Murray & Roberts

ENGINEERED EXCELLENCE

OIL & GAS • UNDERGROUND MINING • POWER & WATER

REVIEWED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

SALIENT FEATURES

Financial results:

Revenue
from continuing operations,
increased by 10% to
R11,8 billion

Diluted continuing HEPS,
increased by 104% to
55 cents

Attributable earnings increased
by 283% to
R110 million

Cash, net of debt,
increased by 18% to
R1,3 billion

Order book for continuing
operations declined by 10% to
R22,1 billion

- **Strong performance and earnings growth reported by the Underground Mining platform, which is the largest contributor to Group earnings.**
- **Acquisition of a further 17% interest (total shareholding now at 50%) in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC") – an investment yielding strong returns.**
- **Improvement in Group financial performance is mainly due to a reduced loss in the Middle East and the one-off charge relating to the Voluntary Rebuild Programme incurred in the prior period, not repeated in the current period.**
- **Lost time injury frequency rate ("LTIFR") deteriorated to 1.19 (FY2017 H1: 0.56). Regrettably, one fatal incident occurred.**

STAKEHOLDER REPORT – SIX MONTHS TO DECEMBER 2017#

POSITIONED FOR GROWTH AND VALUE CREATION

Murray & Roberts is a multinational engineering and construction group, with a focused portfolio of businesses providing services primarily to the natural resources market sectors of metals & minerals, oil & gas and power & water. The Group is listed under the Diversified Industrials subsector of the JSE Limited ("JSE").

The Group's Statement of Financial Position and robust cash position provide capacity for growth initiatives to bolster the Group's earnings potential. The Group's organic and acquisitive growth plans are focused on positioning its businesses in key growth sectors in developed markets, as well as higher-margin segments of the project life cycle.

FINANCIAL REPORT

FINANCIAL RESULTS

Revenue from continuing operations increased by 10% to R11,8 billion (FY2017 H1: R10,7 billion) and attributable earnings increased by 283% to R110 million (FY2017 H1: loss of R60 million). Diluted continuing headline earnings per share ("HEPS") increased by 104% to 55 cents (FY2017 H1: 27 cents). Cash, net of debt, increased to R1,3 billion (FY2017 H1: R1,1 billion).

Capital expenditure for the six months was R178 million (FY2017 H1: R371 million) of which R151 million (FY2017 H1: R235 million) was for expansion and R27 million (FY2017 H1: R136 million) for replacement. The order book for continuing operations declined by 10% to R22,1 billion (FY2017 H1: R24,5 billion). The reducing order book is reflective of current market conditions and ongoing project delays in the oil & gas and power & water sectors.

DIVIDEND UPDATE

In terms of the Group's dividend policy, the board of directors of the Company ("Board") will consider a full-year dividend post year-end with a cover of between three and four times earnings.

OPERATIONAL REPORT

ORDER BOOK, NEAR ORDERS AND PROJECT PIPELINE

The Group's order book is of a high quality given the stringent processes applied at tendering stage to mitigate project risk. The lower order book in the Oil & Gas and Power & Water platforms is reflective of market conditions. The increase in Category 1 and 2 values is a leading indicator that market conditions may be improving with more projects being tendered.

		Pipeline			
R billions	Order book	Near orders	Category 1	Category 2	Category 3
Oil & Gas	3,8	–	21,6	83,2	355,6
Underground Mining	15,3	10,6	20,4	43,4	15,8
Power & Water	2,7	–	4,1	12,9	18,8
Middle East*	0,3	–	–	–	–
Continuing operations totals	22,1	10,6	46,1	139,5	390,2
Discontinued operations totals	–	0,1	1,4	7,4	–
31 December 2017 totals**	22,1	10,7	47,5	146,9	390,2
30 June 2017 totals**	27,0	7,0	38,4	61,5	539,7

** Closing of the business in the Middle East – remaining projects expected to be completed by end FY2018*
*** Total for continuing and discontinued operations*
 # The operating performance information disclosed has been extracted from the Group's operational reporting systems. The Corporate & Properties segment is excluded from the operational analysis. Unless otherwise noted, all comparisons are to the Group's performance as at and for the six months ended 31 December 2016.

