift focus towards brownfields, operations and maintenance, and public infrastructure projects. Given its strong position in the Australasian region, the platform will also pursue LNG plant expansion opportunities and projects in the downstream petrochemicals industry.

Global LNG markets are forecast to remain in oversupply until around 2022 and additional capacity will have to be created timeously to meet the recovery in demand from then. New supply is likely to come from the USA, South East Asia, the Middle East and Africa. The North American market is expected to be buoyant over the short to medium term, with potential for midstream projects and LNG completions, commissioning, operations and maintenance opportunities.

As this platform is still predominantly a regional player, establishing a more meaningful presence outside the Australasian region, specifically in the USA, is critical to the platform's strategic development in the medium term. The platform is already providing niche engineering and consulting services for large LNG projects in the North American region, but with the Trump administration's emphasis on localisation, acquiring domestic project implementation capability is a necessity. We are in the process of identifying acquisition targets to secure an on-the-ground project construction capability to supplement our existing engineering capability.

TO BE A SPECIALIST CONTRACTOR IN OUR CHOSEN MARKET SECTORS REQUIRES OUR BUSINESS PLATFORMS TO HAVE A PERMANENT PRESENCE IN THE GEOGRAPHIES WITH THE MOST COMPELLING GROWTH POTENTIAL FOR CLIENTS, ALONG WITH THE ABILITY TO SUPPORT THEM IN OTHER TERRITORIES. IT ALSO REQUIRES THAT OUR SERVICE OFFERINGS PROVIDE COVERAGE OF CLIENTS' REQUIREMENTS ACROSS THE FULL PROJECT LIFE CYCLE.

To support its revenue aspirations while the plan to internationalise comes to fruition, the platform has the flexibility to broaden its market scope beyond its oil and gas focus, into complementary markets. This includes leveraging its capabilities and reputation in the Australian market to secure selected infrastructure projects coming to market as part of the large investment planned by Australian state governments over the next 10 years.

Underground Mining, the most mature business platform from a strategic perspective, is well diversified. Its balanced exposure to geographic regions and commodity types, which have displayed different patterns of upturn and downturn, have benefitted the platform over the past few years. The platform's profitability was slightly lower than the previous financial year, despite a soft North American market and low margins in the South African business. The platform's diversification has shielded it from the general commodity price decline in the sector that began in 2013, and positions it strongly for the upturn expected to gain traction from 2018.

Increased demand for mining equipment, evidenced by longer delivery times from original equipment manufacturers, as well as an increase in exploration activity, are early signs of a cyclical turnaround in the global metals and minerals sector. Whereas major mining houses have for the past six years been focused on lowering costs, improving production efficiencies and preserving cash, capital expenditure among multinational clients is now expected to grow.

With its strong brands and excellent reputation as an underground hard-rock mining contractor, the platform is ready to grow with the upturn in the commodity cycle. Most key commodities are represented in its project portfolio, and it is well positioned in regions where mining activity is high and projected to grow. Its focus will be on driving organic growth in the Americas, Australia and sub-Saharan Africa, although bolt-on acquisitions will be considered if the right asset at the right price becomes available. Furthermore, for the first time in the platform's history, the business has contract mining projects in all its main geographic regions, providing a more stable base-load of work throughout the cycle.

We believe the platform has the strategic foresight and agility to respond effectively to changing circumstances, specifically the challenge of resourcing for the expected upturn, both in terms of capital expenditure and human capital. In the latter case, the requisite skills are likely to be in short supply, especially for projects in sub-Saharan Africa, which will require careful management to mitigate project delivery risk as the platform ramps up its capacity.

The full capacity of the Power & Water business platform has been largely dedicated to the power programme (the Medupi and Kusile power stations) for almost a decade. As the power programme nears completion, the business platform must re-establish itself as a contractor of choice with new clients in the broader power and water sectors. Sizeable project wins are required for it to meet our growth expectations. With demobilisation on the power programme to begin in the coming year and with completion anticipated in 2019, replacing this large volume of work remains the biggest challenge for the platform. The possibility of securing repair and maintenance contracts at Kusile and Medupi and other Eskom facilities is being explored.

The platform has lost opportunities due to political dynamics in the domestic power sector, including delays on the IPP programme. Another major setback was the loss of the Duvha power station's boiler rebuild tender to Dongfang from China, the circumstances of which resulted in a court action by the Group and General Electric. The Johannesburg high court interdicted Eskom from continuing with the R4 billion tender due to irregularities in the process. We anticipate that Eskom will likely restart the bid process.

Over the longer term, there are opportunities in gas-to-power, coal-fired and nuclear energy as the primary sources of base-load energy in the energy mix of African countries. The platform is specifically targeting gas-to-power opportunities in South Africa, Mozambique and Ghana. While it has the capacity to secure oil and gas projects in Africa, major projects will provide the opportunity to collaborate with the Oil & Gas platform.

The platform is also pursuing work in complementary markets to support its order book. The metals & minerals, oil & gas, pulp & paper, petrochemical and sugar industries in South Africa and neighbouring countries present opportunities to do so.

The platform is establishing a water business in sub-Saharan Africa, focused on water treatment solutions for acid mine water, industrial effluent, municipal wastewater and sea water desalination. Although it has taken time to clarify the service offering, positive progress has been made in establishing the strategic partnerships that will underpin its ability to compete in this market.

Outside of the three business platforms, and in terms of its project life cycle diversification focus, the Group invests in projects on a selective basis as a project developer and income from these investments are reported separately from platform earnings. In August 2017, we announced an investment of R405 million to increase the Group's shareholding in BCC, from 33% to 50%. BCC holds the 15-year concession for operating and maintaining the Gautrain system until March 2026. We expect this low-risk investment in BCC to continue providing attractive returns, given that we know the business well and have representation on its board. The implementation of the transaction remains subject to BCC lenders' and regulatory approvals.

An investment in the George Biomass project, where the Power & Water platform was selected as preferred bidder, will also be made as soon as all outstanding Eskom approvals have been obtained. This will be the Group's second investment in project development.

In tandem with the implementation of the Group strategy, concerted effort to resolve claims on legacy projects has continued. The significant uncertified revenue historically carried on our balance sheet, associated with these claims, has created investor uncertainty and placed a drag on the Group's market value. We are working steadily to remove this detraction, both in terms of the call on management's time and the cost of lengthy legal proceedings.

The comprehensive settlement reached in the year on the Gautrain dispute, ending the almost decade-long legal process, has been a significant step forward. BCJV, the subcontractor responsible for the design and construction of the Gautrain system, in which the Group has a 45% stake, and the GPG reached agreement to settle all disputes relating to the development period of the project. GPG paid BCJV R980 million, with a further payment capped at R294 million (including interest) to be paid over two years.

The amount that accrued to the Group equated to the project's uncertified revenue carried on the balance sheet for the period of the dispute and this settlement has significantly de-risked the Group's financial position.

Given the protracted time, significant costs and uncertain outcomes of such legal processes, we believe the settlement is in the best interests of all stakeholders. Importantly, the parties have agreed that no further work is required to address water ingress in a specific part of the Gautrain tunnel, which was the subject of a claim against BCJV by GPG. Although the water ingress is not fully in accordance with the contract specification, appointed professionals have confirmed that the functionality and safe operation of the system is not compromised in any way.

The buildings business in the Middle East, formerly part of the Infrastructure & Building platform, was excluded from the sale of the platform. This necessitated the decision to close this business. The cost associated with completing the remaining projects, closing the business and recovering the uncertified revenue on the Dubai Airport and other claims, are the outstanding issues in resolving this overhang from the past. The protracted legal process on the Dubai Airport claim is finally in arbitration, with an award expected in FY2018.

The closing of the Middle East business is being carefully managed, with a focus on expediting the complicated legal processes and limiting the associated costs. All projects should be largely completed by the end of the 2017 calendar year. The R570 million loss recognised in the year relates to completed as well as de-risking results on current projects – this reflects the increasingly difficult trading conditions and commercial risk that underpinned our decision to exit the region.

Also noteworthy is the liability the Group retained in the disposal of the Infrastructure & Building platform in respect of the Grayston temporary works collapse. The Department of Labour's inquiry is still in progress and we are disappointed at the slow pace that is delaying closure of this distressing incident for all parties involved.

Unrelenting focus on *Engineered Excellence*

Two major indicators of the progress we have made in *Engineered Excellence*, specifically in the quality of risk management and project delivery, are the Group's safety performance and the reduction in number of loss-making projects.

The significant improvement in the safety performance of our business platforms is a competitive advantage and underpins their efforts to be recognised as employers of choice in their markets. The Group has introduced and embedded several key initiatives, including a focus on lead indicators and improved incident reporting and analysis. The Group-wide implementation over the last year of the MAP Programme, which empowers supervisors and the workforce to plan and take ownership of safety outcomes, has delivered excellent results and supported a record-low LTIFR for the Group.

However, this improved performance was overshadowed by a fatality at the start of FY2017 in the Infrastructure & Building platform, prior to its disposal. We deeply regret the death of Ditebogo Phuduhudu (27), an apprentice mechanic, in the service of the Group and again offer our condolences to his family and friends.

With safety a key differentiator for clients, and stringently enforced by regulators, it is commendable that the Underground Mining platform delivered its best-ever safety performance in the year. The Oil & Gas business platform also delivered a benchmark safety performance, exceeding its targets, with only one LTI incurred for the year and one of its major projects recording Zero Harm over the duration of the project. The Power & Water platform also delivered a good safety performance, with the implementation of MAP at Medupi and Kusile showing positive results.

The third annual Group Safety Conference identified important focus areas for the year ahead – as the reality of Zero Harm becomes more tangible despite the risky nature of project environments. The 'Safety Pledge', which emphasises the importance of personal leadership commitment, accountability and operational discipline in establishing a positive safety culture, was reconfirmed. Accountability and operational discipline were highlighted for improvement, through leaders modelling the desired safety behaviours, empowering employees with knowledge, skills and resources to perform their work safely and adopting a zero-tolerance approach to substandard behaviour.

In relation to loss-making projects, the improvement trend has been equally profound. The number of loss-making projects has reduced over the past five years to one in the year under review, a significant achievement considering the Group's current volume of projects globally.

This improvement is a good indicator of the quality of management within the business platforms, and the frameworks the Group has put in place to govern and assure operational excellence. The Group's risk tolerance is well defined and it has implemented specific parameters for risk and opportunity management at tender stage, contracting principles (which include a register of lessons learnt across the platforms), as well as clear limits of authority.

That the governance framework for operational excellence is entrenched and working well, is especially gratifying given the pressure on our business platforms to accept often onerous commercial demands from clients in tough economic and highly competitive environments.

The many intersecting aspects of *Engineered Excellence*, including the developments in human capital management as they pertain to each business platform, are reviewed in the summarised business platform reviews starting on page 44, as well as in our supplementary full business platform reviews online.

Ensuring an optimal capital structure and returning cash to shareholders

The Group's low order book is reflective of current market conditions, but it is of a high quality given the prudent approach we apply to mitigate project risk at tendering stage. While there is some cause for apprehension, near orders are looking robust and the medium-term project pipeline is strong in both the Underground Mining and the Oil & Gas businesses.

Achieving rerating and attracting supportive shareholders

With the extensive progress made in de-risking the Group, clarifying the business model and strategy, and devolving greater strategic responsibility to platform leadership to deliver on their medium-term business plans, the focus has shifted to optimising the Group's businesses and growing shareholder value. The Group's strong statement of financial position and improving performance expectations positions it well to fund its organic and acquisitive growth plans.

As such, we believe that the Group remains intrinsically undervalued, compared to international peer groups listed on exchanges in Australia, the USA and Europe. Our confidence in the Group's long-term value proposition is further validated by our decision to pursue a R250 million share repurchase programme. Our efforts to communicate the repositioning of the Group to the investment community will continue with an expectation of achieving a more reflective market rating, and an appropriate balance of local and international shareholders supportive of the Group's long-term strategic direction.

We thank the Board, our executive team and all our employees for their contribution to the progress we have made in pursuit of a *New Strategic Future* for the Group. With most of the groundwork done, the Group is set for growth and value creation for shareholders, and therefore for all stakeholders, in the next period of strategy implementation.

HENRY LAAS
Group chief executive

DANIËL GROBLER
Group financial director

WITH THE EXTENSIVE PROGRESS MADE IN DE-RISKING THE GROUP, CLARIFYING THE BUSINESS MODEL AND STRATEGY, AND DEVOLVING GREATER STRATEGIC RESPONSIBILITY TO PLATFORM LEADERSHIP TO DELIVER ON THEIR MEDIUM-TERM BUSINESS PLANS, THE FOCUS HAS SHIFTED TO OPTIMISING THE GROUP'S BUSINESSES AND GROWING SHAREHOLDER VALUE.

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

ORRIE FENN

Business platform chief executive officer

Orrie joined the Group and was appointed to the executive committee in 2009. He is 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

DANIËL GROBLER

Group financial director

Daniël joined the Group in 2010 and was appointed as Group financial director in April 2017. Daniël is a director of Murray & Roberts Limited and a director of Clough Limited.

- Corporate office finance and payroll
- Financial control and reporting
- Information management and technology
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION

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

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 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 and ethics
- Risk and 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 and 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, safety, environment and transformation.

- Health, safety & environment
- Wellness
- BBBEE

COMMITTEE PARTICIPATION

- Health, safety & environment
- Social & ethics

03

SUMMARISED BUSINESS PLATFORM OVERVIEWS

PETER BENNETT
Business platform CEO

OIL & GAS

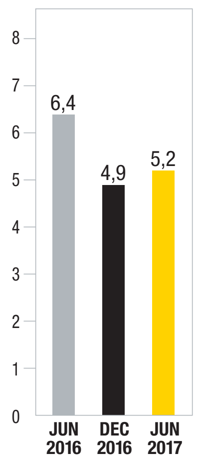
"MEANINGFUL GROWTH OFF THIS LOW BASE IS ONLY EXPECTED IN THE MEDIUM TERM, AS CONFIDENCE RETURNS AND GLOBAL ENERGY PRODUCERS START INVESTING IN NEW PROJECTS."

	ENGINEERING		CONSTRUCTION & FABRICATION		GLOBAL MARINE		COMMISSIONING & BROWNFIELDS		CORPORATE OVERHEADS AND OTHER		TOTAL	
R MILLIONS	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**1 297**	2 707	**30**	87	**425**	936	**4 862**	7 016	**100**	466	**6 714**	11 212
Operating profit/(loss)	**28**	329	**(52)**	(16)	**71**	(4)	**576**	738	**(406)**	(522)	**217**	525
Margin (%)	**2%**	12%	**(173%)**	(18%)	**17%**	–	**12%**	11%	**–**	–	**3%**	5%
Order book	**492**	1 574	**1 070**	–	**–**	341	**3 589**	4 514	**–**	–	**5 151**	6 429
Segment assets											**2 528**	2 919
Segment liabilities											**1 978**	2 072
People											**1 895**	1 464
LTIFR (fatalities)											**0.25(0)**	0.18(0)

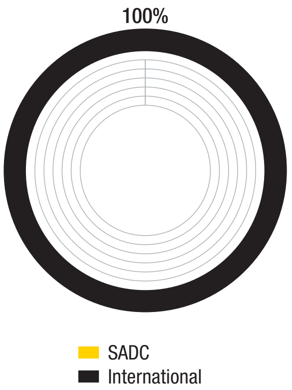
ONLINE
Full business platform reviews

ORDER BOOK

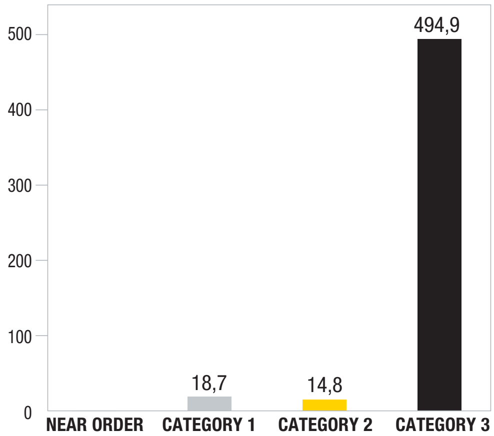
HISTORY (R billion)



GEOGRAPHIC SPLIT (%)



NEAR ORDERS AND PIPELINE (R billion)



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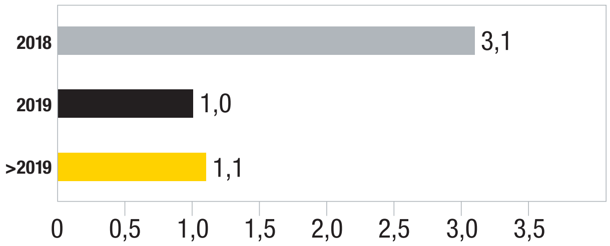
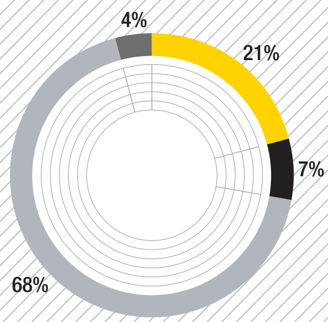
ORDER BOOK TIME DISTRIBUTION (R billion)

