

64th ANNUAL GENERAL MEETING

10 December 2012

BUSINESS UPDATE

In the preliminary report for the year ended 30 June 2012, the Group reported on its financial results, its *Recovery & Growth* strategy and prospects. The Group issued its 2012 Annual Integrated Report to stakeholders on 28 September 2012. Full details of the Group's financial results and Annual Integrated Report have been published on the website www.murrob.com.

For the previous financial year ended June 2012, the Group reported an improved net cash position of R1,2 billion and a substantially reduced loss. The net cash position as at the end of September 2012 was unchanged from the year-end position. Notwithstanding the impact on profit of the recent industrial and labour unrest of approximately R200 million across the Group, the earnings trend continues to show improvement.

The 2012 financial year concluded with an order book of R45,3 billion. The Group is pleased to report that the order book increased to R48,0 billion at September 2012.

UPDATE ON THE GROUP'S MAJOR CLAIM PROCESSES

The level of uncertified revenues remains unchanged. The Group's uncertified revenues recognised on projects are considerably lower than the estimated value of its claims. The Board and management remain committed to the resolution of all contractual disputes and the collection of proceeds from claim settlements, while recognising that this will be a challenging and protracted process. The claim processes relate to the following projects:

- *Gautrain* - The claims recovery team is making steady progress. Resolution through arbitration of the major delay and disruption claim against the Gauteng Provincial Government is expected by December 2014. The additional arbitration regarding the dispute on the water ingress matter in the Rosebank to Park Stations section of the tunnel, commenced in September 2012. The time allocated for this arbitration was insufficient and the arbitration will continue in March 2013, with a ruling only expected by June 2013. The Gautrain continues to operate safely and smoothly in this section of the tunnel.
- *GPMOF* - The Group received a favourable arbitration ruling on the first three disputes, relating primarily to the principle of scope changes from the tendered design. The arbitration on the quantum of the claim has progressed slower than anticipated and an outcome is only expected in the second half of the current financial year. The commercial process on the balance of the claims is progressing and resolution through arbitration is expected by December 2013.
- *Dubai International Airport* - The arbitration tribunal has ruled that the ultimate respondent to this claim is the Government of Dubai. The UAE supreme court is to determine which government department is the actual respondent. Resolution through arbitration is expected by December 2013. A parallel process to the arbitration has been initiated to explore alternative methods of resolution.

UPDATE ON OPERATIONS

Construction Africa and Middle East: This operating platform continues to experience difficult market conditions and pressure on margins.

A major and growing infrastructural backlog exists in South Africa. At a recent Presidential Infrastructure Investment Conference, President Jacob Zuma said South Africa would spend as much as R4-trillion on infrastructure development projects over the next 15 years, and about R844 billion over the next three years.

The platform remains well positioned to participate in any projects that come to market. However, as this stage, tender documents for major infrastructure projects have not yet been issued by Government.

Construction Global Underground Mining: Murray & Roberts Cementation has been severely impacted by the ongoing labour unrest experienced by the mining sector in South Africa. The cancellation of Lonmin's K4 shaft project, significant delays on other projects and delays in the award of new projects all impacted on the domestic operation. The international mining operations in Canada and Australia are experiencing buoyant market conditions and continue to perform well. The

growth in profits in these businesses will not be sufficient to offset the reduction in profits forecast by Murray & Roberts Cementation. The platform is thus expected to report a reduction in profit when compared to the previous financial year.

Construction Australasia Oil & Gas and Minerals: Clough recently announced that secured revenue increased following the award of a number of new contracts and that it expects to achieve a minimum profit margin of 5% (excluding Forge) for the current financial year. Clough expects this strong performance to continue in the following years. Forge continues to deliver value, with the company having reported for the past financial year its sixth consecutive year of strong growth. The oil and gas infrastructure market in Western Australia remains buoyant. Full details of Clough's updated trading outlook and Chairman's Address have been published on its website www.clough.com.au.

Engineering Africa: This operating platform is performing in line with expectations. Substantial opportunities exist across Africa in water infrastructure, waste water, acid mine drainage and desalination. As part of the platform's focus to grow its capability in areas other than the current power programme, it recently secured a project for the design, supply and delivery of two Modular Water Treatment Plants for Goldfields Ghana Limited. A joint venture agreement was also concluded in August 2012 with WorleyParsons - an engineering, procurement and construction firm based in Australia, to address the large potential for operation, maintenance and efficiency enhancement services in the power sector.

In the short to medium term, Engineering Africa will continue to position itself for new opportunities in nuclear and renewable energy, water, minerals and the oil & gas market segments.

Construction Products Africa: Market conditions remain muted and operational performances are divergent. Most businesses are very dependent on public sector work, which continue to be of limited scale. Although the platform provides diversification to the Group through its different risk and earnings profiles, it is not core to Murray & Roberts.

DISPOSAL OF THE STEEL BUSINESS

Subsequent to year-end, the Company concluded the sale of its Steel Business, including Cisco, at book value. The Steel Business transaction, excluding Cisco, is subject to Competition Commission ("Commission") approval, of which the decision is pending. The cash from the sale of Cisco has been received.

COMPETITION COMMISSION

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

PROSPECTS AND OUTLOOK

The Board is satisfied that the Recovery process has been largely and successfully concluded and has approved the Group's growth strategy.

Shareholders will be updated on the Group's prospects of returning to profitability in or around the time that the interim results are announced in February 2013.

The above financial information has not been reviewed or reported on by the Group's external auditors.

Bedfordview
31 October 2012