- **Near orders:** Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close – there is more than a 95% chance that these orders will be secured
- **Category 1:** Tenders submitted or tenders the Group is currently working on (excluding near orders) – projects developed by clients to the stage where firm bids are being obtained – chance of being secured as firm orders a function of final client approval as well as bid win probability
- **Category 2:** Budgets, feasibilities and prequalification the Group is currently working on – project planning underway, not at a stage yet where projects are ready for tender
- **Category 3:** Opportunities which are being tracked and are expected to come to the market in the next 36 months – identified opportunities that are likely to be implemented, but still in pre-feasibility stage

OIL & GAS PLATFORM

R millions	Engineering		Construction & Fabrication		Global Marine		Commissioning & Brownfields		Corporate overheads and other		Total	
December	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	536	733	118	116	–	258	3 963	1 790	76	134	4 693	3 031
Operating profit/(loss)	48	45	(44)	(23)	(21)	22	293	229	(177)	(170)	99	103
Margin (%)	9%	6%	(37%)	(20%)	–	9%	7%	13%	–	–	2%	3%
Order book	283	1 011	992	952	–	151	2 540	2 820	–	–	3 815	4 934
Segment assets											2 656	2 540
Segment liabilities											2 411	1 677
LTIFR (fatalities)											0.30(0)	0.00(0)

Revenue increased to R4,7 billion (FY2017 H1: R3 billion), predominantly due to scope growth on the Wheatstone and Ichthys commissioning projects, which are nearing completion. Notwithstanding revenue growth, operating profit reduced to R99 million (FY2017 H1: R103 million), reflective of lower margins in a very competitive market. The order book decreased to R3,8 billion (FY2017 H1: R4,9 billion), comprising smaller value and shorter duration orders, as all large value orders have been delivered. The platform regularly reviews and adjusts its cost structures.

The platform is expanding its international footprint, although earnings are still largely derived from Australasia. The Group is pleased to note the stabilisation in the crude oil price around US$60 per barrel and the improved market outlook for LNG demand. However, earnings growth from project services to the Australasian oil and gas market is only expected in the medium term, whilst brownfields developments will be the main source of earnings from this sector for the next few years.

In the context of a slow oil and gas market, greater emphasis is placed on complementary growth markets such as Australia's metals & minerals and infrastructure markets, previously well serviced by Clough. The platform is positioned to pursue selected opportunities in these markets.

The platform's international operations outside Australasia comprise small niche engineering and consulting businesses. Progress is being made with a potential small acquisition of an oil and gas engineering and construction company in the USA, which will serve as a basis for the platform to extend its construction services to the growing oil and gas sector in the USA.

UNDERGROUND MINING PLATFORM

R millions	Africa		Australasia		The Americas		Total	
December	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	1 874	1 718	926	901	1 325	1 483	4 125	4 102
Operating profit	101	41	70	99	68	58	239	198
Margin (%)	5%	2%	8%	11%	5%	4%	6%	5%
Order book	9 307	9 162	2 694	1 212	3 287	2 544	15 288	12 918
Segment assets	1 101	1 129	977	906	1 572	1 725	3 650	3 760
Segment liabilities	999	931	331	328	433	608	1 763	1 867
LTIFR (fatalities)	2.47(0)	1.09(0)	3.29(1)	0.92(0)	1.89(0)	2.83(0)	2.51(1)	1.31(0)

The Underground Mining platform delivered a strong financial performance and is the largest contributor to Group earnings for the period under review. Revenue was maintained at R4,1 billion (FY2017 H1: R4,1 billion) but operating profit increased to R239 million (FY2017 H1: R198 million). The order book also increased to R15,3 billion (FY2017 H1: R12,9 billion) against the background of improving market conditions.

Based on market research guidance, the Group expects the improvement in commodity prices and increased investment by mining companies to present long-term growth potential for this business. Tendering teams in all geographies are currently experiencing high levels of activity. Market conditions are improving in all jurisdictions, including the USA and Canada, which have been lagging compared to Australia and Africa.

Murray & Roberts Cementation has been notified by Northam Platinum that it will take over the mining operations as an owner-miner at Booysendal, when the current contract runs out at the end of June 2018. The Kalagadi contract mining project has commenced and will partly offset the loss of income from Booysendal.

There are substantial near orders and a large pipeline of underground mining projects in regions where the platform operates.

POWER & WATER PLATFORM

R millions	Power[1]		Water		Oil & Gas		Electrical & Instrumentation		Corporate overheads and other		Total	
December	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	2 358	2 471	26	34	178	373	81	83	–	–	2 643	2 961
Operating profit/(loss)	150	98	7	4	(19)	31	11	57	(98)	(124)	51	66
Margin (%)	6%	4%	27%	12%	(11%)	8%	14%	69%	–	–	2%	2%
Order book	2 387	5 567	–	9	287	189	23	2	–	–	2 697	5 767
Segment assets											1 438	1 515
Segment liabilities											1 039	1 210
LTIFR (fatalities)											0.40(0)	1.05(0)

[1] *Power programme contracts.*

Financial results and order book are declining as the Medupi and Kusile power station projects near completion. Revenue decreased to R2,6 billion (FY2017 H1: R3 billion) and operating profit to R51 million (FY2017 H1: R66 million). The order book decreased to R2,7 billion (FY2017 H1: R5,8 billion). The platform regularly reviews and adjusts its cost structures.

The platform's financial results continued to be underpinned by Medupi and Kusile, where work is expected to be largely completed towards the end of calendar year 2018. The power sector in South Africa is presenting very little opportunity as new power station projects have all been delayed, with no other large alternative opportunities identified for the short to medium term.