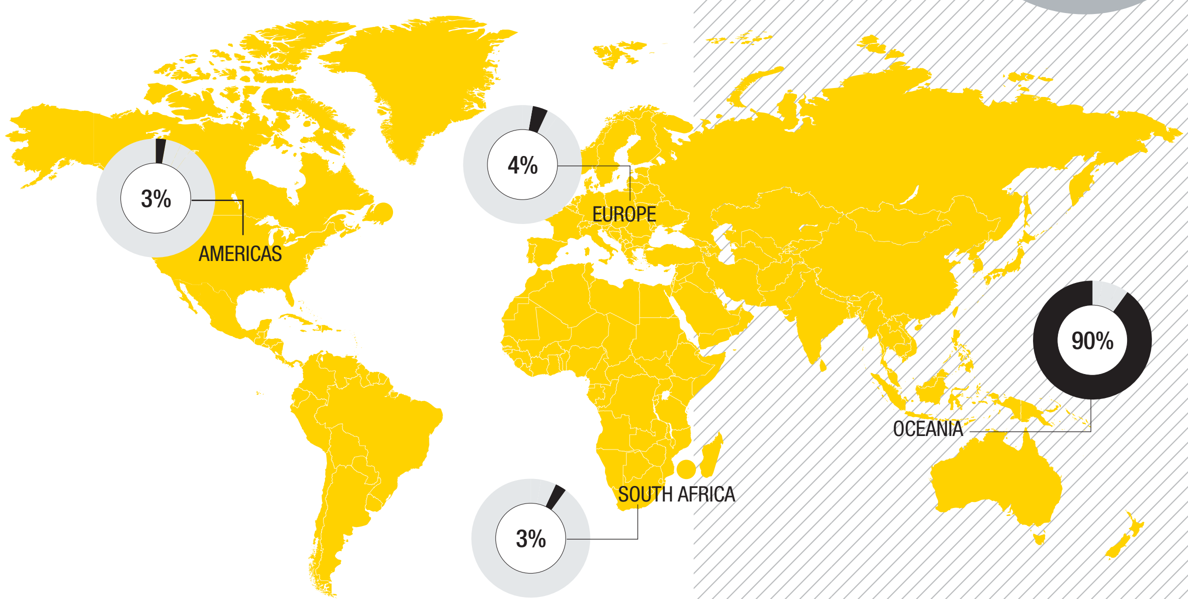


PROJECT LIFE CYCLE REVENUE DISTRIBUTION



GEOGRAPHIC DISTRIBUTION

REVENUE PER REGION



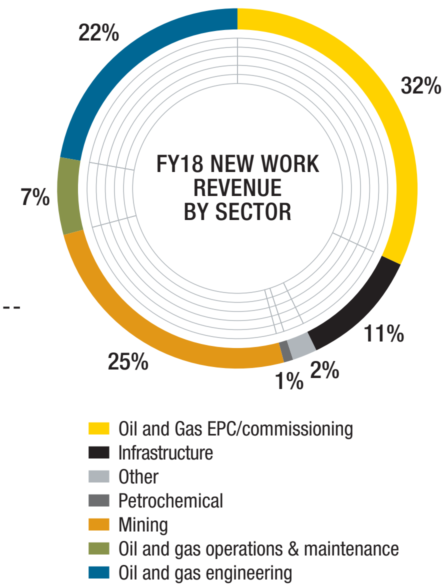
OIL & GAS – CONTINUED

OIL & GAS

PROJECT OPPORTUNITY PER SECTOR

- Oil and gas business accounts for majority of new work during FY2018.
- Metals & mining and infrastructure will be important contributors to revenue while oil and gas markets remain in transition.
- Diversification of Australian business into complementary markets is expected to provide new opportunities.
- Growth in international markets is also expected to yield new business opportunities.

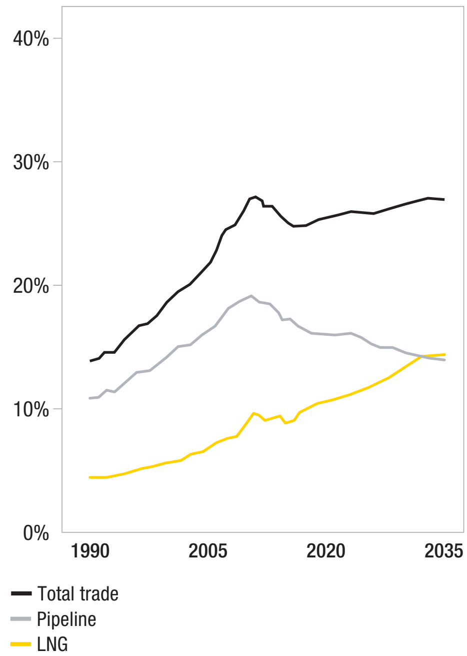
OIL & GAS PLATFORM PIPELINE ANALYSIS



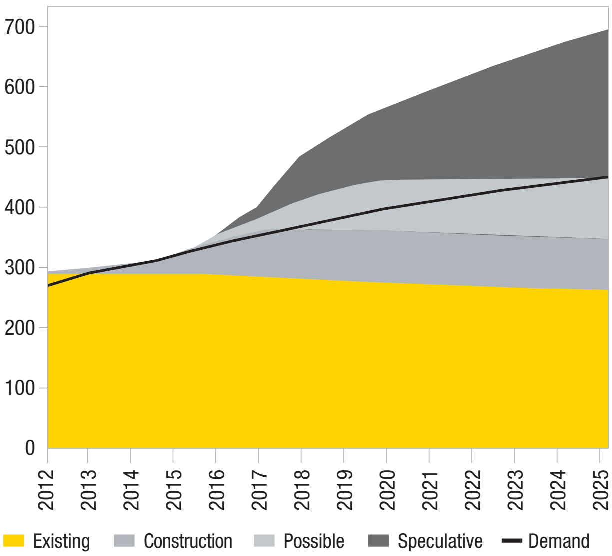
OIL & GAS MARKET OUTLOOK

- Global LNG markets are forecast to remain in oversupply until at least 2021/2022. Leading up to these years, supply/demand imbalances should favour new developments. New supply is likely to come from USA, South East Asia, Middle East and Africa.
- Australian operators are considering brownfields expansions of existing projects; however, investment decisions are only likely during 2019 and 2020. Operations & maintenance projects are still available, although small.

PROJECTED GROWTH IN NATURAL GAS TRADE

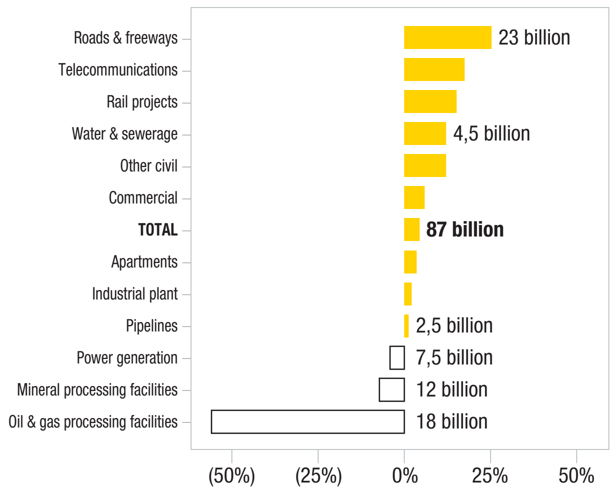


GLOBAL LNG CAPACITY AND DEMAND
(MILLION TONNES PER YEAR)



AUSTRALIAN INFRASTRUCTURE MARKET OUTLOOK

2017/18 CONSTRUCTION OUTLOOK (AU$)



- Major construction work growth forecast at 5%.
- Australian roads and freeway growth forecast at 25%.
- Water and sewerage construction growth forecast at 11%.
- Pipeline construction growth forecast at 1%.
- Power generation forecast to contract by 3%.
- Oil and gas and mineral processing facilities forecast to contract, driven by major project completions.

PROSPECTS

PNG offers an attractive environment for new developments and there are several new opportunities in the project pipeline that the platform is pursuing. Smaller-scale greenfields and brownfields EPC opportunities are emerging in Australia and operators require innovative development solutions, which the platform is well positioned to deliver. Its strong focus on project execution and high-quality project delivery enables it to access scope growth on current projects.

Clough's successful track record in downstream and petrochemical work will enable it to compete for related opportunities across South East Asia and, in Indonesia, growth opportunities exist in gas/liquids-to-power projects, particularly regasification terminals.

In the USA, the focus on energy security will continue to strengthen the oil and gas shale markets and new exploration successes could present midstream opportunities to compress, process and transport gas from production sites to existing processing and export facilities. In Canada, new project opportunities continue to emerge in LNG facilities and associated infrastructure developments, albeit at much slower rates than initially projected.

Population growth in Nigeria and East Africa is driving expenditure on energy projects, and gas-to-power opportunities in South Africa and Mozambique continue to emerge as demand for energy increases. Europe's clean energy target is resulting in new markets for large-scale clean energy developments.

Opportunities exist in complementary markets such as Australia's mining and infrastructure markets and east coast state governments, particularly New South Wales, are developing many large infrastructure projects. Clough is positioned to pursue selected opportunities and has developed partnering strategies to support its delivery.

Internationally, the platform continues to work in collaboration with the Underground Mining platform to pursue brownfields EPC opportunities on the Oyu Tolgoi Expansion Project in Mongolia. These complementary markets will become important contributors to revenue in FY2018, while oil and gas markets remain uncertain.

ORRIE FENN
Business platform CEO

UNDERGROUND MINING

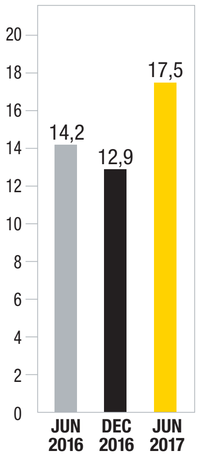
"UNDERGROUND MINING'S GEOGRAPHIC FOOTPRINT IS EXTENSIVE COVERING SIX CONTINENTS AND ITS SERVICE OFFERING SPANS THE PROJECT VALUE CHAIN INCLUDING SPECIALIST ENGINEERING, SHAFT CONSTRUCTION, MINE DEVELOPMENT, SPECIALIST MINING SERVICES INCLUDING RAISE BORING AND GROUTING, AND CONTRACT MINING."

	AFRICA		AUSTRALASIA		THE AMERICAS		TOTAL	
R MILLIONS	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**3 565**	3 640	**1 727**	1 392	**2 754**	3 756	**8 046**	8 788
Operating profit	**124**	86	**217**	125	**123**	295	**464**	506
Margin (%)	**3%**	2%	**13%**	9%	**4%**	8%	**6%**	6%
Order book	**11 021**	9 731	**3 117**	1 924	**3 368**	2 603	**17 506**	14 258
Segment assets	**1 139**	955	**982**	809	**1 494**	1 867	**3 615**	3 631
Segment liabilities	**1 093**	944	**377**	205	**439**	724	**1 909**	1 873
People	**5 616**	5 407	**1 008**	919	**826**	1 048	**7 450**	7 374
LTIFR (fatalities)	**1.15(0)**	2.39(1)	**0.96(0)**	0.51(0)	**1.97(0)**	2.08(0)	**1.23(0)**	2.11(1)

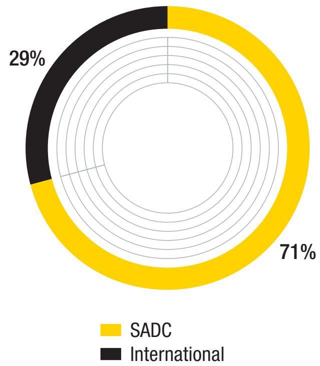
ONLINE
Full business platform reviews

ORDER BOOK

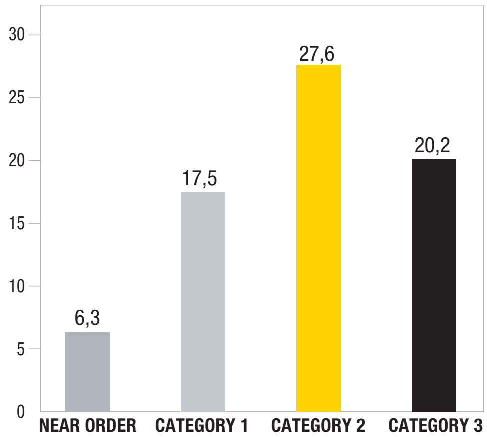
HISTORY (R billion)



GEOGRAPHIC SPLIT (%)



NEAR ORDERS AND PIPELINE (R billion)



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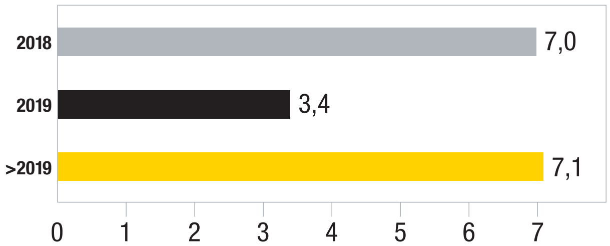
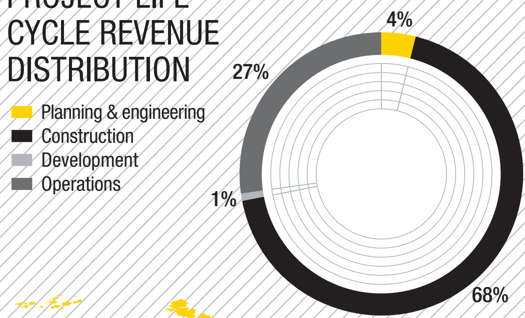
ORDER BOOK TIME DISTRIBUTION (R billion)

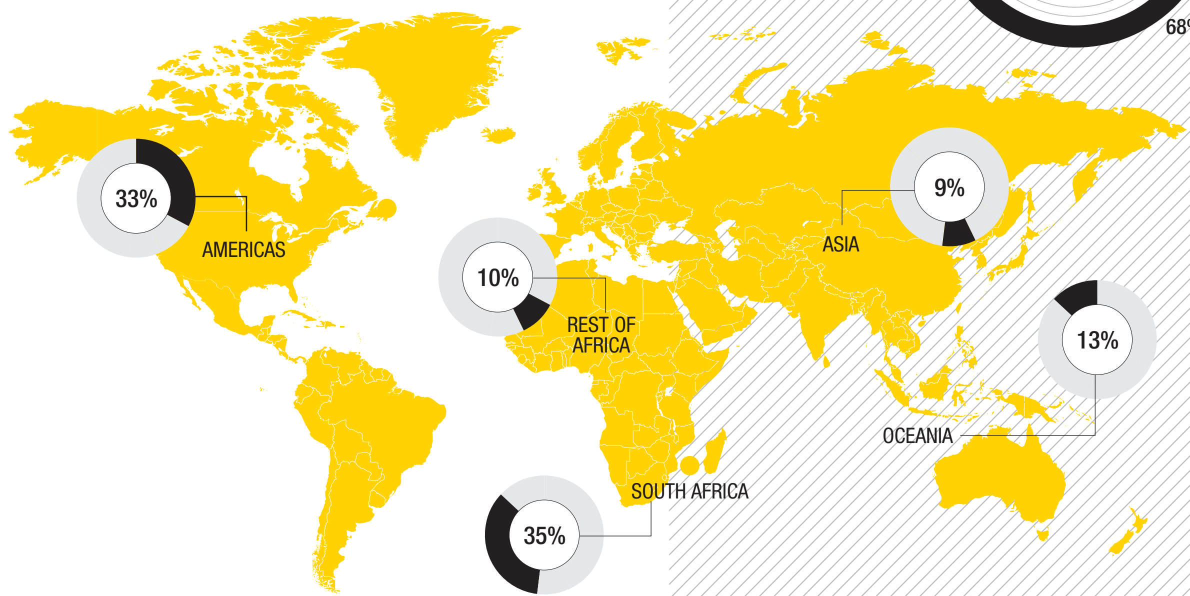


PROJECT LIFE CYCLE REVENUE DISTRIBUTION



GEOGRAPHIC DISTRIBUTION

REVENUE PER REGION (%)



UNDERGROUND MINING – CONTINUED

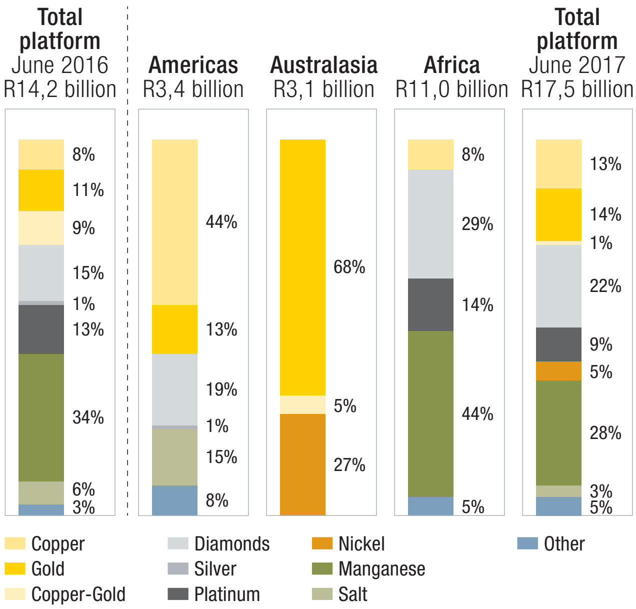
UNDERGROUND MINING

PLATFORM CAPABILITY DIFFERENTIATOR

ENTITY	MRC[1]	RUCC	CCI[2]
REGION	AFRICA	AUSTRALASIA	AMERICAS & EUROPE
SERVICE OFFERING	SPECIALIST MINE ENGINEERING (concept/pre-feasibility/ feasibility to final design)	MINE DEVELOPMENT Shaft sinking, development, construction, equipping and raise boring	CONTRACT MINING
POSITIONING – DIFFERENTIATOR	■ Africa's **leading** underground mining contractor. ■ **Design-build** capability. ■ World-class **training facility at Bentley Park** (British Safety Council accredited).	■ **Rapidly building track record** in mine development in Australasia. ■ Manufactures own **raise boring** machines **Strata 400 & 960.** ■ Operates **largest raise boring fleet** in Australasia.	■ A **leading underground mining contractor** in North America. ■ Strong **engineering** expertise. ■ Excels at **client relationship** management 'negotiate rather than bid' approach.