While the water treatment sector in South Africa is presenting increasing opportunity, it is not yet of sufficient scale to materially and positively impact the platform's financial performance. Our service offering includes desalination, municipal wastewater treatment technologies, industrial modular water treatment plants and acid mine drainage.

Overall, market conditions remain challenging and highly competitive. Smaller maintenance opportunities are expected at Medupi and Kusile in the short to medium term and efforts are ongoing to replenish the order book with a particular focus on prospects in complementary markets such as mining, pulp and paper, chemicals and energy. Opportunities are emerging in refined product terminals in South Africa, Ghana and Mozambique, which the platform is actively pursuing in collaboration with the Oil & Gas platform. The platform is also providing structural, mechanical, electrical, instrumentation and piping construction services to Sasol.

INVESTMENTS

The acquisition of an additional 17% in BCC was concluded on 8 December 2017 and a subsequent increase in the fair value of this investment was recorded. This investment is yielding strong returns and the Group continues to explore investment opportunities that could secure project work for its three business platforms.

BOMBELA & MIDDLE EAST

R millions	Bombela Investments		Middle East		Total	
December	2017	2016	2017	2016	2017	2016
Revenue	–	120	347	439	347	559
Operating profit/(loss)	139	171	(67)	(173)	72	(2)
Margin (%)	–	143%	(19%)	(39%)	21%	–
Order book	–	–	267	906	267	906
Segment assets	1 376	717	1 577	1 770	2 953	2 487
Segment liabilities	32	149	1 367	1 556	1 399	1 705

MIDDLE EAST BUSINESS

In line with the Group's strategy to exit the civil engineering and buildings market, the Board resolved to close the business in the Middle East. The four residual projects are expected to be completed by the end of FY2018. No further material project losses are envisaged from this business. Costs during FY2018 should be limited to a significantly reduced overhead cost and legal fees on the Dubai Airport dispute, for which an award is anticipated in early November 2018.

DISCONTINUED OPERATIONS

R millions	I&B Businesses and other[2]		Clough Properties		Genrec Engineering		Total	
December	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	145	2 411	3	6	189	135	337	2 552
Operating loss	(43)	(139)	(1)	(2)	(90)	(23)	(134)	(164)

[2] *Includes Tolcon and Construction Products Africa.*

Genrec recorded an operating loss of R90 million, primarily due to its high fixed cost base and low levels of revenue. The sale of Genrec is well advanced and should be concluded by the end of the third quarter of FY2018. The Infrastructure & Building businesses disposed of in FY2017 recorded an operating loss of R42 million, due to an updated view on the forecast cost to close out the retained assets and liabilities.

HEALTH AND SAFETY

The Board deeply regrets the death of Hendry Munardi (49), a RUC Cementation (Australia) employee, on 17 October 2017. Hendry passed on due to asphyxiation while performing his duties at the Big Gossan mine in Freeport (Indonesia).

The Group's LTIFR deteriorated to 1.19 (FY2017 H1: 0.56). This is largely attributable to the exclusion of statistics from the business in the Middle East, which is in the process of closure and a less than satisfactory performance in a now completed underground mining project in South Africa.

UPDATE ON THE GROUP'S CLAIMS PROCESSES

The Group's uncertified revenue as at the end of December 2017 remained at R1 billion (FY2017 H1: R1 billion), largely represented by claims on projects in the Middle East. All claims are diligently pursued and stakeholders will be kept informed as to their progress.

Further to the update shared on SENS on 2 February 2018, the Dubai International Arbitration Centre extended its deadline for the award on the Dubai Airport dispute from May to November 2018. This is a large and complex dispute and the arbitration Tribunal requested more time within which to deliver its award.

GRAYSTON PEDESTRIAN BRIDGE TEMPORARY WORKS COLLAPSE – UPDATE

The Department of Labour instituted a Section 32 Inquiry ("the Inquiry") in November 2015 into this incident to determine the cause or causes of the collapse of the temporary works structure. The Inquiry was recently paused, but is due to resume again in July 2018. The Board is disappointed by the slow progress that is delaying closure of this distressing incident for all parties involved.

CHANGES TO THE BOARD

Emma Mashilwane and Diane Radley have been appointed to both the audit & sustainability and the risk committees, with Diane assuming chairmanship of the audit & sustainability committee. Alex Maditsi has been appointed to the health, safety & environment, remuneration and social & ethics committees. Xolani Mkhwanazi has been appointed to the social & ethics committee and Ntombi Langa-Royds to the nomination committee with effect from 2 November 2017.

PROSPECTS STATEMENT

The *New Strategic Future* plan was designed with two phases in mind:

- optimising the Group's portfolio of businesses; and
- positioning the Group for sustainable growth and value creation.

The first phase of this strategy has been largely completed and the Board is now focused on enhancing business performance and growing shareholder value. The Group's robust financial position provides the capacity to support its organic and acquisitive growth plans.