Note: 1 MRC=Murray & Roberts Cementation South Africa and Murray & Roberts Cementation Zambia
2 CCI=Cementation Canada, Cementation USA, Cementation Mexico, Cementation Sudamérica, Merit Consulting (provides project & construction management consulting to mine owners – surface-related) and Cementation Above Ground (provides EPC services for bulk material handling/processing to the surface mining/minerals industry).

PLATFORM'S PROJECTS REPRESENT MOST KEY COMMODITIES



PROSPECTS

Mining is a cyclical business with deep troughs and high peaks. After the commodity super cycle peaked in 2011, the mining industry was forced into a preservation cycle and, from 2013, major mining companies reduced capex by up to 60%.

For the first time in five years, the industry appears to be moving into an upturn. Various research reports indicate that demand for commodities is anticipated to grow in the short term on the back of an increase in commodity prices and supply and demand dynamics.

Many new large opportunities are presenting themselves in sub-Saharan Africa and the Americas; and engineering-led international opportunities outside of the Americas are increasing, as well as large hole raise boring and shaft sinking prospects in Australasia.

In countries and regions where current mining activity is high, there is a large investment pipeline of underground mining projects. This is projected to increase in the future, and the platform is active in these areas and positioned to take advantage of any upturn in the commodity cycle. Most key commodities are represented in the current portfolio of projects.

There is substantial scope for organic growth within the platform, as mining companies continue their ongoing infrastructure replacement brownfields spend to sustain their operations and as greenfields expansion increases to meet future demand. With its global footprint, and the ability to pool and leverage its resources, Underground Mining is well placed to win work and support its clients during the upturn.

STEVE HARRISON
Business platform CEO

POWER & WATER

"GIVEN THAT THE PLATFORM'S CAPACITY OVER MOST OF THE PAST DECADE HAS BEEN LARGELY DEDICATED TO THE POWER PROGRAMME, A KEY PRIORITY IS TO RE-ESTABLISH ITSELF AS A CONTRACTOR OF CHOICE WITH NEW CLIENTS IN THE BROADER POWER AND WATER SECTORS."

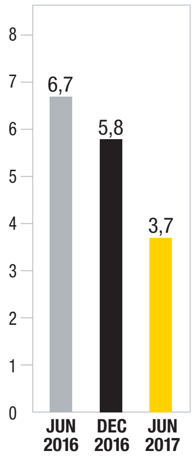
	POWER[1]		WATER		OIL & GAS		ELECTRICAL & INSTRUMENTATION		CORPORATE OVERHEADS AND OTHER		TOTAL	
R MILLIONS	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**5 063**	3 733	**56**	42	**669**	367	**106**	189	**14**	(55)	**5 908**	4 276
Operating profit/(loss)	**243**	272	**(20)**	(9)	**5**	(18)	**35**	36	**(92)**	(254)	**171**	27
Margin (%)	**5%**	7%	**(36%)**	(21%)	**1%**	(5%)	**33%**	19%	**–**	–	**3%**	1%
Order book	**3 198**	6 326	**–**	25	**483**	283	**26**	47	**–**	2	**3 707**	6 683
Segment assets											**1 527**	1 468
Segment liabilities											**1 341**	1 284
People											**6 936**	5 354
LTIFR (fatalities)											**0.43(0)**	0.07(0)

1 Power programme contracts.

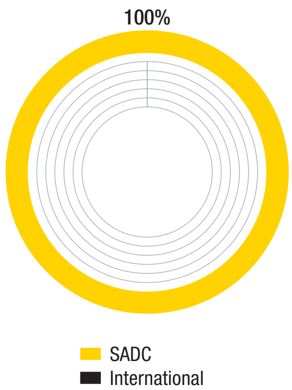
ONLINE
Full business platform reviews

ORDER BOOK

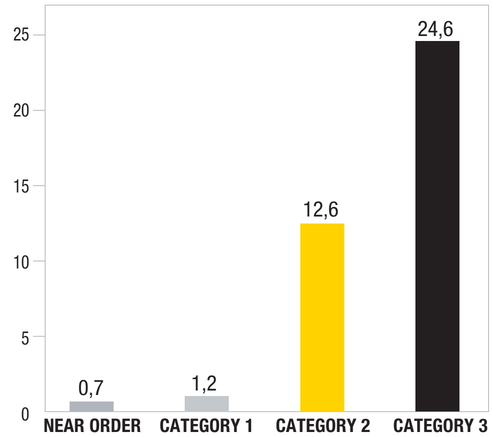
HISTORY (R billion)



GEOGRAPHIC SPLIT (%)



NEAR ORDERS AND PIPELINE (R billion)



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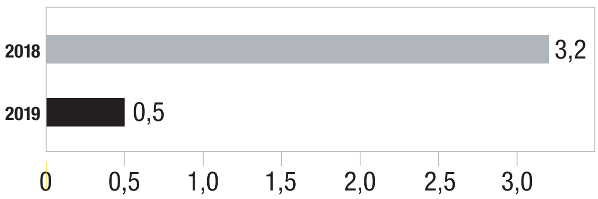
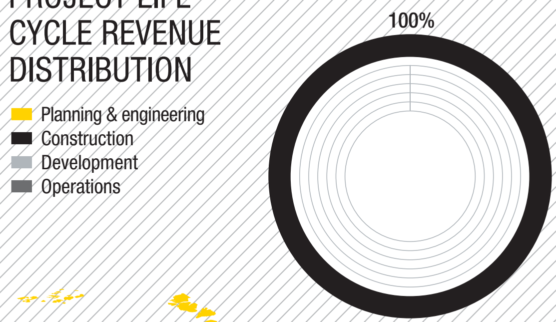
ORDER BOOK TIME DISTRIBUTION (R billion)

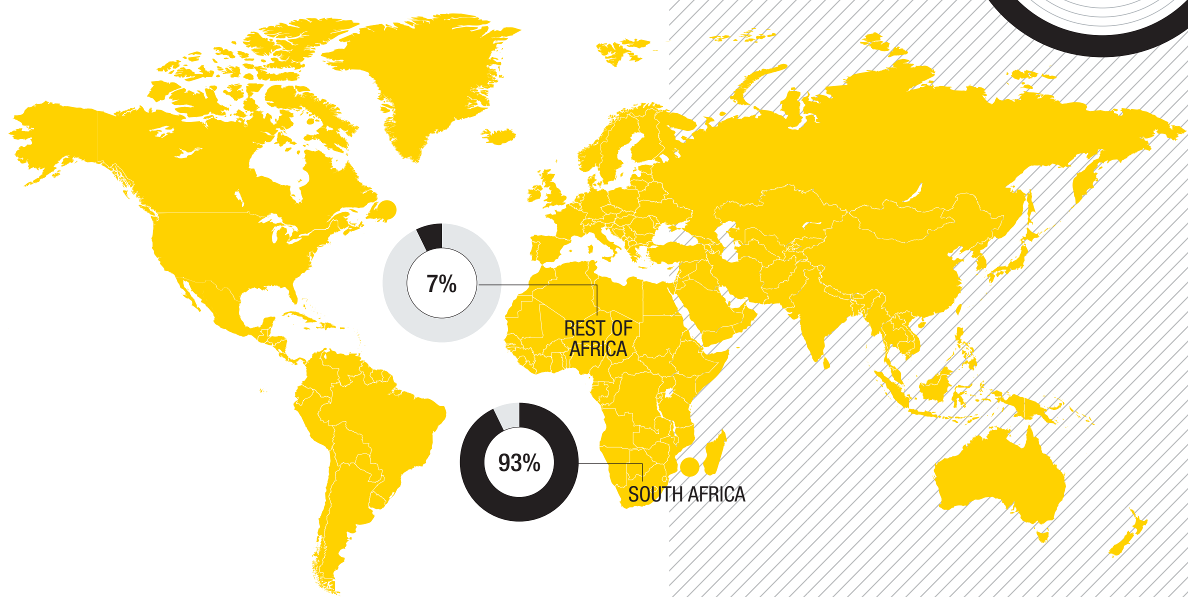


PROJECT LIFE CYCLE REVENUE DISTRIBUTION



GEOGRAPHIC DISTRIBUTION

REVENUE PER REGION



POWER & WATER – CONTINUED

POWER & WATER

POWER SECTOR

4 600MW
Determination Window 2 IPP coal baseload and gas-to-power projects in Richards Bay and Coega.

2 383MW
Remaining 37 REIPPP projects yet to be signed by Eskom.

IRP2050
Under public review. Proponent for gas-to-power and renewable energies.

ESKOM
Repair and maintenance estimated R10 billion per annum.

Estimated to peak at R20 billion by 2020.

OUTLOOK AND KEY DRIVERS

- The Eskom board approves Fleet Renewal Strategy based on economic viability-life extension to ensure continued reliability of the power stations.
- South Africa's coal baseload IPP programme (CBIPPPP) Window 1 two preferred bidders. Window 2 to be announced later in 2017.
- Large maintenance backlogs in power plants in sub-Saharan Africa, including South Africa.

DIFFERENTIATORS

- Experience in power plant SMEIPP.
- Appetite for taking up EPC role with in-house key skills and partners.
- Multi-disciplinary offering through collaboration of Group entities.
- Experience and track record in implementing large projects.

OIL & GAS SECTOR

2019/2020
South Africa to develop a gas industrialisation unit resulting from LNG imports.

BULK STORAGE TANKS
New build and refurbishment opportunities emerging across the continent.

2018 AND BEYOND
Gas commercialisation projects in East Africa.

Clean fuels will provide refinery upgrade opportunities.

2018 AND BEYOND
Significant stay-in-business spend by Sasol at Secunda, Sasolburg & Natref operations, expand registration offering.

OUTLOOK AND KEY DRIVERS

- Refresh strategy to deploy an integrated full project life cycle offering, to include Clough's front-end and upstream experience.
- Gas-to-power and LNG import will bring infrastructure opportunities.
- Sasol 'stay-in-business' spend will provide opportunities.
- Bulk storage opportunities in sub-Saharan Africa and South Africa.
- Ghana's investment in the Tema and Takoradi ports will create downstream infrastructure opportunities.

DIFFERENTIATORS

- Capability and experience of Murray & Roberts Group companies.
- Petrochemical-related activity in Secunda is transferable to Sasolburg.
- Relationships with EPC and trading houses through Clough.

WATER SECTOR

ORGANICA
Demo plant secured at Verulam in eThekwini Municipality.

LIFE HEALTH
Feasibility study to provide water security measures to all Life Health's hospitals.

WATER RISK
83% of South African companies say they are exposed to water risk.

R670 BILLION
Department of Water & Sanitation's estimate to get wastewater treatment back to compliant operation.

POTABLE WATER
15 billion m³ is South Africa's current potable water allocation – 17,7 billion m³ is the estimated demand for potable water by 2030.

OUTLOOK AND KEY DRIVERS

- Upgrading wastewater opportunities driven by Government, a priority to ensure environmental compliance and reuse.
- Industrial opportunities driven by environmental compliance, water security and recycling.
- Mine water sector has not been active over past 18 months. Drivers are environmental compliance, dewatering to mine areas and reuse. Long-term solution for treating AMD in Wits Basins likely to come to market in two to three years.
- Sea water desalination opportunities will be ad hoc small containerised plants, as Government policy views sea water desalination as a last resort.
- PPP opportunities in the short to medium term.

DIFFERENTIATORS

- Organica technology for wastewater treatment.
- RMB/Murray & Roberts Water offering to industrial sector.
- Access to Osmoflo desalination plants for emergency situations.
- Stockholding of selected Aquamarine products.
- Full value chain offering.

RESOURCES & INDUSTRIAL SECTOR

RE-ENGAGEMENT
Historical and new clients in mining & metal and industrial sectors.

INFRASTRUCTURE
Materials handling opportunities.

MARKET OUTLOOK
Opportunities are emerging, however competition and price is a challenge.

Commodity focus: Coal, graphite, zinc, gold, copper and iron ore.
Regional focus: Namibia, Zambia, Botswana, Tanzania, Ethiopia and Mozambique.

OUTLOOK AND KEY DRIVERS

- Re-enter the metals and minerals market in South Africa and neighbouring countries.
- High focus in the short term on real SMP and E&I construction opportunities.
- Partnering for specific EPC opportunities.
- Engage junior and mid-tier miners early to assist in the development of their businesses to secure exclusive downstream implementation (EPC and O&M).

DIFFERENTIATORS

- Superior construction delivery ability and proven track record.

ELECTRICAL & INSTRUMENTATION SECTOR

IPP PROJECTS
Support internal Murray & Roberts IPP projects.

TRANSMISSION PROJECTS
Strategic partnership with Shanghai Electric in Africa.

2018 AND BEYOND
Focused and disciplined support to Sasol operations with E&I capabilities.

OUTLOOK AND KEY DRIVERS

- Re-enter the metals and minerals sector in South Africa and neighbouring countries – Mozambique, Namibia, Zambia and Botswana.
- Enter the oil and gas sector in South Africa and Mozambique.
- Leverage and support Group power and water projects.
- Shut-down work opportunities on existing fleet with Eskom and petrochemical refineries.
- Support IPP programme.

DIFFERENTIATORS

- 33 years of experience in mining & minerals, power & energy, iron & steel, water treatment, industrial and transport infrastructure sectors.
- Extensive African experience
- Experienced and competent field personnel.

PROSPECTS

The completion of the power programme at Medupi and Kusile will create capacity to provide maintenance services through the platform's skilled and experienced workforce. This capacity is also transferable to South Africa's new IPP coal base-load opportunities. The platform is engaging with the selected EPC contractors on two major projects.

Opportunities also exist in the REIPPP programme, with the Power & Water platform being positioned to secure work in the gas-to-power and solar (LNG Power Producer Procurement Programme: Coega (1 000MW) and Richards Bay (2 000MW)) sectors. Government's delay in signing off these projects is disappointing.

Obtaining preferred bidder status on the George Biomass project was an important achievement and comprises full project life cycle participation. Murray & Roberts Limited holds an equity position in the project and continues to seek additional projects where it can invest in development and equity ownership, to create additional project opportunities for the platform.

The platform's investment in Secunda, recent project delivery success and HSE initiatives, have positioned it as an important service provider to Sasol. This oil and gas delivery model will be extended to Sasol's facilities in Sasolburg.

It is likely that emergency water situations will continue to arise in parts of South Africa. Aquamarine's small capacity water treatment plants can be quickly deployed at short notice and water quality and quantity are guaranteed. In addition, Murray & Roberts Water's exclusive strategic partnership with Osmoflo allows the rapid deployment of medium-sized sea water desalination plants.

Opportunities are expected in wastewater treatment due to increasing environmental pressure to upgrade dysfunctional treatment plants and reuse treated effluent. Growth is also expected in the industrial sector as businesses look to secure water and reduce water costs through reuse and recycling. Aquamarine's containerised water and wastewater treatment solutions are highly transportable and rapidly deployed, providing an opportunity for broader market participation.

An Organica demonstration wastewater treatment plant will be commissioned later in the year and operated for 12 months at Verulam wastewater treatment works for the eThekwini Municipality. This should stimulate the uptake of this unique technology. A feasibility study is in progress for Life Health to provide water security and recycling solutions to their hospital facilities countrywide. Subject to feasibility, the project is expected to commence towards the end of the 2017 calendar year. Most of the equipment for these solutions will be supplied by Aquamarine, which has the potential to transform Murray & Roberts Water's growth prospects.