The sustainable growth and value creation aspiration is based on the long-term demand for natural resources. The drivers of such growth include a growing global population, global economic growth and ever increasing urbanisation.

The Group is experiencing improved trading conditions in the Underground Mining platform, but the current market outlook for the Oil & Gas and Power & Water platforms remains challenging. In this context, the Group continues to focus on cost reduction and operational excellence to maintain and improve margins.

Any forward-looking information contained in this announcement has not been reviewed and reported on by the Group's external auditors.

On behalf of the directors:

Suresh Kana	**Henry Laas**	**Daniël Grobler**
Chairman of the Board	*Group Chief Executive*	*Group Financial Director*

Bedfordview

28 February 2018

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SECRETARY
L Kok

~ *Australian*
^ *Independent non-executive*

DISCLAIMER

This announcement 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 announcement 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 announcement 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 announcement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the six months ended 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed[3] 6 months to 31 December 2016	Audited Annual 30 June 2017
Continuing operations			
Revenue	11 809	10 653	21 397
– *Continuing operations excluding Middle East*	11 462	10 214	20 789
– *Middle East*	347	439	608
Profit before interest, depreciation and amortisation	589	498	963
Depreciation	(218)	(224)	(431)
Amortisation of intangible assets	(22)	(22)	(45)
Profit before interest and taxation (note 2)	349	252	487
– *Continuing operations excluding Middle East*	416	425	1 055
– *Middle East*	(67)	(173)	(568)
Net interest expense	(17)	(27)	(42)
Profit before taxation	332	225	445
Taxation	(126)	(112)	(161)
Profit after taxation	206	113	284
Income from equity accounted investments	15	5	7
Profit from continuing operations	221	118	291
Loss from discontinued operations (note 3)	(114)	(178)	(253)
Profit/(loss) for the period	107	(60)	38
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	110	(60)	48
– Non-controlling interests	(3)	–	(10)
	107	(60)	38
Earnings per share from continuing and discontinued operations (cents)			
– Diluted	27	(15)	12
– Basic	28	(15)	12
Earnings per share from continuing operations (cents)			
– Diluted	55	29	74
– Basic	56	30	76
Supplementary information			
Net asset value per share (Rands)	14	14	15
Dividends per share (cents)	–	–	45
Number of ordinary shares in issue ('000)	444 736	444 736	444 736
Reconciliation of weighted average number of shares in issue ('000)			
Weighted average number of ordinary shares in issue	444 736	444 736	444 736
Less: Weighted average number of shares held by The Murray & Roberts Trust	(10)	(30)	(30)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(31 696)	(31 697)	(31 697)
Less: Weighted average number of shares held by the subsidiary companies	(15 988)	(15 912)	(15 373)
Weighted average number of shares used for basic per share calculation	397 042	397 097	397 636
Add: Dilutive adjustment	7 026	19 615	8 013
Weighted average number of shares used for diluted per share calculation	404 068	416 712	405 649
Earnings per share from continuing operations (cents)			
– Diluted	55	29	74
– *Adjusted diluted earnings per share excluding Middle East*	72	71	214
– *Diluted earnings per share contributed by Middle East*	(17)	(42)	(140)
– Basic	56	30	76
– *Adjusted basic earnings per share excluding Middle East*	74	75	218
– *Basic earnings per share contributed by Middle East*	(18)	(45)	(142)
Headline earnings per share from continuing and discontinued operations (cents) (note 4)			
– Diluted	28	(4)	26
– Basic	28	(4)	27
Headline earnings per share from continuing operations (cents) (note 4)			
– Diluted	55	27	72
– *Adjusted diluted headline earnings per share excluding Middle East*	72	69	212
– *Diluted headline earnings per share contributed by Middle East*	(17)	(42)	(140)
– Basic	56	28	74
– *Adjusted basic headine earnings per share excluding Middle East*	74	73	216
– *Basic headline earnings per share contributed by Middle East*	(18)	(45)	(142)

[3] *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 period and included as continuing operations for all periods presented.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed 6 months to 31 December 2016	Audited Annual 30 June 2017
Profit/(loss) for the period	107	(60)	38
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	–	–	(5)
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations and realisation of reserve	(160)	(423)	(488)
Total comprehensive loss for the period	(53)	(483)	(455)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(50)	(524)	(421)
– Non-controlling interests	(3)	41	(34)
	(53)	(483)	(455)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed 6 months to 31 December 2016	Audited Annual 30 June 2017
ASSETS			
Non-current assets	5 168	4 939	5 049
Property, plant and equipment	1 877	2 105	2 058
Investment property	19	–	19
Goodwill (note 5)	601	607	607
Deferred taxation assets	538	540	585
Investments in associate companies	23	15	8
Investment in joint venture	73	–	73
Amounts due from contract customers (note 6)	513	586	542
Other non-current assets	1 524	1 086	1 157
Current assets	8 770	8 792	8 757
Inventories	318	288	280
Trade and other receivables	939	1 209	1 167
Amounts due from contract customers (note 6)	5 223	5 118	4 914
Current taxation assets	26	9	23
Derivative financial instruments	–	–	2
Cash and cash equivalents	2 264	2 168	2 371
Assets classified as held for sale	351	2 190	397
TOTAL ASSETS	14 289	15 921	14 203
EQUITY AND LIABILITIES			
Total equity	6 310	6 556	6 605
Attributable to owners of Murray & Roberts Holdings Limited	6 269	6 414	6 541
Non-controlling interests	41	142	64
Non-current liabilities	548	1 258	665
Long-term liabilities[4]	191	697	220
Long-term provisions	132	157	145
Deferred taxation liabilities	68	183	121
Other non-current liabilities	157	221	179
Current liabilities	7 313	6 448	6 791
Amounts due to contract customers (note 6)	1 625	1 435	1 571
Accounts and other payables	4 882	4 647	4 819
Current taxation liabilities	58	14	39
Bank overdrafts[4]	523	64	118
Short-term loans[4]	225	288	244
Liabilities classified as held for sale	118	1 659	142
TOTAL EQUITY AND LIABILITIES	14 289	15 921	14 203

[4] *Interest-bearing borrowings.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2017

R millions	Stated capital	Other reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2016 (Audited)	2 552	1 538	3 111	7 201	63	7 264
Total comprehensive (loss)/income for the period	–	(464)	(60)	(524)	41	(483)
Treasury shares acquired (net)	(14)	–	–	(14)	–	(14)
Recognition of share-based payment	–	26	–	26	–	26
Utilisation of share-based payment reserve	–	(50)	–	(50)	–	(50)
Transfer from retained earnings	–	2	(2)	–	–	–
Realisation of non-controlling interests	–	(24)	(14)	(38)	38	–
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	(187)	(187)	–	(187)
Balance at 31 December 2016 (Reviewed)	2 538	1 028	2 848	6 414	142	6 556
Total comprehensive (loss)/income for the period	–	(5)	108	103	(76)	27
Treasury shares disposed (net)	28	–	–	28	–	28
Recognition of share-based payment	–	7	–	7	–	7
Realisation of non-controlling interests	–	–	2	2	(2)	–
Utilisation of share-based payment reserve	–	(5)	–	(5)	–	(5)
Transfer to retained earnings	–	(28)	28	–	–	–
Dividends declared and paid[5]	–	–	(8)	(8)	–	(8)
Balance at 30 June 2017 (Audited)	2 566	997	2 978	6 541	64	6 605
Total comprehensive (loss)/income for the period	–	(160)	110	(50)	(3)	(53)
Treasury shares disposed (net)	10	–	–	10	–	10
Recognition of share-based payment	–	10	–	10	–	10
Utilisation of share-based payment reserve	–	(48)	–	(48)	–	(48)
Repayment of equity loans from non-controlling interests	–	–	–	–	(20)	(20)
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	(194)	(194)	–	(194)
Balance at 31 December 2017 (Reviewed)	2 576	799	2 894	6 269	41	6 310

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed[6] 6 months to 31 December 2016	Audited Annual 30 June 2017
Cash generated by operations	400	279	1 055
Interest received	31	52	88
Interest paid	(50)	(79)	(138)
Taxation paid	(106)	(111)	(210)
Operating cash flow	275	141	795
Dividends paid to owners of Murray & Roberts Holdings Limited	(194)	(187)	(194)
Net cash inflow/(outflow) from operating activities	81	(46)	601
Dividends received from associate companies	–	9	19
Investment in joint venture held for sale	–	(1)	(2)
Purchase of intangible assets other than goodwill	(6)	(11)	(24)
Purchase of property, plant and equipment by entities classified as held for sale	(1)	–	(53)
Purchase of property, plant and equipment	(82)	(168)	(264)
– Replacements	(27)	(136)	(116)
– Expansions	(151)	(235)	(395)
– Capitalised finance leases raised (non-cash)	96	203	247
Proceeds on disposal of property, plant and equipment	76	23	45
Net outflow on disposal of business	–	–	(323)
Proceeds on disposal of intangible assets other than goodwill	–	14	7
Proceeds on disposal of assets held for sale	–	8	37
Cash related to assets held for sale	(26)	(303)	259
Proceeds from realisation of investment	106	122	170
Purchase of additional investment in Bombela Concession Company	(357)	–	–
Other (net)	(2)	(1)	2
Net cash outflow from investing activities	(292)	(308)	(127)
Net movement in borrowings	(163)	30	(661)
Net acquisition of treasury shares	(37)	(64)	(41)
Net cash outflow from financing activities	(200)	(34)	(702)
Total decrease in net cash and cash equivalents	(411)	(388)	(228)
Net cash and cash equivalents at beginning of period	2 253	2 737	2 737
Effect of foreign exchange rates	(101)	(245)	(256)
Net cash and cash equivalents at end of period	1 741	2 104	2 253
Net cash and cash equivalents comprises:			
Cash and cash equivalents	2 264	2 168	2 371
Bank overdrafts	(523)	(64)	(118)
Net cash and cash equivalents at end of period	1 741	2 104	2 253