Growth will be mainly organic, supported by strategic partnerships that position the platform for opportunities and expand and complement its existing service offering.

04

GOVERNANCE, RISK AND REMUNERATION REPORTS

GOVERNANCE REPORT

STATEMENT OF COMMITMENT

The Board endeavours for the Group 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 to focus on 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.

In general, the Group is already compliant with King IV and is far advanced on implementing the "apply and explain" principle espoused in King IV. It will be adopted in the new financial year ending 30 June 2018.

BOARD OF DIRECTORS

At the date of this report, Murray & Roberts had a unitary Board with 12 directors, of whom 10 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 acknowledges the importance of diversity and a formal policy was adopted to guide and assist the Board in attaining gender and race diversity at board level. The Board adopted the following targets (based on 10 Board members).

⩾50%
BLACK REPRESENTATION (which includes Indian and Coloured persons)

⩾30%
WOMEN REPRESENTATION

At present, the Board has 50% black and 33,3% women representation.

The Board is the Group's highest governing body 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 societies 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.

PG 32 Details of Group directorate

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 prosperity 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.

In July 2017, the Board Charter was updated to reflect the recommendations contained in King IV, in particular on the inclusion of a lead independent director on the board.

BOARD MEETINGS

The Board formally meets five times a year. In addition, directors meet ahead of the scheduled meeting where 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, by the Group chief executive, of major developments affecting the Group.

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 Medupi Power Station project in Lephalale, Limpopo, South Africa.

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 AGM 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.

Dave Barber reached nine years' service on the Board at the end of June 2017, but as he will retire at the conclusion of the AGM on 2 November 2017 and will not be available for re-election, the nomination committee did not assess his independence.

CHANGES TO THE BOARD

Daniël Grobler was appointed as Group financial director in April 2017. Ralph Havenstein was appointed as lead independent director, and three new directors: Diane Radley, Emma Mashilwane and Alex Maditsi, were appointed to the Board in August 2017. Emma and Diane have been appointed to both the audit & sustainability and risk management committees, with Diane assuming chairmanship of the audit and sustainability committee after the AGM. Alex has been appointed to the health, safety and environment, remuneration and social & ethics committee. Ntombi will be appointed to the nomination committee after the AGM.

Mahlape Sello and Dave Barber will retire from the Board at the conclusion of the 2017 AGM and at the same time, step down from all committees. Suresh Kana will take over as chairman of the Group.

GOVERNANCE REPORT – CONTINUED

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, implementing 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 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.

GROUP SECRETARY

Bert Kok is the Group 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 the Bombela Concession Company.

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**
- **SOCIAL & ETHICS COMMITTEE**

Shareholders elect the members of the audit & sustainability committee at each AGM. The audit & sustainability committee 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 regularly reviewed 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 AGM and is available to respond to shareholder questions on committee activities.

BOARD AND COMMITTEE EFFECTIVENESS

An external review of the effectiveness of the Board and individual directors was 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 overall feedback of the Board appraisal was positive with respect to the work of the Board and the Board is well functioning and professional. Matters raised for consideration by the Board include:

- CEO and senior executive succession;
- Performance management; and
- Consolidation of certain Board committees.

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 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, from the end of June until the release of the Group's annual results in August of each year, or when trading under a cautionary announcement.

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 on SENS of the JSE Limited.

SPONSOR

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

RISK MANAGEMENT REPORT

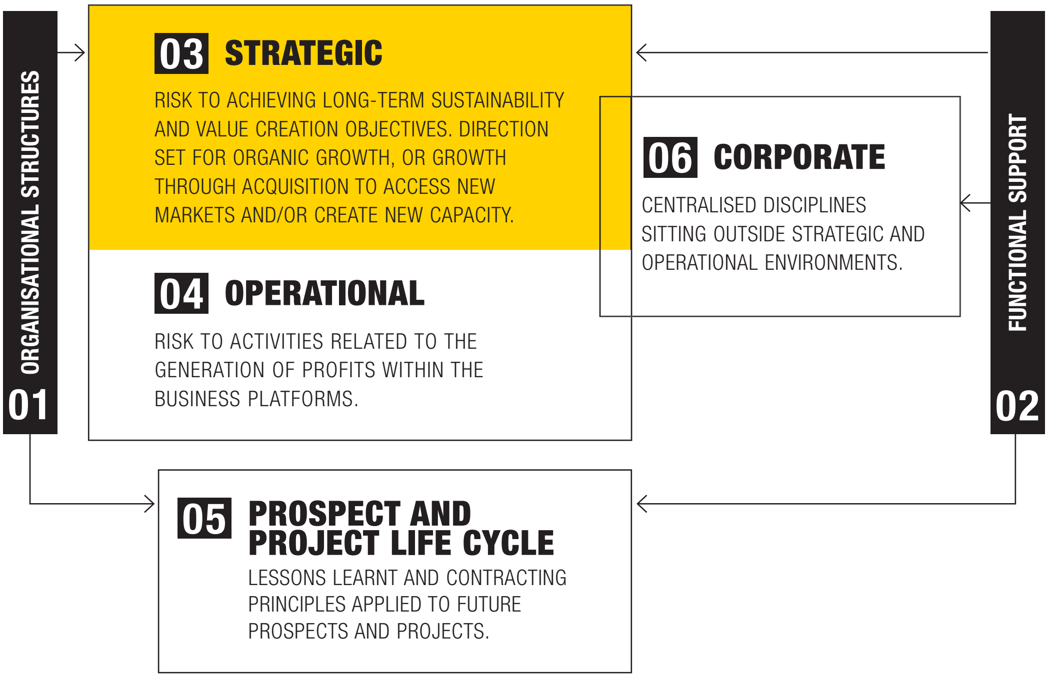
A high level of risk awareness and mitigation has been embedded in daily management and operational activities. Given the size and complexity of the Group, Murray & Roberts can never comprehensively eliminate risk from every area of its operations. For this reason, management maintains a planned, coordinated 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 and mitigate 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 responses 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



ORGANISATIONAL STRUCTURES

01 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.

FUNCTIONAL SUPPORT

02 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.

STRATEGIC RISK MANAGEMENT

03 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.

OPERATIONAL RISK MANAGEMENT

04 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.

PROJECT RISK MANAGEMENT

05 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.

CORPORATE RISK MANAGEMENT

06 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.

REGULATORY COMPLIANCE

Regulatory compliance constitutes the second pillar of the Group Integrated Assurance Framework. 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.

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 an 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 US$300 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.

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.

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 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.

The material Group risks, in no order of priority, are discussed on the following page.

RISK MANAGEMENT REPORT – CONTINUED

STRATEGIC RISKS

TREND KEY:
- THREAT INCREASING
- THREAT STABLE
- THREAT DECREASING

MACRO ECONOMIES

Global demand for commodities (metals and minerals) has shown some improvement. However, 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.

A decline in economies across the globe has a direct impact on the markets Murray & Roberts operates in, particularly underground mining and oil & gas. The South African economy has been impacted by recent ratings downgrades and the economy remains growth constrained.

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 African regions.
- Cost reduction across all business platforms and geographies to support profitability.
- JVs with empowered companies.
- Diversification across the project life cycle, which includes 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. Although oil and gas companies will have to start re-investing in the medium term, profit margins will be under pressure as these companies remain financially stressed.

MITIGATION

- Establish a presence in geographic areas where the oil and gas majors are located.
- Establish JVs with other Murray & Roberts business platforms to explore East African oil and gas opportunities.
- Diversification across the project life cycle, which includes an emphasis on operations and maintenance.
- Diversify oil and gas capability in Australasia markets into complementary water, power and infrastructure markets.
- International organisational restructure aligned to drive market diversification.

GROUP LIQUIDITY

While Murray & Roberts remains in a strong 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 Airport and other Middle East projects.
- Continue to manage overheads and improve project and commercial performance.
- Procure advance payments on projects and ensure that all projects remain cash positive or at least cash 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.

OPERATIONAL RISKS

TREND KEY:
- THREAT INCREASING
- THREAT STABLE
- THREAT DECREASING

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 and on every project site.
- The MAP Programme, developed in the Oil & Gas platform, has been rolled out across all the operations in the Group and is now fully operational as a key process to ensure the Group achieves its goal of Zero Harm.
- 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 across the Group's South African businesses, 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 operation and project site.
- 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 RISKS

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.
- Comprehensive project assurance and performance management tools have been developed within the business platforms, based on the experience gained from past project losses. The focus is on obtaining assurance of compliance with project management systems.
- Project Critical Control Executive Dashboards have been developed and are being implemented across the Group to provide executives with early insight to key performance indicators of projects under their control.

SOUTH AFRICAN POWER PROGRAMME

The power programme remains a key focus for the Power & Water business 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 continues to challenge the Group.

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 are immediately referred to adjudication if they cannot be resolved amicably.
- Focus on employing and retaining (locally and internationally) skilled and experienced employees.

UNCERTIFIED REVENUES

Uncertified revenues taken to book on Dubai Airport and other Middle East projects 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 Airport dispute, the arbitration is in progress and is likely to be resolved during FY2018.
- 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 & HUMAN RESOURCES COMMITTEE CHAIRMAN

This is my first report to stakeholders as chairman of the Remuneration & Human Resources Committee ("remuneration committee") and I would like to thank the previous chairman, Royden Vice who retired in November 2016, for his contribution over many years.

I am pleased to present the remuneration committee report on directors' and prescribed officers' remuneration. The report outlines our remuneration policy, provides context for the remuneration considerations and presents an implementation report on the remuneration outcomes against our policy. The Group's remuneration consists of fixed (guaranteed pay) and variable (short and long-term incentives) components.

The remuneration committee contracted the services of PwC for independent external advice and Deloitte verified that the inputs used in assessing the performance conditions of the incentive schemes are consistent with the financial information used to prepare the annual financial statements.

- 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 FY2018;
- Performance testing and approval of Short-Term Incentive ("STI") payments in respect of FY2017;
- Performance testing and approval of vesting of the September 2014 and March 2015 Long-Term Incentive ("LTI") awards;
- Approval of September 2017 LTI awards and underlying performance conditions;
- Approval of cash settled conditional rights award with a mandatory share purchase to the Group chief executive for FY2017;
- Review and recommendation of non-executive director fees for FY2018, excluding recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2017 annual integrated report.

The STI scheme is not a profit share scheme, but a scheme that incentivises performance towards achieving targets set for each financial year. The financial targets set at the beginning of FY2017 were derived from a vigorous bottom-up budgeting process and to a large extent is a function of the Group's order book – the number of contracts awarded or expected to be awarded during the year. The financial targets for FY2017 were lower than that of the previous year and is reflective of the extremely challenging market conditions, especially in the oil and gas sector. The EBIT target reduced from R947 million in FY2016 to R583 million in FY2017. In line with the reduced EBIT target, the diluted HEPS target reduced from 170 cents to 88 cents. These targets were not met during FY2017 but the financial result was better than threshold performance (80% of target) which translated into the STI performance outcomes detailed in this report.

The remuneration committee and the Board considered the merits of moderating the STI payment for FY2017 in view of the declining financial results, but concluded not to do so within the context of the remuneration policy principles of fair and competitive remuneration. The financial targets for the year were stretching considering the difficult trading environment and the scheme participants performed well to achieve the financial results reported for the year.

The Board furthermore considered the STI payment in the context of total reward and not in isolation. In this regard, 50% of the LTI for the performance period ended 30 June 2017 has been forfeited and the lower FY2017 financial results will also negatively impact the vesting of LTI's for the ensuing two years.

The Group chief executive will not be receiving a September 2017 LTI award under the Forfeitable Share Plan ("FSP"). This is as a result of the Group chief executive having reached the individual limit of 0,5% of issued shares in terms of the FSP rules. This individual limit has been set conservatively at a time when the company's shares traded at a higher value and the limit includes shares that may be forfeited as opposed to shares actually vesting. This cash-settled, conditional rights award, will not result in a more favourable financial outcome compared to the FSP. This award, including performance conditions, will mirror the FSP award and does not cause any shareholder dilution. The Group chief executive must acquire Murray & Roberts' shares at the time of vesting in September 2020, with the after-tax payment of this cash-settled award.

Executive directors' and prescribed officers' remuneration:

- Average guaranteed pay increases of 5,9% were implemented with effect 1 July 2017, in line with the current inflation rate and similar to the increases awarded to salaried employees across the Group.
- A STI equating to 49,3% of the maximum possible in terms of this scheme has been awarded for FY2017. Operating profit was below target at R487 million, but above threshold, measured as Earnings before Interest and Tax ("EBIT") for continuing operations. Due to the lower profitability, Return on Invested Capital Employed ("ROICE") at 3% was below threshold. Net cash of R1 789 million was much better than target, and Free Cash Flow ("FCF") of R667 million was also above target. This performance is commendable considering market conditions and the substantial loss incurred in the Middle East. This STI outcome is reflective of the Group's financial performance relative to the financial targets and the good performance against individual non-financial targets that were set at the start of the year.
- The performance period for the September 2014 and March 2015 FSP LTI award ended on 30 June 2017. Based on performance over the three year performance period, 50% of the September 2014 FSP award vested on 1 September 2017 and 50% of the March 2015 FSP award will vest on 1 March 2018. Half of the award was based on ROICE performance, 25% on relative Total Shareholder Return ("TSR") performance and 25% on FCF. The ROICE target was Weighted Average Cost of Capital ("WACC") plus 3%, or 16,1%. Actual performance of 8,9% was below threshold hence no shares vested for this performance measure. The Group's TSR over the performance period was at a negative compound rate of 16,4%, which was better than the weighted negative compound rate of 19,5% of the peer group. Cumulative free cash flow was above the budgeted target with a positive free cash flow of 98 cents per share. In terms of the revised remuneration policy adopted in 2015, for all FSP awards issued as from September 2015, only 30% of the award will vest at threshold performance (as opposed to 80% up to the March 2015 award) and 100% at target performance. The revised policy also introduced more stretching performance measures. Refer to the LTI performance measures in the Remuneration Policy Overview for more detail in this regard, page 74.

Given the changes introduced to the remuneration policy in 2015, shareholder support for this policy and its general alignment with King IV, no policy changes were introduced during the course of FY2017. The Group's remuneration policy received the support of 98,4% of shareholders who voted on the policy at the AGM in November 2016. I have during August 2017, upon request, engaged with one of our shareholders to discuss certain aspects of our remuneration policy and we continue to welcome shareholder comment. We believe our remuneration policy is best practise, and that its application will encourage a performance culture in the Group that will lead to sustained shareholder value creation.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM in November 2017, details of which can be found in the AGM notice:

- Binding vote on non-executive directors' fees;
- Advisory vote on the remuneration policy; and
- Advisory vote on the remuneration policy implementation report.

I would like to thank my fellow remuneration committee members for their input and support. Remuneration is a complex matter, especially during periods of declining financial results, and I am satisfied that the remuneration committee discharged its obligations in a responsible and professional manner.

RALPH HAVENSTEIN
Chairman

REMUNERATION POLICY OVERVIEW

Introduction

The remuneration report has been prepared by the remuneration committee, broadly in line with the principles outlined in King IV and has been approved by the Board. The report covers executive director, prescribed officer and non-executive director remuneration.

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 FY2017.

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. This strategy focuses the Group on selected international natural resource market sectors, the diversification of the Group's business model, the delivery of project, commercial management and safety excellence, and enhanced 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 key talent and to attract and retain the services of high-calibre employees;
- The STI 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 LTI 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 key 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 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 listed on the JSE for executive directors and for prescribed officers. The Oil & Gas business platform CEO is benchmarked against an appropriate peer group of Australian 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.

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 EBIT 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 non-financial targets 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 and Board chairman 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 81, apply to STI awards made from August 2015.

REMUNERATION REPORT – CONTINUED

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 operated three LTI schemes in FY2017: the FSP introduced in October 2012, the Letsema Vulindlela Black Executives Trust ("Vulindlela"), which was established in December 2005 as part of the Group's BBBEE shareholding structure, and the Clough Phantom Share Plan ("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 Employee Share Incentive Scheme ("Share Option Scheme") All outstanding options are currently under water and will expire on 30 August 2017. No new allocations will be made in terms of the Share Option Scheme.
- A new LTI scheme is under consideration for Clough to replace the CPSP. No further awards will be made under the CPSP.

Forfeitable 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 continued employment with no performance conditions. These awards are aimed at retention and will not form part of the annual awards.

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

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 current CPSP, 80% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance. The CPSP will be replaced with a new LTI scheme.
- Clawback provisions, as described on page 81, apply to LTI awards made from August 2015.

OPERATION CONTINUED

Letsema Vulindlela Black Executives 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, and have only been allocated forfeitable shares under the FSP since November 2012.

  In terms of the Trust deed this Trust is to be terminated on 31 December 2022. As the awards are subject to a five year lock-in period a final allocation was made in November 2016.

  High potential middle management employees qualify for an award under the FSP.

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. As previously stated, this plan is under consideration and the intention is to replace the plan with a new LTI scheme.