[6] *In the 2017 financial half year results, the non-cash element of capitalised finance leases was in error included under investing cash flows as purchase of property, plant and equipment (R203 million). Therefore the 2017 financial half year cash flow has been restated with the resulting impact being that the cash inflow from financing activities decreased by R203 million and the cash outflow from investing activities decreased by R203 million.*

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

for the six months ended 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed 6 months to 31 December 2016	Audited Annual 30 June 2017
Revenue[7]			
Bombela & Middle East	347	559	729
Power & Water	2 643	2 961	5 908
Underground Mining	4 125	4 102	8 046
Oil & Gas	4 693	3 031	6 714
Corporate & Properties	1	–	–
Continuing operations	11 809	10 653	21 397
Discontinued operations	337	2 552	3 674
	12 146	13 205	25 071
Continuing operations			
Profit/(loss) before interest and taxation[8]			
Bombela & Middle East	72	(2)	(149)
Power & Water	51	66	171
Underground Mining	239	198	464
Oil & Gas	99	103	217
Corporate & Properties	(112)	(113)	(216)
Profit before interest and taxation	349	252	487
Net interest expense	(17)	(27)	(42)
Profit before taxation	332	225	445
Discontinued operations			
Loss before interest and taxation[8]	(134)	(164)	(281)
Net interest expense	(2)	–	(9)
Loss before taxation	(136)	(164)	(290)

[7] *Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R70 million (FY2017 H1: R39 million).*

[8] *The chief operating decision maker utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.*

SEGMENTAL ASSETS (CONTINUING & DISCONTINUED)

at 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed 6 months to 31 December 2016	Audited Annual 30 June 2017
Bombela & Middle East	2 953	2 487	2 767
Power & Water	1 438	1 515	1 527
Underground Mining	3 650	3 760	3 615
Oil & Gas	2 656	2 540	2 528
Corporate & Properties[9]	237	1 120	412
Continuing operations	10 934	11 422	10 849
Discontinued operations[10]	527	1 782	375
	11 461	13 204	11 224
Reconciliation of segmental assets			
Total assets	14 289	15 921	14 203
Deferred taxation assets	(538)	(540)	(585)
Current taxation assets	(26)	(9)	(23)
Cash and cash equivalents	(2 264)	(2 168)	(2 371)
	11 461	13 204	11 224

SEGMENTAL LIABILITIES (CONTINUING & DISCONTINUED)

at 31 December 2017

R millions	Reviewed 6 months to 31 December 2017	Reviewed 6 months to 31 December 2016	Audited Annual 30 June 2017
Bombela & Middle East	1 399	1 705	1 528
Power & Water	1 039	1 210	1 341
Underground Mining	1 763	1 867	1 909
Oil & Gas	2 411	1 677	1 978
Corporate & Properties[9]	381	890	422
Continuing operations	6 993	7 349	7 178
Discontinued operations[10]	337	1 755	142
	7 330	9 104	7 320
Reconciliation of segmental liabilities			
Total liabilities	7 979	9 365	7 598
Deferred taxation liabilities	(68)	(183)	(121)
Current taxation liabilities	(58)	(14)	(39)
Bank overdrafts	(523)	(64)	(118)
	7 330	9 104	7 320

[9] *Corporate segmental assets and liabilities include the inter-segment eliminations of group balances and transactions.*

[10] *Discontinued operations include Genrec Engineering, Southern African Infrastructure & Building businesses and Construction Products Africa.*

NOTES

1. BASIS OF PREPARATION

The Group operates in the mining, oil & gas and power & water markets and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress. Refer to commentary for a more detailed report on the performance of the different operating platforms within the Group.

The condensed consolidated interim financial statements for the period ended 31 December 2017 have been prepared in accordance with and containing the information required by the International Financial Reporting Standards (IFRS) (IAS 34), Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The condensed consolidated financial information was compiled under the supervision of DF Grobler (CA)SA, Group financial director.

The accounting policies used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited consolidated financial statements for the year ended 30 June 2017. There have been no new Standards and Interpretations applied in the current financial year.

The review has been conducted in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor, Deloitte & Touche and their unmodified review report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditor. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the registered office.

The information presented in the notes below represent audited results for 30 June 2017 and reviewed results for 31 December 2016 and 31 December 2017.