Share Option Scheme

- The last award under the Share Option Scheme was made in July 2012 and no further awards will be made.
- All outstanding awards are currently under water and will expire on 30 August 2017.

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

- Executive share ownership is encouraged and the 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.

MAXIMUM OPPORTUNITY

- Not applicable

REMUNERATION REPORT – CONTINUED

Choice of performance measures

The table below shows the performance measures set for FY2017, which will again be applied for FY2018. 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, encouraging performance in terms of both revenues and costs.
Continuing Diluted Headline Earnings per Share ("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 3 year vesting period

METRIC AND WEIGHTING	RATIONALE	VESTING
ROICE 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.
TSR 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 listed 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 Compound Annual Growth Rate ("CAGR") and target is the combined peer TSR CAGR plus 5%. Linear vesting will be applied between these points.
Free Cash Flow per Share ("FCFPS") 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 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 from 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 incentives or 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.

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 Total Fixed Cost of Employment ("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.

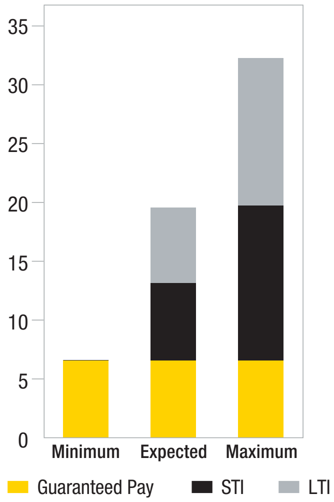
Retention schemes

There are currently no retention schemes in place for executive directors or prescribed officers.

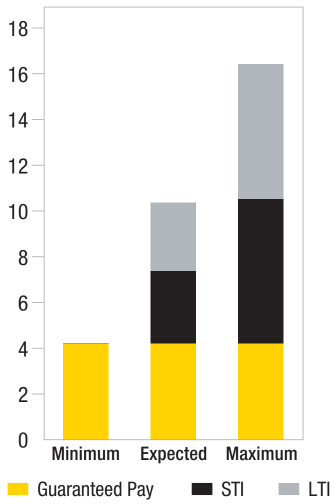
Total remuneration scenarios at different performance levels

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 (50%) 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 2017.

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.

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

Ralph Havenstein chairs this committee. 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 and implementation report are put to a non-binding advisory vote of shareholders at the annual general meeting.

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 REPORT – CONTINUED

IMPLEMENTATION REPORT

The implementation report details the outcomes of applying the approved remuneration policy detailed in the previous section.

Single total figure of remuneration

The table below 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 for FY2016, but excluding as from FY2017) and the long-term incentives that will vest due to performance in the financial year (including the 30% deferred STI award, as from FY2017). This change in STI and LTI reporting was made to align with expected King IV requirements.

Single total figure of remuneration for period to 30 June 2017

Payment in Rand (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Bester, Cobus[1]	**3 567**	4 530	**1 304**	3 809	**1 575**	1 668	**–**	–	**6 446**	10 007
Fenn, Orrie	**4 650**	4 470	**2 821**	4 120	**1 088**	1 148	**–**	–	**8 559**	9 738
Govender, Jerome[2]	**2 811**	3 570	**–**	1 845	**844**	823	**–**	–	**3 655**	6 237
Grobler, Daniël[3]	**1 050**	–	**1 958**	–	**1 395**	–	**–**	–	**4 403**	–
Harrison, Steve	**3 150**	2 951	**1 259**	1 000	**1 163**	685	**–**	–	**5 572**	4 637
Henstock, Ian	**3 697**	3 520	**2 320**	2 299	**948**	1 017	**–**	–	**6 965**	6 836
Laas, Henry	**6 195**	5 900	**4 200**	6 404	**4 212**	2 376	**90**	–	**14 697**	14 680
Mdluli, Thokozani	**2 505**	2 383	**917**	1 242	**1 112**	685	**–**	–	**4 534**	4 310
Skudder, Andrew[4]	**276**	3 310	**–**	–	**–**	–	**296**	–	**572**	3 310

1 Cobus Bester retired from the Board and as Group financial director on 31 March 2017.

2 Jerome Govender's employment with the Group ended on 31 March 2017.

3 Daniël Grobler appointed to the Board and as Group financial director on 1 April 2017 and guaranteed pay represents period from April 2017. Total guaranteed remuneration for 9 months as Managing Director of subsidiary was R2 277m and STI related payment was R1 734m (FY2016: R1 734m). FY2017 pro-rata STI as Managing Director of subsidiary is R1 976m and balance of R821m relates to three months as a Director.

4 Andrew Skudder resigned on 31 July 2016.

Payment in AU$ (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Bennett, Peter[1]	**788**	365	**545**	600	**234**	–	**83**	700	**1 650**	1 665
Gallagher, Kevin[2]	**–**	842	**–**	–	**–**	–	**–**	28	**–**	870

1 Peter Bennett joined the Group on 1 February 2016.

2 Kevin Gallagher resigned from the Group with effect of 26 January 2016.

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

	2017	2016
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 2017) was 5,91% (FY2016: 4,85%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2017 for other salaried employees of 5,89%.	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 2016) was 4,85% (FY2015: 5,2%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2016 for other salaried employees of 5,0%.
STI	STI awarded for FY2017 performance. 70% of the award is payable in cash in September 2017, and 30% deferred as an LTI award, which will vest 1/3 each year from FY2018 to FY2020. The 30% deferred STI award is disclosed under LTI in the single total figure of remuneration from FY2017. It was previously disclosed as part of STI.	STI awarded for FY2016 performance. 70% of the award was 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 for this year was guaranteed as part of his employment contract agreement.
LTI	The value of LTI awards under the August 2014 and March 2015 FSP, that vest 1 September 2017 and 1 March 2018 respectively, is based on performance during the three-year period to 30 June 2017. The value of that award is based on a share price on 30 June 2017 of R13.07. 50% of the September 2014 and March 2015 FSP awards lapsed due to the actual ROICE being below threshold. TSR and FCF targets were met. No LTI vesting occurred for Peter Bennett under the CPSP as he only joined the plan in FY2016. The 6 March 2007 and 20 April 2011 Share Option Scheme allocations that vested on 5 March 2017 and 19 April 2017 respectively, carried no value as at 30 June 2017, as the performance condition was not achieved and consequently lapsed	The value of LTI awards under the August 2013 FSP that vested, is based on performance during the three-year period to 30 June 2016. The value of that award was 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. As the CPSP was introduced in 2014, the three-year performance period ends 30 June 2017, hence no LTIs vested under the CPSP for performance to 30 June 2016.
OTHER	The payment to Andrew Skudder and Peter Bennett is in respect of accrued leave. The benefit to Henry Laas is a fringe benefit on the use of a company vehicle.	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 upon his resignation.

FY2017 STI performance outcomes

Financial performance Key Performance Indicators ("KPIs") are measured against audited annual financial results and are net of STI accruals. Non-financial 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 and Board chairman for the Group chief executive.

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.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale where a score of 2 represents threshold performance, 3 on-target performance, 4 excellent performance and a score of 5 stretch performance.

Performance against the FY2017 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	OUTCOME	COMMENTS
FINANCIAL (Weighting 70%)	**Profitability – EBIT** (Weighting 20%)	**84%**	EBIT of R487 million achieved relative to target of R583 million for continuing operations.
	Profitability – Diluted HEPS (Weighting 20%)	**82%**	Diluted HEPS from continuing operations of 72 cents achieved relative to target of 88 cents.
	Cash flow – net cash (Weighting 10%)	**153%** (capped at 120%)	Net cash of R1 789 million achieved relative to target of R1,172 million.
	Cash flow – FCF (Weighting 10%)	**192%** (capped at 120%)	FCF of R667 million relative to target of R348 million.
	Returns (Weighting 10%)	**20%** (below threshold)	ROICE of 3,0% achieved relative to WACC plus 1,5% (on target) or 15,1%. Performance of less than WACC compared to target attracts no STI payment for the element.
LEADERSHIP (Weighting 7,5%)	**Strategy implementation**	**3.7** out of 5	Substantial progress made on implementing the *New Strategic Future* plan, including the sale of the Infrastructure & Building platform and sub-sector change on the JSE to Diversified Industrials. Earnings are now derived from all segments of the project life cycle and the international footprint is extensive.
	Transformation & diversity		Due to a subdued business environment presenting limited opportunity for signing on new employees, transformation in South Africa has been slow. However, the Group achieved a BBBEE level 3 rating, which was better than target.
	Leadership succession & development		Performance management and succession planning is well established and effectively applied. Bench strength at executive level needs to be improved. CEO succession in the Oil & Gas platform was handled expediently and the transition has been smooth. Group financial director succession was also well managed with an internal successor appointed.

KPA	KPI	OUTCOME	COMMENTS
RELATIONSHIPS Weighting 7,5%	Stakeholder engagement Employee relations	3.7 out of 5	Relations with stakeholders remained strong. Relationship with the South African Government improved following the VRP agreement. Public relations and investor relations were well managed with respect to the sale of the Infrastructure & Building platform and JSE sub-sector change. 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. Cementation Canada is again rated as a Top 100 employer in Canada.
OPERATIONAL Weighting 7,5%	Good governance Commercial management Project performance	3.4 out of 5	The Group continues to implement and maintain good governance practices with adherence to policy and authority frameworks. There was increased focus on legal compliance and King IV application. All Gautrain development period disputes were settled. Good progress made with Dubai Airport arbitration and ruling expected May 2018. Ongoing improvement in contract management and lessons learnt practices across all operations. Only one loss making project in the Group – excluding the Middle East. This is a major improvement on prior years.
RISK Weighting 7,5%	Health, wellness & safety Risk management Environment	3.6 out of 5	Regrettably one fatal incident suffered during July 2016. The record low LTIFR of 0.52 and TRCR of 3.1 were better than target. These were industry leading performances. Implementation of the Group's MAP Programme progressed well across all three business platforms. Risk management practices and internal audit are well-established disciplines and no material findings were reported. Environmental reporting and awareness has improved. No major environmental incidents were reported.

The STI breakdown for the Group chief executive for FY2017 is set out below:

	R'000
Financial (70%)	3 903
• Diluted HEPS	681
• EBIT	744
• Net Cash	1 239
• FCF	1 239
Non-Financial (30%)	2 555
• Leadership	697
• Relationships	697
• Operational	464
• Risk	697
Less: Adjustment	(458)
Total STI (of which 30% is deferred into the FSP)	6 000

REMUNERATION REPORT – CONTINUED

FY2017 LTI performance outcomes

Vesting of the September 2014 and March 2015 FSP award

The three-year performance period for the September 2014 FSP and March 2015 FSP award ended on 30 June 2017. The September 2014 FSP award comprised 2 454 370 shares and the March 2015 FSP award comprised 541 195 shares, with a total of 1 341 139 shares awarded to the executive directors and prescribed officers. Half of the award was subject to ROICE as a performance condition, 25% to relative TSR performance and 25% to FCFPS performance. ROICE for the three year performance period was 8,9%, below the target of 16,1%, being WACC plus 3%. The Group's TSR over the performance period was at a negative compound rate of 16,4%, but better than the weighted negative compound rate of 19,5% for the peer group. Cumulative FCFPS was above the cash positive target with a positive FCF of 16 cents per share. As a result of this performance, 50% of the September 2014 FSP award vested on 1 September 2017 and 50% of the March 2015 FSP, will vest on 1 March 2018. 50% of the shares awarded did not meet the performance conditions and lapsed on 21 August 2017. The calculation of the vesting percentage of these awards were audited by the company's external auditors.

Vesting and expiry of Share Option Scheme awards

The 6 March 2007 and 20 April 2011 Share Option Schemes did not meet the performance condition on the vesting dates, being 5 March 2017 and 19 April 2017 respectively. Both these allocations have lapsed.

LTI awards granted in 2017

An allocation of forfeitable shares was made in September 2017 under the FSP.

The September 2017 FSP is the annual allocation of forfeitable shares to senior executives including the executive directors and prescribed officers and will vest in 2020. A total number of 4 417 000 forfeitable shares were allocated, of which 823 500 forfeitable shares to the value of R11 948 985 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 2017 FSP award is subject to meeting performance conditions for the three year performance period from 1 July 2017 to 30 June 2020 as shown in the table below.

30% 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 2017 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, AECI, Arcelormittal, Barloworld and Imperial Holdings.

The September 2017 FSP award was settled through a market purchase and use of the shares that lapsed under the August 2014 FSP and March 2015 FSP award, thereby not resulting in any dilution to shareholders.

In terms of the scheme rules the aggregate number of shares at any one time, which may be allocated under the Share Option Scheme and the FSP, may not exceed 5,0% of the number of shares in issue. This represents 22 236 806 shares. As at 30 June 2017, there were 371 180 shares allocated under the Share Option Scheme and 15 490 732 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral. It should be noted that these shares were not allocated by way of an issue of new shares and as such are not dilutive to shareholders.

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 0,50% of the number of shares currently in issue. This limit was set in 2012 when the share price was trading at higher levels and the subsequent reduction in the share price has led to an increase in the number of shares awarded to achieve the award value as per the remuneration policy. The individual limit has been reached by the Group chief executive, who as at 30 June 2017, had 2 213 300 unvested awards. This represents 0,497% of the shares currently in issue, just below the cap of 0,50%.

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.

The Group chief executive has thus not received a September 2017 FSP award, but cash-settled conditional rights with a mandatory share purchase. The cash-settled conditional rights will not result in a more favourable financial outcome compared to the FSP. It is envisaged that FSP awards may again resume with the next award.

This award, including performance conditions, will mirror the FSP award and does not cause any shareholder dilution. In terms of this award the Group chief executive must acquire shares with the after-tax cash payment and is hence in the same share ownership position he would have been under the FSP.

The Group chief executive was awarded 864 000 cash-settled conditional rights to the value of R12 536 640 on 1 September 2017. The performance conditions will be evaluated over the period 1 July 2017 to 30 June 2020.

The Oil & Gas platform CEO was awarded a long-term incentive to the value of AU$560 000 on 1 October 2017. The performance conditions will be evaluated over the period 1 July 2017 to 30 June 2020.

Outstanding Long-term Incentives

FSP awards and STI deferred into FSP awards

NAME	Date awarded	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value	Estimated value (R'000)
Bester, C	Sept 2014	163 000	3 992	–	81 500	81 500	–	–	1 065
	Mar 2015	78 000	1 372	–	39 000	39 000	–	–	510
	Sept 2015	430 000	5 392	–	–	430 000	–	–	2 810
	Nov 2016	476 500	6 657	–	–	476 500	–	–	3 114
	STI 2014	22 096	596	11 041	–	11 055	Nov 2016	102	–
	STI 2015	52 046	679	17 348	–	34 698	Nov 2016	160	–
	STI 2016	104 762	1 142	–	–	104 762	–	–	1 369
Fenn, O	Sept 2014	109 500	2 682	–	54 750	54 750	–	–	716
	Mar 2015	57 000	1 003	–	28 500	28 500	–	–	372
	Sept 2015	333 500	4 182	–	–	333 500	–	–	2 179
	Nov 2016	366 000	5 113	–	–	366 000	–	–	2 392
	STI 2014	11 574	312	5 783	–	5791	Nov 2016	53	76
Govender, J	Sept 2014	104 000	2 547	–	59 222	44 778	–	–	585
	Mar 2015	57 000	1 002		37 209	19 791	–	–	259
	Sept 2015	266 000	3 336		125 611	140 389	–	–	971
	STI 2014	13 679	369	12 728	951	–	Nov 2016 & May 2017	144	–
	STI 2015	39 699	518	30 085	9 614	–	Nov 2016 & May 2017	355	–
Grobler, D	Sept 2014	50 000	1 225	–	25 000	25 000	–	–	327
	Mar 2015	35 000	617	–	17 500	17 500	–	–	229
	Sept 2015	149 000	1 868	–	–	149 000	–	–	974
	Nov 2016	173 000	2 417	–	–	173 000	–	–	1 131
	STI 2014	6 571	177	3 283	–	3 288	Nov 2016	30	43
	STI 2015	27 575	360	9 191	–	18 384	Nov 2016	85	240
	STI 2016	68 147	743	–	–	68 147	–	–	891
Harrison, S	Sept 2014	60 500	1 482	–	30 250	30 250	–	–	395
	Mar 2015	35 000	616	–	17 500	17 500	–	–	229
	Sept 2015	147 000	1 843	–	–	147 000	–	–	961
	Nov 2016	248 000	3 465	–	–	248 000	–	–	1 621
	STI 2014	7 759	209	3 876	–	3 883	Nov 2016	36	51
	STI 2015	22 979	300	7 659	–	15 320	Nov 2016	71	200
	STI 2016	27 506	300	–	–	27 506	–	–	360
Henstock, I	Sept 2014	100 000	2 449	–	50 000	50 000	–	–	654
	Mar 2015	45 000	792	–	22 500	22 500	–	–	294
	Sept 2015	262 500	3 292	–	–	262 500	–	–	1 715
	Nov 2016	291 000	4 065	–	–	291 000	–	–	1 902
	STI 2014	12 825	346	6 408	–	6 417	Nov 2016	59	84
Laas, H	Sept 2014	246 000	6 025	–	123 000	123 000	–	–	1 608
	Mar 2015	123 000	2 164	–	61 500	61 500	–	–	804
	Sept 2015	760 000	9 530	–	–	760 000	–	–	4 967
	Nov 2016	842 500	11 770	–	–	842 500	–	–	5 506
	STI 2014	32 889	887	16 434	–	16 455	Nov 2016	152	215
	STI 2015	73 800	963	24 600	–	49 200	Nov 2016	227	643
	STI 2016	176 145	1 920	–	–	176 145	–	–	2 302
Mdluli, T	Sept 2014	65 000	1 592	–	32 500	32 500	–	–	425
	Mar 2015	45 000	792	–	22 500	22 500	–	–	294
	Sept 2015	145 500	1 825	–	–	145 500	–	–	951
	Nov 2016	161 500	2 256	–	–	161 500	–	–	1 055
	STI 2014	7 991	216	3 992	–	3 999	Nov 2016	37	52
	STI 2015	20 918	273	6 972	–	13 946	Nov 2016	64	182
	STI 2016	34 152	372	–	–	34 152	–	–	446

Executives receive dividend payments on the FSP allocations held from the award date.