2. PROFIT BEFORE INTEREST AND TAXATION

R millions	31 December 2017	31 December 2016	30 June 2017
Items by function			
Cost of sales	(10 695)	(9 392)	(19 552)
Distribution and marketing expenses	(3)	(2)	(11)
Administration costs	(990)	(1 257)	(2 104)
Other operating income	228	250	757

3. LOSS FROM DISCONTINUED OPERATIONS

Discontinued operations for the current period include Genrec operations, where an active process is in place to sell the business as well as Southern African Infrastructure & Building businesses not part of the sale completed in the prior year. These operations have met the requirements in terms of IFRS 5 Discontinued Operations and have been presented as discontinued operations in the Group's statement of financial performance.

3.1 LOSS FROM DISCONTINUED OPERATIONS

R millions	31 December 2017	31 December[3] 2016	30 June 2017
Revenue	337	2 552	3 674
Loss before interest, depreciation and amortisation	(134)	(162)	(279)
Depreciation and amortisation	–	(2)	(2)
Loss before interest and taxation (note 3.2)	(134)	(164)	(281)
Net interest expense	(2)	–	(9)
Loss before taxation	(136)	(164)	(290)
Taxation credit/(expense)	22	(14)	37
Loss after taxation	(114)	(178)	(253)
Income from equity accounted investments	–	–	–
Loss from discontinued operations	(114)	(178)	(253)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(114)	(178)	(253)
– Non-controlling interests	–	–	–
	(114)	(178)	(253)

3.2 LOSS BEFORE INTEREST AND TAXATION

R millions	31 December 2017	31 December[3] 2016	30 June 2017
Loss before interest and taxation includes the following significant items:			
Loss on disposal of businesses (net of transaction and other costs)	–	–	(28)
Fair value adjustment on disposal group classified as held for sale	(8)	(79)	(96)
Voluntary Rebuild Programme charge	–	(170)	(170)

3.3 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

	31 December 2017	31 December[3] 2016	30 June 2017
Cash flow from operating activities	(67)	199	(110)
Cash flow from investing activities	(27)	(20)	(78)
Cash flow from financing activities	49	32	25
Net (decrease)/increase in cash and cash equivalents	(45)	211	(163)

[3] *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 period and included as continuing operations for all periods presented.*

4. RECONCILIATION OF HEADLINE EARNINGS

R millions	31 December 2017	31 December[3] 2016	30 June 2017
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	110	(60)	48
Loss on disposal of businesses (net)	–	–	28
Profit on disposal of property, plant and equipment (net)	(2)	(18)	(30)
Profit on sale of assets held for sale (net)	–	–	(17)
Impairment of assets (net)	–	–	11
Reversal of impairment of property, plant and equipment (net)	(2)	(1)	(1)
Fair value adjustment on disposal group classified as held for sale	8	79	96
Fair value adjustments on investment property	–	–	(7)
Taxation effects on adjustments	(1)	(17)	(22)
Headline earnings	113	(17)	106
Adjustments for discontinued operations:			
Loss from discontinued operations	114	178	253
Loss on disposal of businesses (net)	–	–	(28)
Profit on disposal of property, plant and equipment (net)	–	–	8
Profit on sale of assets held for sale (net)	–	10	17
Fair value adjustment on disposal group classified as held for sale	(8)	(79)	(96)
Fair value adjustments on investment property	–	–	7
Taxation effects on adjustments	2	19	26
Headline earnings from continuing operations	221	111	293

[3] *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 period and included as continuing operations for all periods presented.*

5. GOODWILL

R millions	31 December 2017	31 December 2016	30 June 2017
At the beginning of the year	607	642	642
Foreign exchange movements	(6)	(35)	(35)
	601	607	607

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Based on the assessment performed as at 31 December 2017, no impairment was recorded.

6. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

R millions	31 December 2017	31 December 2016	30 June 2017
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	2 082	2 184	1 903
Uncertified claims and variations less payments received on account of R438 million (FY2017: R445 million) (recognised in terms of IAS 11: Construction Contracts)	1 026	945	914
Amounts receivable on contracts (net of impairment provisions)	2 372	2 215	2 343
Retentions receivable (net of impairment provisions)	256	360	296
	5 736	5 704	5 456
Amounts received in excess of work completed	(1 625)	(1 435)	(1 571)
	4 111	4 269	3 885
Disclosed as:			
Amounts due from contract customers – non-current[11]	513	586	542
Amounts due from contract customers – current	5 223	5 118	4 914
Amounts due to contract customers – current	(1 625)	(1 435)	(1 571)
	4 111	4 269	3 885

[11] The non-current amounts are considered by management to be recoverable.

7. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, derivatives, accounts receivable and payable and interest-bearing borrowings.

R millions	31 December 2017	31 December 2016	30 June 2017
Categories of financial instruments			
Financial assets			
Financial assets designated as fair value through profit or loss (level 3)	1 283	806	893
Loans and receivables	5 803	6 105	6 148
Derivative financial instruments (level 2)[12]	–	–	2
Financial liabilities			
Loans and payables[13]	5 196	4 972	4 566

[12] The derivative financial instruments' value has been determined by using forward looking market rates until the realisation date of the relevant instruments obtained from the relevant financial institutions.
[13] The prior period amounts reflected in financial liabilities have been adjusted due to the incorrect inclusion of provisions.