For the FSP performance conditions, a vesting percentage of 50% is applied to calculate the estimated value.

Share Option Scheme

NAME	Date awarded	Number of shares allocated	Strike price	Condition	Number forfeited in the year	Closing balance	Vesting date	Estimated value
Bester, C	6 Mar 2007	670 000	42,33	Special	670 000	–	6 Mar 2017	–
	20 Apr 2011	49 580	23,34	Hurdle	49 580	–	20 Apr 2017	–
	30 Aug 2011	89 780	25,24	Retention	–	89 780	30 Aug 2017	–
Fenn, O	20 Apr 2011	49 580	23,34	Hurdle	49 580	–	20 Apr 2017	–
	30 Aug 2011	56 280	25,24	Retention	–	56 280	30 Aug 2017	–
Govender, J	6 Mar 2007	40 200	42,33	Hurdle	40 200	–	6 Mar 2017	–
Henstock, I	20 Apr 2011	49 580	23,34	Hurdle	49 580	–	20 Apr 2017	–
	30 Aug 2011	75 040	25,24	Retention	–	75 040	30 Aug 2017	–
Laas, H	6 Mar 2007	515 900	42,33	Special	515 900	–	6 Mar 2017	–
	20 Apr 2011	134 000	23,34	Hurdle	134 000	–	20 Apr 2017	–
	30 Aug 2011	150 080	25,24	Retention	–	150 080	30 Aug 2017	–

Letsema Vulindlela Black Executives Trust

NAME	Date awarded	Number of shares allocated	Strike Price	Condition	Number forfeited in the year	Closing balance	Vesting date	Estimated value
Govender, J	20 Apr 2011	25 000	25,16	Hurdle	–	25 000	31 Dec 2021	–
Mdluli, T	24 Aug 2010	11 500	41,02	Standard	–	11 500	31 Dec 2021	–
	20 Apr 2011	10 000	25,16	Hurdle	–	10 000	31 Dec 2021	–
	30 Aug 2011	25 500	27,70	Standard	–	25 500	31 Dec 2021	–

Remuneration outcomes for non-executive directors

The remuneration policy for the non-executive directors set out in the remuneration policy report was applied in FY2017. The remuneration of non-executive directors for the year ended 30 June 2017 was:

Non-executive directors' remuneration

RAND NAME	Directors' fees '000	Non-attendance '000	Special board '000	Committee fees '000	Chairman's fees '000	**Total 2017 '000**	Total 2016 '000
DD Barber	285		139	279		**703**	661
R Havenstein	285	(23)	186	522		**970**	593
NB Langa-Royds	285		186	364		**835**	593
JM McMahon[1]	69			95		**164**	692
SP Kana	285		186	539		**1 010**	616
XH Mkhwanazi	285	(23)	141	196		**599**	431
M Sello					1 399	**1 399**	1 333
RT Vice[2]	117		139	203		**459**	741
Total	1 611	(46)	977	2 198	1 399	**6 139**	5 660

1 *Retired on 30 September 2016.*
2 *Retired on 30 November 2016.*

AU$ NAME	Directors' fees '000	Non-attendance '000	Special board '000	Committee fees '000	Chairman's fees '000	**Total 2017 '000**	Total 2016 '000
K Spence	100		68	37		**205**	93

"MURRAY & ROBERTS BELIEVES THAT DIRECTORS, SENIOR EXECUTIVES AND EMPLOYEES SHOULD BE PAID FAIR, COMPETITIVE AND APPROPRIATELY STRUCTURED REMUNERATION IN THE BEST INTERESTS OF SHAREHOLDERS."

Fee proposal for 2018

In accordance with King IV 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 2018.

The proposed fees (excluding Value Added Tax) are tabled below:

		Previous per annum	Proposed per annum
DIRECTOR FEES			
Chairman	Includes director and committee fees[1]	R1 415 000	R1 500 000
Lead independent director	Includes director and relevant committee fees	N/A	R1 050 000
Resident director	Per annum[2&3]	R288 000	R305 000
Non-resident director	Per annum[2&3]	AU$100 000	AU$100 000
COMMITTEE FEES			
Audit & sustainability	Chairman	R267 000	R283 000
	Resident member	R143 000	R151 500
	Non-resident member	AU$10 000	AU$10 000
Health, safety & environment	Chairman	R194 000	R205 500
	Resident member	R99 000	R105 000
	Non-resident member	AU$10 000	AU$10 000
Nomination	Member	R63 000	R67 000
Remuneration & human resources	Chairman	R194 000	R205 500
	Member	R99 000	R105 000
Risk management	Chairman	R194 000	R205 500
	Resident member	R99 000	R105 000
	Non-resident member	AU$10 000	AU$10 000
Social & ethics	Chairman	R194 000	R205 500
	Resident member	R99 000	R105 500
	Non-resident member	AU$10 000	AU$10 000
AD HOC MEETINGS			
Board	Resident member	R47 000	R50 000
	Non-resident member	AU$17 000	AU$17 000
Committee	Resident member	R24 000	R25 500
	Non-resident member	AU$8 900	AU$8 900

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 R25 500 or AU$8 900 per meeting will apply for non-attendance at a scheduled Board meeting.*
4 *A deduction of R10 500 or AU$1000 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 AU$25 000 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 number 1 included in the loose insert of the printed report regarding approval of the proposed non-executive director fee structure for FY2018.

05

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

The directors of Murray & Roberts Holdings Limited ("Company") and Murray & Roberts Holdings Limited and its subsidiaries ("Group") are responsible for the preparation of the annual financial statements and summarised consolidated 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 International Financial Reporting Standards ("IFRS") and per the requirements of the Companies Act 71 of 2008 ("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 as well as the summarised consolidated annual financial statements.

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 DF Grobler (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 annual financial statements.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group for the year ended 30 June 2017, is available in the online annual financial statements, and were approved by the Board of directors at its meeting held on 23 August 2017 and are signed on its behalf by:

M Sello
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

CERTIFICATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2017

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended ("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 2017, 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
23 August 2017

AUDIT & SUSTAINABILITY COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2017

The Audit & Sustainability Committee ("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 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 has noted the changes in audit regulation regarding mandatory audit firm rotation, which will require the external auditors to resign from the audit in 2024.

MEMBERSHIP

Disclosed under the Group directorate on page 32.

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.

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.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The Committee reviews the quality and effectiveness of the external audit process. In particular, the Committee considers the independence of the external auditor. In this regard, the Committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis. The individual registered auditor, G Berry, served in this capacity for his first year in 2017 and the Committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence. 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, with G Berry as the individual registered auditor. Deloitte & Touche and G Berry are properly accredited.

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 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 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 independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the Committee in April 2017 and determined to be appropriate and consistent with the internal audit strategy and mandate. The Committee approved internal audit's risk-based audit plan for financial year 2018. 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 programme, 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 and findings to date of the Group's system of internal control and risk management in 2017, which included the design implementation and effectiveness of internal control, considering information and explanations provided by management and the results of the external audit, the Group's system of financial controls provides a reasonable basis for the preparation of reliable annual financial statements in all material aspects.

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 2017 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, Deloitte & Touche, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Recognition of contract revenue, margin and related receivables and liabilities;
- Recognition and recoverability of claims and variation orders;
- Office space onerous lease provisions; and
- Deferred taxation asset recoverability.

SIGNIFICANT AREAS OF JUDGEMENT

Further information on significant areas of judgement can be found in the online annual financial statements.

SP Kana
23 August 2017

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 2017, which were approved by the Board of directors on 23 August 2017. 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 2017, 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 DF Grobler (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 Practises Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group's consolidated financial statements for the year ended 30 June 2017 were audited by the auditor, Deloitte & Touche, on which an unmodified audit opinion was expressed on 23 August 2017.

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 THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2017

This report presented by the directors is a constituent of the consolidated and separate annual financial statements at 30 June 2017, except where otherwise stated. All monetary amounts set out in tabular form are expressed in millions of Rands, except where otherwise stated.

1 NATURE OF BUSINESS

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the underground mining, oil & gas and power & water markets.

The Company does not trade and its activities are undertaken through 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 2017 the Group recorded earnings of R48 million (2016: R753 million), representing diluted earnings per share of 12 cents (2016: diluted earnings per share of 182 cents). Diluted headline earnings per share was 26 cents (2016: diluted headline earnings per share of 153 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, in the online annual financial statements.

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 claims on projects in the Middle East.

A cumulative total revenue of R914 million being amounts due from contract customers (net of payments received on account of R445 million (2016: R474 million)), has been recognised in the statement of financial position at 30 June 2017 (2016: R2 020 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*.

All Gautrain development period claims have been settled with the Gauteng Provincial Government. This was an all-inclusive settlement and the settlement value achieved supported the uncertified revenue previously taken against these claims, net of the provision for potential future Gautrain tunnel water ingress work which was released. In terms of this agreement no further work is required to be undertaken in the tunnel.

In the Middle East all projects are expected to be completed during FY2018. Close-out of the business in the Middle East continues to present major risk, but all known project losses have been fully accounted for in FY2017. Costs during FY2018 should be limited to a significantly reduced overhead cost and ongoing legal fees on the Dubai Airport dispute. After a protracted legal process, the Dubai Airport claim is finally in arbitration, with an award expected in May 2018.

Resolution of these extremely complex legal and financial claims and variation instructions has 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.

Grayston temporary works collapse

In November 2015, the Department of Labour instituted a Section 32 Inquiry ("Inquiry") into this incident to determine the cause or causes of the collapse of the temporary works structure. This formal Inquiry currently underway, is conducted in terms of the provisions of the Occupational Health and Safety Act, 1993. The Inquiry was recently paused, but is due to resume again in September 2017. The Board is disappointed at the slow pace that is delaying closure of this distressing incident for all parties involved.

All costs incurred to date have been expensed as and when incurred. This incident is one of the retained liabilities following the disposal of the Southern African

Infrastructure & Building businesses and the direct financial impact of this incident on the Group is not expected to be material considering the comprehensive insurance cover in place. The project is expected to be completed during the latter part of the 2017 calendar year and the date by which the Inquiry will be concluded remains uncertain.

Segmental disclosure

The Group will operate under three strategic platforms in financial year 2018. 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 2017 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 2017 the Trust held 30 150 (2016: 30 150) shares against the commitment of options granted by the Trust totalling 371 180 (2016: 3 224 040) 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 2 173 000 shares (2016: 2 012 700 shares) to black executives as part of the Group's BBBEE.

At 30 June 2017 the Vulindlela Trust held 10 624 366 (2016: 10 626 886) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 974 451 (2016: 5 914 060) 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% (2016: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (2016: 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 6 372 026 shares (2016: 8 831 888). The shares held by the entities, in escrow, were purchased on the market and have not been issued by the Company.

Share buy-back

Shareholders are referred to the announcement released on SENS on 29 June 2017 regarding the Company's decision to buy-back shares to the value of R250 million. As at 23 August 2017, shares to the value of R9,6 million have been bought on the open market.

3 DIVIDEND

The Board resolved to maintain a gross annual dividend of 45 cents (2016: 45 cents) per ordinary share for the year ended 30 June 2017. The dividend will be subject to the dividend tax rate of 20%, which will result in a net dividend of 36 cents per share to those shareholders who are not exempt from paying dividend tax. The dividend has been declared from income reserves.

Notwithstanding the losses incurred in the Middle East, the Board's decision took into consideration the Group's strong cash position, partly as a result of the Gautrain settlement, as well as the view that FY2018 will be the start of a new EBIT growth period, supported by analyst and third party research citing mainly the current turn in the metals and minerals cycle.

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

The relevant dates are:

EVENT	DATE
Last day to trade (cum-dividend)	Tuesday, 3 October 2017
Shares to commence trading (ex-dividend)	Wednesday, 4 October 2017
Record date (date shareholders recorded in books)	Friday, 6 October 2017
Payment date	Monday, 9 October 2017

No share certificates may be dematerialised or rematerialised between Wednesday, 4 October 2017 and Friday, 6 October 2017, both dates inclusive.

On Monday, 9 October 2017, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. No dividend cheques will be paid to shareholders who have not provided their banking details to the transfer secretaries: Link Market Services. Accordingly, the cash dividend will remain unpaid until such time as the non-compliant shareholder has provided relevant banking details to the transfer secretary, to receive the cash dividend by electronic funds transfer. No interest will be paid for unpaid dividends.

4 SUBSIDIARIES AND INVESTMENTS

Acquisitions

Acquisition of a further interest in Bombela Concession Company ("BCC")

Shareholders are referred to the announcement released on SENS on 22 August 2017, regarding the acquisition of a further 17% in Bombela Concession Company (RF) (Pty) Ltd ("BCC") by Murray & Roberts Limited for a total consideration of R405 million. The cash position of the Group and its subsidiaries is sufficiently robust to undertake the acquisition. This is a good investment expected to yield a return of 18% before interest. The implementation of the transaction remains subject to approval of the Gauteng Management Agency, Competition Authorities and BCC's funders.

Disposals

Disposal of interest in Southern African Infrastructure & Building businesses

The Group disposed of its interest in the Southern African Infrastructure & Building businesses, effective 1 April 2017, for a gross consideration of R564 million (R397,2 million net of transaction costs (R27,5 million) and purchase price adjustment (R139,3 million)).

The gross cash consideration of R314 million was received on 12 May 2017.

The gross deferred consideration of R250 million mainly relates to working capital assets on contracts that have achieved practical completion as at the effective date, Grayston Pedestrian Bridge and Lonmin receivables. The amount is payable within 5 days of recovery, after which interest is calculated at bank deposit rates. An amount of R56,8 million relating to the deferred consideration has been written off to profit or loss in the 2017 financial year.

Discontinued operations

The disposal of the Southern African Infrastructure & Building businesses was effective 1 April 2017 and the Group recorded R71 million of retained liabilities on the sale of these businesses and other historical items. Genrec recorded a loss before taxation of R68 million for the year, primarily due to low levels of revenue and a weak order book. The sale of Genrec is underway, targeted for completion in the first half of FY2018. The R170 million net present value charge of future expenses in relation to the Voluntary Rebuilding Programme agreement between the listed construction companies and the South African Government, as previously announced on the Stock Exchange News Service of the JSE Limited ("SENS"), was also recorded under discontinued operations.

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;
2) General authority to repurchase shares;
3) Financial Assistance to related or inter-related companies; and
4) Amendments to the Memorandum of Incorporation.

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

Other than the share buy-back and acquisition of a further interest in BCC, 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 2017 or the results of its operations or cash flows for the year then ended.

7 INTEREST OF DIRECTORS

A total of 150 080 (2016: 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, in the online annual financial statements.

The directors of the Company held direct beneficial interests in 401 080 ordinary shares of the Company's issued ordinary shares (2016: 278 392). Details of the ordinary shares held per individual director are listed below.

BENEFICIAL	Direct	Indirect
30 June 2017		
DD Barber	**2 723**	**–**
DF Grobler	**–**	**407 000**
HJ Laas	**398 357**	**1 971 500**
30 June 2016		
DD Barber	2 723	–
AJ Bester	123 472	817 000
HJ Laas	152 197	1 337 000

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

REPORT OF THE DIRECTORS – CONTINUED

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; XH Mkhwanazi and KW Spence.

Executive

HJ Laas (Group chief executive) and DF Grobler (Group financial director).

9 CHANGES TO THE BOARD

Michael McMahon and Royden Vice retired from the Board effective from 30 September 2016 and 30 November 2016 respectively, having reached the mandatory retirement age for Board members.

Shareholders are also referred to the announcements released on SENS on 30 November 2016 and 9 March 2017 respectively, regarding the retirement of Cobus Bester as Group financial director and the appointment of Daniël Grobler effective 1 April 2017.

Subsequent to year end, Suresh Kana was nominated as independent non-executive chairman to succeed Mahlape Sello, who will retire as a director and chairman of the Group at the conclusion of the 2017 AGM. Furthermore, Dave Barber, who has served as an independent non-executive director since June 2008, will also step down from the Board at the AGM.

As announced on SENS on 17 August 2017, Ralph Havenstein was appointed as Lead Independent director, and three new directors, Diane Radley, Alex Maditsi and Emma Mashilwane, were appointed to the Board.

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 2 November 2017, shareholders will be requested to re-appoint Deloitte & Touche as external auditors for the 2018 financial year. Graeme Berry will be the individual registered auditor who will undertake the audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes[1]	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	2	**2 057,7**	2 188,8
Investment property	3	**18,9**	–
Goodwill	4	**606,9**	642,4
Other intangible assets	5	**194,2**	238,3
Investment in joint venture	37	**73,2**	–
Investments in associate companies	6	**7,6**	17,5
Other investments	7	**895,4**	812,8
Deferred taxation assets	21	**585,2**	603,9
Amounts due from contract customers	9	**542,0**	1 513,5
Non-current receivables		**68,3**	77,3
Total non-current assets		**5 049,4**	6 094,5
Current assets			
Inventories	8	**280,1**	241,3
Amounts due from contract customers	9	**4 913,5**	4 964,9
Trade and other receivables	10	**1 167,0**	1 490,8
Current taxation assets	34	**23,4**	25,5
Derivative financial instruments		**2,2**	–
Cash and cash equivalents	11	**2 370,6**	2 812,8
Total current assets		**8 756,8**	9 535,3
Assets classified as held-for-sale	31	**396,8**	2 335,1
Total assets		**14 203,0**	17 964,9
EQUITY AND LIABILITIES			
Stated capital	12	**2 566,1**	2 552,1
Reserves	14 & 15	**996,4**	1 537,8
Retained earnings		**2 978,2**	3 111,0
Equity attributable to owners of Murray & Roberts Holdings Limited		**6 540,7**	7 200,9
Non-controlling interests	16	**64,5**	62,6
Total equity		**6 605,2**	7 263,5
Non-current liabilities			
Long term loans	18	**219,7**	650,4
Retirement benefit obligations	19	**17,3**	16,8
Long term provisions	20	**144,7**	186,6
Deferred taxation liabilities	21	**121,2**	178,9
Non-current payables		**162,0**	84,7
Total non-current liabilities		**664,9**	1 117,4
Current liabilities			
Amounts due to contract customers	9	**1 571,2**	1 522,0
Trade and other payables	23	**3 523,0**	4 191,1
Short term loans	24	**289,2**	342,9
Current taxation liabilities	34	**39,2**	59,7
Provisions for obligations	25	**279,7**	312,4
Subcontractor liabilities	22	**971,5**	1 189,9
Bank overdrafts	11	**117,5**	76,0
Total current liabilities		**6 791,3**	7 694,0
Liabilities classified as held-for-sale	31	**141,6**	1 890,0
Total liabilities		**7 597,8**	10 701,4
Total equity and liabilities		**14 203,0**	17 964,9

1 Notes are available in the online annual financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes[2]	2017	2016[1]
Continuing operations			
Revenue	26	**21 397,3**	26 148,0
Continuing operations excluding Middle East		**20 789,6**	24 444,9
Middle East		**607,7**	1 703,1
Profit before interest, depreciation and amortisation		**962,4**	1 773,9
Depreciation		**(430,9)**	(447,8)
Amortisation of intangible assets		**(44,7)**	(50,7)
Profit before interest and taxation	27	**486,8**	1 275,4
Continuing operations excluding Middle East		**1 055,1**	1 343,2
Middle East		**(568,3)**	(67,8)
Interest expense	28	**(109,8)**	(124,8)
Interest income	29	**68,1**	53,6
Profit before taxation		**445,1**	1 204,2
Taxation expense	30	**(161,2)**	(295,8)
Profit after taxation		**283,9**	908,4
Income from equity accounted investments		**7,2**	17,6
Profit for the year from continuing operations		**291,1**	926,0
Loss from discontinued operations	31	**(252,9)**	(136,1)
Profit for the year		**38,2**	789,9
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**48,0**	752,8
Non-controlling interests	16	**(9,8)**	37,1
		38,2	789,9

Basic and diluted earnings per share were 12 cents (2016: 189 cents) and 12 cents (2016: 182 cents) respectively. For further details refer to note 32, in the online annual financial statements.

1 *A 38% investment in Forum SA Trading 284 (Pty) Ltd (Property development) was not included in the sale of the Southern African Infrastructure and Building businesses and has therefore been reclassified from discontinued operations in the prior year and included as income from continuing operations for all periods presented.*

2 *Notes are available in the online annual financial statements.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes[1]	2017	2016
Profit for the year		**38,2**	789,9
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**(5,0)**	(2,9)
		(5,0)	(2,9)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations and realisation of reserve	14 & 16	**(488,6)**	226,4
Effects of cash flow hedges	14	**–**	(0,1)
		(488,6)	226,3
Other comprehensive (loss)/income for the year net of taxation		**(493,6)**	223,4
Total comprehensive (loss)/income		**(455,4)**	1 013,3
Total comprehensive (loss)/income attributable to:			
Owners of Murray & Roberts Holdings Limited		**(421,0)**	975,6
Non-controlling interest		**(34,4)**	37,7
		(455,4)	1 013,3

1 *Notes are available in the online annual financial statements.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

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 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**
Total comprehensive (loss)/income for the year	–	(464,0)	(5,0)	48,0	**(421,0)**	(34,4)	**(455,4)**
Treasury shares disposed (net)	14,0	–	–	–	**14,0**	–	**14,0**
Transfer to retained earnings	–	–	(25,9)	25,9	**–**	–	**–**
Realisation of minority interest reserve	–	(23,8)	–	(12,5)	**(36,3)**	36,3	**–**
Utilisation of share-based payment reserve	–	–	(55,3)	–	**(55,3)**	–	**(55,3)**
Recognition of share-based payment	–	–	32,6	–	**32,6**	–	**32,6**
Dividends declared and paid[1]	–	–	–	(8,3)	**(8,3)**	–	**(8,3)**
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	–	(185,9)	**(185,9)**	–	**(185,9)**
Balance at 30 June 2017	2 566,1	891,6	104,8	2 978,2	**6 540,7**	64,5	**6 605,2**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes[1]	2017	2016*
Cash flows from operating activities			
Receipts from customers		**25 103,5**	30 705,9
Payments to suppliers and employees		**(24 048,3)**	(29 616,9)
Cash generated from operations	33	**1 055,2**	1 089,0
Interest received		**87,1**	76,9
Interest paid		**(137,5)**	(147,8)
Taxation paid	34	**(209,6)**	(256,2)
Operating cash flow		**795,2**	761,9
Dividends paid to owners of Murray & Roberts Holdings Limited		**(194,2)**	(210,9)
Net cash inflow from operating activities		**601,0**	551,0
Cash flows from investing activities			
Acquisition of businesses	35	**–**	(21,6)
Dividends received from associate companies	6	**19,1**	17,8
Dividends received from joint venture classified as held-for-sale		**–**	2,0
Purchase of intangible assets other than goodwill	5	**(23,6)**	(61,7)
Purchase of property, plant and equipment	2	**(264,1)**	(338,3)
– Replacements		**(115,7)**	(98,7)
– Additions		**(395,0)**	(332,2)
– Capitalised finance leases raised (non-cash)		**246,6**	92,6
Purchase of property, plant and equipment by entities classified as held-for-sale		**(53,0)**	–
Investment in joint venture	37	**–**	(23,5)
Investment in joint venture held-for-sale		**(2,0)**	–
Proceeds on disposal of property, plant and equipment		**45,0**	159,6
Proceeds on disposal of intangible assets other than goodwill		**7,0**	–
Net (outflow)/inflow on disposal of business	35	**(322,8)**	15,1
Proceeds on disposal of assets held-for-sale		**37,0**	–
Cash related to assets held-for-sale		**259,0**	(257,1)
Proceeds from realisation of investment	7	**170,0**	53,8
Other		**1,3**	(3,1)
Net cash outflow from investing activities		**(127,1)**	(457,0)
Cash flows from financing activities			
Net acquisition of treasury shares		**(41,0)**	(78,0)
Net movement in borrowings	36	**(660,6)**	(466,9)
Net cash outflow from financing activities		**(701,6)**	(544,9)
Total decrease in net cash and cash equivalents		**(227,7)**	(450,9)
Net cash and cash equivalents at the beginning of the year		**2 736,8**	2 846,7
Effect of exchange rates		**(256,0)**	341,0
Net cash and cash equivalents at the end of the year	11	**2 253,1**	2 736,8

* *In the 2016 financial year the non-cash element of capitalised finance leases was in error included under investing cash flows as purchase of property, plant and equipment (R92,6 million). Therefore the 2016 cash flow has been restated with the resulting impact being that the cash outflow from financing activities increased by R92,6 million and the cash outflow from investing activities decreased by R92,6 million.*

1 *Notes are available in the online annual financial statements.*

STATEMENT OF VALUE CREATED

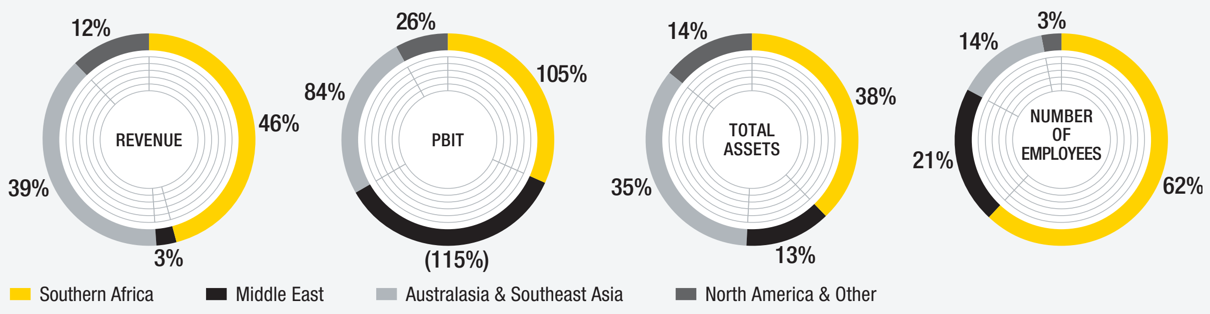
FOR THE YEAR ENDED 30 JUNE 2017

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	2017	%	2016	%
Revenue	**21 397,3**		26 148,0	
Less: Cost of materials, services and subcontractors	**(7 429,8)**		(11 269,6)	
Value created	**13 967,5**		14 878,4	
Distributed as follows:				
To employees				
Payroll costs	**13 206,2**	**94,6**	13 354,6	89,7
To providers of finance				
Net interest on loans	**41,7**	**0,3**	71,2	0,5
To government				
Company taxation	**196,0**	**1,4**	201,3	1,4
To maintain and expand the Group				
Reserves available to ordinary shareholders	**48,0**		752,8	
Depreciation	**430,9**		447,8	
Amortisation	**44,7**		50,7	
	523,6	**3,7**	1 251,3	8,4
	13 967,5	**100,0**	14 878,4	100,0
Number of people[2]	**20 642**		33 893	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	**196,0**		201,3	
Indirect taxation	**317,8**		837,3	
Employees' tax	**266,6**		552,1	
Rates and taxes	**–**		0,1	
Government grants	**–**		(0,4)	
Customs and excise duty	**–**		–	
	780,4		1 590,4	

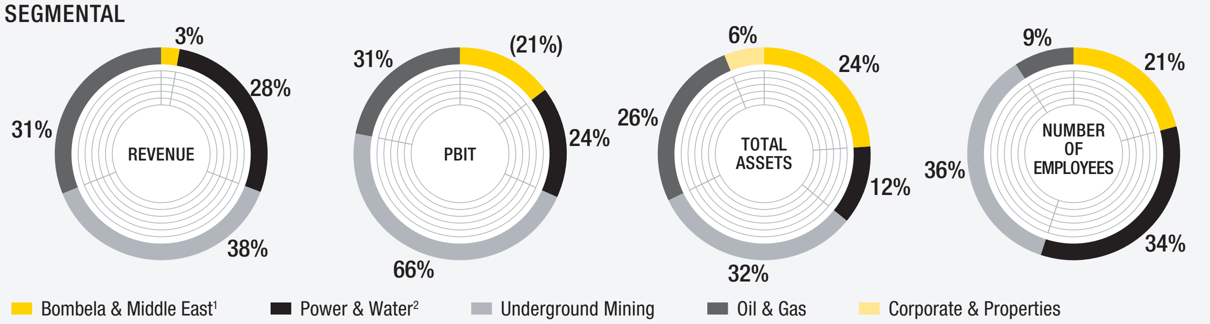
1 *A 38% investment in Forum SA Trading 284 (Pty) Ltd (Property development) was not included in the sale of the Southern African Infrastructure & Building businesses and has therefore been reclassified from discontinued operations in the prior year and included as income from continuing operations for all periods presented.*

2 *People includes direct joint arrangement hires and third party contractors of 6 384 (2016: 16 846).This number excludes Southern African Infrastructure & Building businesses as the effective date of sale was 1 April 2017.*

GEOGRAPHIC



SEGMENTAL

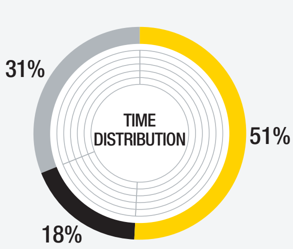


1 *Bombela and Middle East total assets includes amounts for discontinued operations Tolcon and Southern African construction operations.*

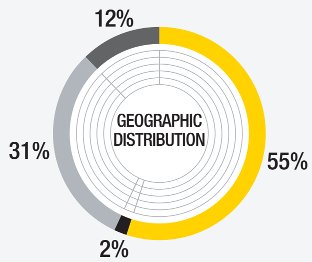
2 *Power and Water platform total assets includes amounts for Genrec Engineering that has been classified as discontinued operations in the current year.*

3 *Construction Products Africa operating platform is currently classified as discontinued operations.*

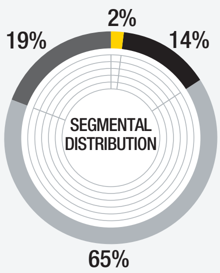
ORDER BOOK



- 2018
- 2019
- Thereafter

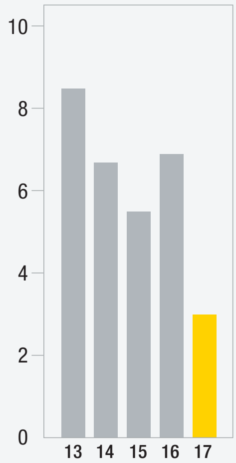


- Southern Africa
- Middle East
- Australasia & Southeast Asia
- North America & Other

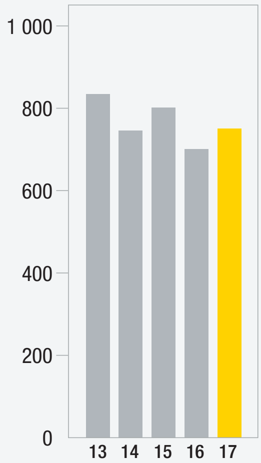


- Bombela & Middle East[1]
- Power & Water[2]
- Underground Mining
- Oil & Gas
- Corporate & Properties

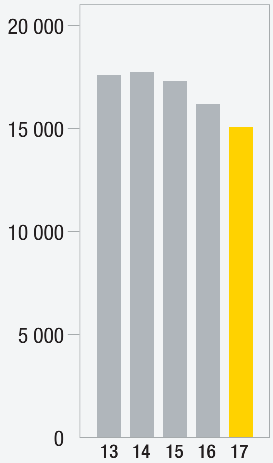
RETURN ON AVERAGE TOTAL ASSETS
(%)



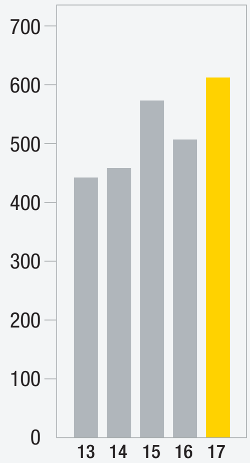
PRODUCTIVITY OF ASSETS
(ASSETS PER R1 000 TURNOVER)



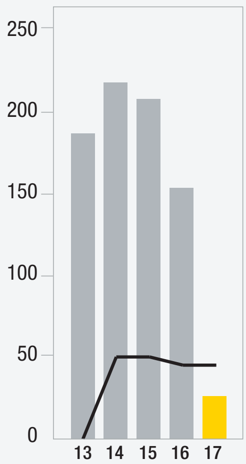
CREATION OF VALUE
(R MILLION)



PEOPLE PRODUCTIVITY
(VALUE RATIO)