7.1 FINANCIAL ASSETS DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS

R millions	31 December 2017	31 December 2016	30 June 2017
Investment in infrastructure service concession (level 3)[14]			
At the beginning of the year	893	811	811
Additions	357	–	–
Realisation of investment	(106)	(122)	(170)
Fair value adjustment recognised in the statement of financial performance	139	117	252
	1 283	806	893

[14] The Group concluded the acquisition of a further 17% in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC") for an adjusted purchase price of R357 million in December 2017 (Original purchase price of R405 million adjusted for dividends declared and interest from 1 October 2017). The Group's investment in BCC has therefore increased to 50% (FY2017: 33%). Post the transaction, the investment is still reflected at fair value through profit or loss, as the investment meets the requirement of IAS 28.18 with regards to venture capital organisations or similar entities, as the transaction does not result in a change of control.

The fair value of the BCC is calculated using discounted cash flow models and a market discount rate of 18,5% (FY2017: 18,5%). The discounted cash flow models are based on forecast patronage, operating costs, inflation and other economic fundamentals, taking into consideration the operating conditions experienced in the current financial period. The future profits from the concession are governed by a contractual agreement and are principally based on inflationary increases in the patronage revenue and operating costs of the current financial period. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R44,9 million (FY2017: R31,2 million).

Operating cost includes an operating fee that is payable to the Bombela Operating Company Proprietary Limited ("BOC"), the company responsible for the operation and maintenance of Gautrain. The fee payable to BOC is subject to annual inflationary increases. The contract is subject to review every fifth year where increases of more than inflation are considered. An annual operating fee increase of 1% above inflation will result in a decrease in the value of the concession investment of approximately R9 million (FY2017: R17,7 million).

Operating cost also includes a Railway Usage Fee ("RUF") which constitutes a fee for the use of the system owned by Gauteng Province. The fee is 50% of the concessionaires excess free cash flow above an 18% real rate of return. The fee reduces to 35% should the concessionaire comply with certain Socio Economic Development ("SED") obligations. Historically the SED obligations have been achieved and the valuation is based on the SED obligations being achieved. If these obligations are not achieved, then the result would be a decrease in the value of the concession investment of R301 million (FY2017: R191 million).

Revenue based on patronage is underpinned by the Gauteng Province. The Patronage Guarantee is the difference between the Minimum Required Total Revenue ("MRTR") and the Actual Total Revenue ("ATR") in each month. Due to the predictable nature of revenue it is not considered to be a significant unobservable input and therefore no quantitative information is provided.

8. CONTINGENT LIABILITIES

The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of business. The Group does not account for any potential contingent liabilities where a back-to-back arrangement exists with the clients or subcontractors and there is a legal right to offset (R2 billion). The Board does not believe that adverse decisions in any pending proceeding or claims against the Group will have a material adverse effect on the financial condition or future of the Group.

R millions	31 December 2017	31 December 2016	30 June 2017
Operating lease commitments	1 159	1 463	1 314
Contingent liabilities	2 210	2 034	1 943
Financial institution guarantees	6 203	6 410	5 881

Update on the Group's claim processes

The Group's uncertified revenue as at the end of December 2017 remained at R1 billion (FY2017 H1: R1 billion), largely represented by claims on projects in the Middle East. All claims are diligently pursued and stakeholders will be kept informed as to their progress. Further to the update shared on SENS on 2 February 2018, the Dubai International Arbitration Centre extended its deadline for the award on the Dubai Airport dispute from May to November 2018. This is a large and complex dispute and the arbitration Tribunal requested more time within which to deliver its award.

Grayston Pedestrian Bridge Temporary Works Collapse – Update

The Department of Labour instituted a Section 32 Inquiry ("the Inquiry") in November 2015 into this incident to determine the cause or causes of the collapse of the temporary works structure. The Inquiry was recently paused, but is due to resume again in July 2018. The Board is disappointed by the slow progress that is delaying closure of this distressing incident for all parties involved.

9. DIVIDEND

A gross annual dividend, relating to the 30 June 2017 financial year, of 45 cents per share was declared in August 2017 and paid during the period. In line with the approved dividend policy, the board of directors will consider paying an annual dividend.

10. RELATED PARTY TRANSACTIONS

There have been no significant changes to the nature of related party transactions since 30 June 2017 or any transactions outside the normal course of business.

11. EVENTS AFTER REPORTING DATE

The directors are not aware of any matter or circumstance arising after the period ended 31 December 2017, not otherwise dealt with in the Group's interim results, which significantly affects the financial position at 31 December 2017 or the results of its operations or cash flows for the period then ended.

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