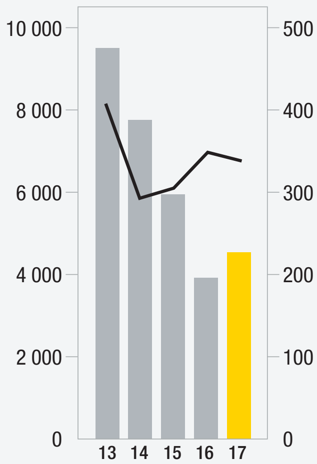


DILUTED HEPS AND DIVIDENDS
PER SHARE (CENTS)



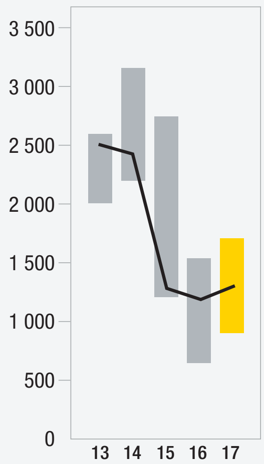
- Diluted HEPS
- Dividends

VALUE OF SHARES TRADED
(R MILLION)



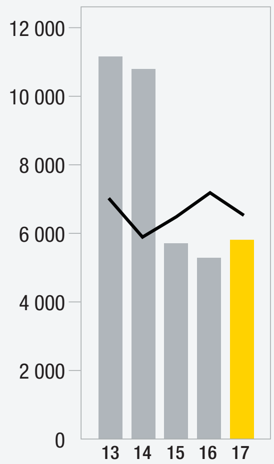
- Value of shares traded
- Volume of shares traded

SHARE PRICE MOVEMENT
(CENTS)



- High – Low
- Closing

MARKET CAPITALISATION
(R MILLION)



- Market capitalisation
- Ordinary shareholders' funds

TEN-YEAR FINANCIAL REVIEW

30 JUNE 2017

		IFRS Restated[1]								
ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	**2017**	2016	2015	2014	2013	2012	2011	2010	2009	2008
SUMMARISED STATEMENTS OF FINANCIAL PERFORMANCE[1]										
Revenue	**21 397**	26 148	24 013	29 620	28 071	25 107	19 323	15 342	17 456	13 288
Profit/(loss) before interest and taxation	**487**	1 275	1 064	1 480	2 007	(522)	(1 273)	641	1 602	522
Net interest (expense)/income	**(42)**	(71)	(68)	(59)	(122)	(253)	(194)	(170)	27	33
Profit/(loss) before taxation	**445**	1 204	996	1 421	1 885	(775)	(1 467)	471	1 629	555
Taxation expense	**(161)**	(296)	(187)	(483)	(619)	(175)	(97)	(14)	(241)	(160)
Profit/(loss) after taxation	**284**	908	809	938	1 266	(950)	(1 564)	457	1 388	395
Income/(loss) from equity accounted investments	**7**	18	3	1	164	144	88	15	2	1
Profit from discontinued operations	**(253)**	(136)	82	461	40	214	(172)	757	948	1 667
Non-controlling interests	**10**	(37)	(13)	(139)	(466)	(144)	(87)	(131)	(320)	(349)
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**48**	753	881	1 261	1 004	(736)	(1 735)	1 098	2 018	1 714
SUMMARISED STATEMENTS OF FINANCIAL POSITION										
Non-current assets	**3 857**	4 849	6 411	6 410	6 017	7 323	4 658	5 247	5 490	4 872
Current assets	**9 154**	11 870	11 160	12 488	17 365	14 042	13 976	14 937	17 190	16 006
Goodwill	**607**	642	636	486	488	437	435	554	490	488
Deferred taxation assets	**585**	604	596	427	657	634	470	343	305	208
Total assets	**14 203**	17 965	18 803	19 811	24 527	22 436	19 539	21 081	23 475	21 574
Equity attributable to owners of Murray & Roberts Holdings Limited	**6 541**	7 201	6 498	5 905	7 041	5 887	4 221	6 203	5 581	4 865
Non-controlling interests	**64**	63	25	27	1 657	1 215	1 100	974	1 053	960
Total equity	**6 605**	7 264	6 523	5 932	8 698	7 102	5 321	7 177	6 634	5 825
Non-current liabilities	**665**	1 117	2 526	1 908	1 958	1 596	1 873	2 367	1 447	1 290
Current liabilities	**6 933**	9 584	9 754	11 971	13 871	13 738	12 345	11 537	15 394	14 459
Total equity and liabilities	**14 203**	17 965	18 803	19 811	24 527	22 436	19 539	21 081	23 475	21 574

1 *Comparatives before financial year 2017 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 2017

	IFRS Restated[1]									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EARNINGS										
Earnings/(loss) per share (cents)										
– Basic	**12**	189	218	310	247	(214)	(530)	336	618	521
– Diluted	**12**	182	213	305	245	(214)	(528)	335	612	510
Headline earnings/(loss) per share (cents)										
– Basic	**27**	158	212	221	188	(246)	(456)	308	616	507
– Diluted	**26**	153	207	217	186	(246)	(454)	307	609	496
Dividends per share (cents)	**45**	45	50	50	–	–	–	105	218	196
Dividend cover	**0,6**	3,4	4,1	4,3	–	–	–	2,9	2,8	2,5
Interest cover[2]	**4,4**	10,2	8,2	7,6	8,8	(1,4)	(4,0)	1,9	4,9	2,2
PROFITABILITY										
PBIT on revenue (%)[2]	**2,3**	4,9	4,4	5,0	7,1	(2,1)	(6,6)	4,2	9,2	3,9
PBIT on average total assets (%)[2]	**3,0**	6,9	5,5	6,7	8,5	(2,5)	(6,3)	2,9	7,1	3,0
Attributable profit on average ordinary shareholders' funds (%)	**0,7**	11,0	14,2	19,5	15,5	17,1	5,7	29,1	38,6	40,3
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**614**	508	574	459	443	463	420	413	469	473
Total average assets (Rands)	**752**	703	804	748	836	836	1 051	1 452	1 290	1 300
Value created (Rm)[3]	**15 098**	16 246	17 352	17 773	17 660	15 237	10 069	11 651	13 689	10 984
Value ratio[3]	**1,05**	1,11	1,13	1,16	1,20	1,05	1,00	1,33	1,39	1,40
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**9**	14	23	42	23	31	44	45	54	34
Total liabilities	**115**	147	188	234	182	216	267	194	254	270
Current assets to current liabilities	**1,32**	1,24	1,14	1,04	1,25	1,02	1,13	1,29	1,12	1,11
Operating cash flow (Rm)	**795**	762	586	931	1 653	(2 318)	462	943	1 732	3 124
Operating cash flow per share (cents)	**178,8**	171,4	132	209	372	(521)	139	284	522	941
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	444,7	382,7	367,8	367,8	367,8	367,8
Weighted average number of treasury shares (millions)	**47,1**	46,1	41,4	38,3	37,9	39,2	40,3	41,3	42,1	38,7
Number of employees – 30 June[3]	**20 642**	33 893	29 581	25 498	33 281	44 710	42 422	40 413	38 981	45 654

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 (NAV)	Ordinary shareholders' equity
Average	Arithmetic average between consecutive year ends

1 *Comparatives before financial year 2017 have been restated for discontinued operations.*

2 *The above calculations are based on normalised earnings of R0,5 billion (2015: R1,1 billion).*

3 *Includes continuing and discountinued operations.*

SEGMENTAL ANALYSIS
30 JUNE 2017

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	GROUP 2017	GROUP 2016	DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1] 2017	DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1] 2016
SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE				
Revenue	**21 397**	26 148	**3 674**	4 658
Profit/(loss) before interest and taxation	**487**	1 275	**(281)**	(118)
Net interest (expense)/income	**(42)**	(71)	**(9)**	–
Profit/(loss) before taxation	**445**	1 204	**(290)**	(118)
Taxation (expense)/credit	**(161)**	(296)	**37**	(18)
Profit/(loss) after taxation	**284**	908	**(253)**	(136)
Income/(loss) from equity accounted investments	**7**	18	**–**	–
Loss from discontinued operations	**(253)**	(136)	**–**	–
Non-controlling interests	**10**	(37)	**–**	–
Profit/(loss) attributable to holders of Murray & Roberts Holdings Limited	**48**	753	**(253)**	(136)
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	**4 442**	5 453	**–**	–
Current assets[3]	**9 154**	11 870	**397**	2 364
Goodwill	**607**	642	**–**	–
Total assets	**14 203**	17 965	**397**	2 364
Ordinary shareholders' equity	**6 541**	7 201	**255**	473
Non-controlling interests	**64**	63	**–**	1
Total equity	**6 605**	7 264	**255**	474
Non-current liabilities	**665**	1 117	**–**	–
Current liabilities[3]	**6 933**	9 584	**142**	1 890
Total equity and liabilities	**14 203**	17 965	**397**	2 364
SUMMARISED STATEMENT OF CASH FLOWS				
Cash generated from/(utilised by) operations before working capital changes	**807**	1 326	**29**	(9)
Change in working capital	**248**	(239)	**(258)**	(170)
Cash generated from/(utilised by) operations	**1 055**	1 087	**(229)**	(179)
Interest and taxation	**(260)**	(329)	**15**	18
Operating cash flow	**795**	758	**(214)**	(161)

1 *Includes the Southern African Infrastructure & Building businesses, 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, continuing operations post the sale of the Southern African Infrastructure & Building businesses.*

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

	BOMBELA & MIDDLE EAST[2]		POWER & WATER		UNDERGROUND MINING		OIL & GAS		CORPORATE AND PROPERTIES	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	729	1 872	5 908	4 276	8 046	8 788	6 714	11 212	–	–
	(149)	6	171	27	464	506	217	525	(216)	211
	1	(5)	19	38	19	1	101	177	(182)	(282)
	(148)	1	190	65	483	507	318	702	(398)	(71)
	(64)	(7)	(52)	(67)	(177)	(178)	(130)	17	262	(61)
	(212)	(6)	138	(2)	306	329	188	719	(136)	(132)
	(1)	18	–	–	–	–	–	–	8	–
	–	–	–	–	–	–	–	–	–	–
	10	(33)	(8)	(10)	–	2	8	4	–	–
	(203)	(21)	130	(12)	306	331	196	723	(128)	(132)
	1 447	2 411	64	59	1 808	1 775	641	254	482	954
	1 622	1 695	1 526	1 545	2 650	2 820	2 616	3 310	343	136
	–	–	81	81	56	58	470	503	–	–
	3 069	4 106	1 671	1 685	4 514	4 653	3 727	4 067	825	1 090
	1 369	1 580	229	338	2 511	2 682	1 782	2 000	395	128
	30	54	46	38	–	(25)	(12)	(5)	–	–
	1 399	1 634	275	376	2 511	2 657	1 770	1 995	395	128
	10	86	12	10	304	358	150	178	189	485
	1 660	2 386	1 384	1 299	1 699	1 638	1 807	1 894	241	477
	3 069	4 106	1 671	1 685	4 514	4 653	3 727	4 067	825	1 090
	(428)	(157)	238	229	740	689	304	733	(76)	(159)
	484	(397)	89	33	125	16	142	8	(334)	271
	56	(554)	327	262	865	705	446	741	(410)	112
	(20)	–	(3)	16	(147)	(187)	(173)	120	68	(296)
	36	(554)	324	278	718	518	273	861	(342)	(184)

ANALYSIS OF SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2017

SIZE OF HOLDING	Number of shareholders	% of shareholders	Number of shares	%
1 – 1 000	3 667	65,43	847 960	0,19
1 001 – 10 000	1 388	24,76	4 561 044	1,03
10 001 – 100 000	360	6,42	11 336 145	2,55
100 001 – 1 000 000	149	2,66	46 078 668	10,36
1 000 001 shares and over	41	0,73	381 912 301	85,87
Total	**5 605**	**100**	**444 736 118**	**100**
Category				
Private Clients	61	1,09	140 885 179	31,67
Unit Trust / Mutual Fund	146	2,60	121 386 627	27,29
Pension Funds	128	2,28	95 670 790	21,51
Black Economic Empowerment	3	0,05	31 696 039	7,13
Insurance Companies	13	0,23	14 943 475	3,36
Trading Position	14	0,25	3 762 155	0,85
Hedge Fund	7	0,12	3 484 005	0,78
Custodians	15	0,27	2 313 622	0,52
Exchange Traded Fund	5	0,09	1 669 754	0,38
Sovereign Wealth	5	0,09	1 484 878	0,33
University	4	0,07	833 197	0,19
Investment Trust	3	0,05	636 050	0,14
American Depository Receipts	3	0,05	533 674	0,12
Medical Aid Scheme	2	0,04	430 468	0,10
Local Authority	2	0,04	267 772	0,06
Charity	5	0,09	219 437	0,05
Real Estate Fund	1	0,02	70 865	0,02
Other	5 188	92,57	24 448 131	5,50
Total	**5 605**	**100**	**444 736 118**	**100**

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of shares
Aton GmbH (DE)	133 414 339	29,99
Government Employees Pension Fund (ZA)	59 993 609	13,49

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of shares
ATM Holding GmbH (Group)	133 414 339	29,99
PIC (ZA)	54 014 008	12,15
Allan Gray Investment Council (ZA)	46 239 121	10,40
Old Mutual Plc (Group)	23 623 681	5,31

SHAREHOLDER SPREAD	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-Public*	12	0,21	49 341 591	11,09
Public	5 605	100,00	395 394 527	88,91
Total	**5 617**	**100**	**444 736 118**	**100**
Domestic			208 604 138	46,91
International			236 131 980	53,09
			444 736 118	**100**

* *Includes directors, The Murray & Roberts Trust, Letsema schemes, the Forfeitable Share Plan, employees and associates.*

SHAREHOLDERS' DIARY

Financial year-end	End-June
Mailing of annual integrated report	End-September
Annual general meeting	November
Publication of FY2018 half year results	February 2018
Publication of FY2018 preliminary report	August 2018

ONLINE
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

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Republic of South Africa

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

SHARE TRANSFER SECRETARIES

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13th Floor, Rennie House
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PO Box 4844, Johannesburg
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
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Woodmead, Sandton 2196

Private Bag X6
Gallo Manor 2052

SPONSOR

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3 Exchange Square
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INVESTOR RELATIONS AND MEDIA ENQUIRIES

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GLOSSARY OF TERMS

Agreement	Asset Purchase and Sale Agreement
AMD	Acid Mine Drainage
AGM	Annual General Meeting
ATON	ATON GmbH
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
CCI	Cementation Canada International (Cementation Canada, United States, Mexico, Sudamérica, Above Ground and Merit Consulting)
CDP	Carbon Disclosure Project
CDP	Community Development Programme
CEL	Clough Enercore Limited
Cementation AG	Cementation Above Ground
CMS	Clough Management System
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 Airport	Dubai International Airport Concourse 2
EBIT	Earnings Before Interest and Tax
E&I	Electrical and Instrumentation
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
FY2017	For the year ended 30 June 2017
Gautrain	Gautrain Rapid Rail Link
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GMA	Gautrain Management Agency
GPG	Gauteng Provincial Government
GPMOF	Gorgon Pioneer Materials Offloading Facility
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
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPP	Independent Power Producers
IRP	Integrated Resource Plan
IR Framework	International Integrated Reporting Councils Integrated Reporting Framework
JSE Limited	Johannesburg Stock Exchange
JV	Joint Venture
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
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
PFA	Pulverised Flue Ash
PMA	Project Management Academy
PNG	Papua New Guinea
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
Province	Gauteng Provincial Government
REIPPP	Renewable Energy Independent Power Producer Procurement
RGNPAT	Relative Growth in NPAT
ROE	Return on Equity
ROICE	Return on Invested Capital Employed
SADC	Southern African Development Community
SENS	Stock Exchange News Service
Shanghai Electric	Shanghai Electric Group Company
Share Option Scheme	Murray & Roberts Holdings Limited Employee Share Incentive Scheme
SHEQ	Safety Health Environment and Quality
SMP	Structural, Mechanical, Piping
SMEIPP	Structural, Mechanical, Electrical, Instrumentation, Platework & Piping
STI	Short-Term Incentives
TFCE	Total Fixed Cost of Employment
TRCR	Total Recordable Case Rate
TRIF	Total Recordable Injury Frequency
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

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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.

The forward-looking information has not been reviewed and reported on by the company's external auditors.

Murray & Roberts

THE WHEATSTONE PROJECT, WESTERN AUSTRALIA

The Chevron-operated Wheatstone Project is one of Australia's largest resource developments and is located west of Onslow on the Pilbara coast of Western Australia. The Wheatstone platform is one of the biggest offshore gas-processing platforms ever installed in Australia, with a topside weight of approximately 37 000 metric tonnes. Clough, part of the Murray & Roberts Oil & Gas business platform, provided its client, Chevron Australia, with an independent team to assist with pre-commissioning, commissioning of integrated float over deck systems, offshore hook-up, and start-up assistance on the project.