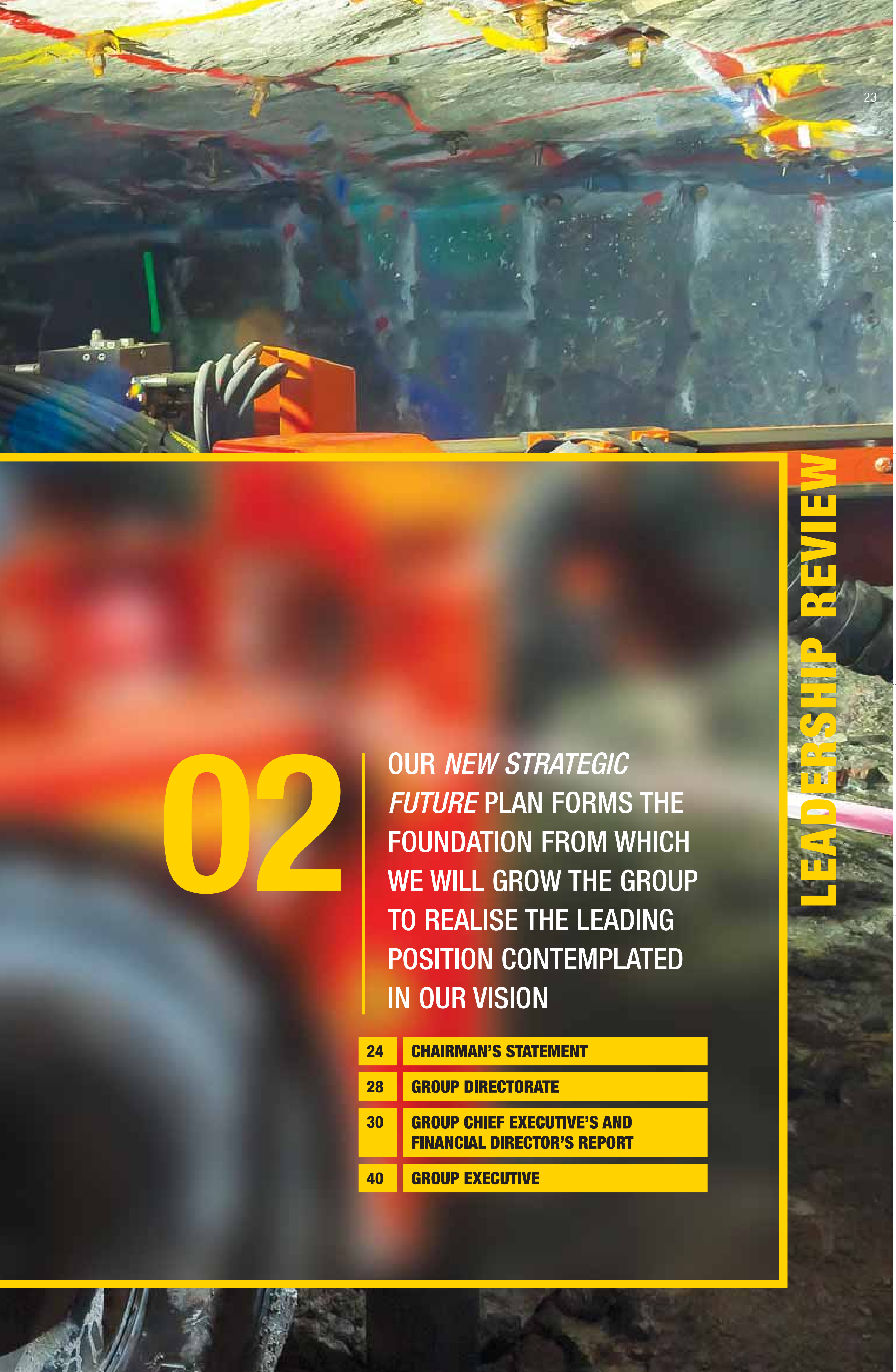


LEADERSHIP REVIEW

02

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

CHAIRMAN'S STATEMENT

MAHLAPE SELLO

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

THE BOARD HAS DECLARED AN ANNUAL DIVIDEND OF

45 cents

which equates to between three and four times earnings cover

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

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

TOGETHER TO ZERO HARM

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

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

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

THE *NEW STRATEGIC FUTURE*

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

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

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

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

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

PROPOSED DISPOSAL OF THE INFRASTRUCTURE AND BUILDING PLATFORM

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

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

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

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

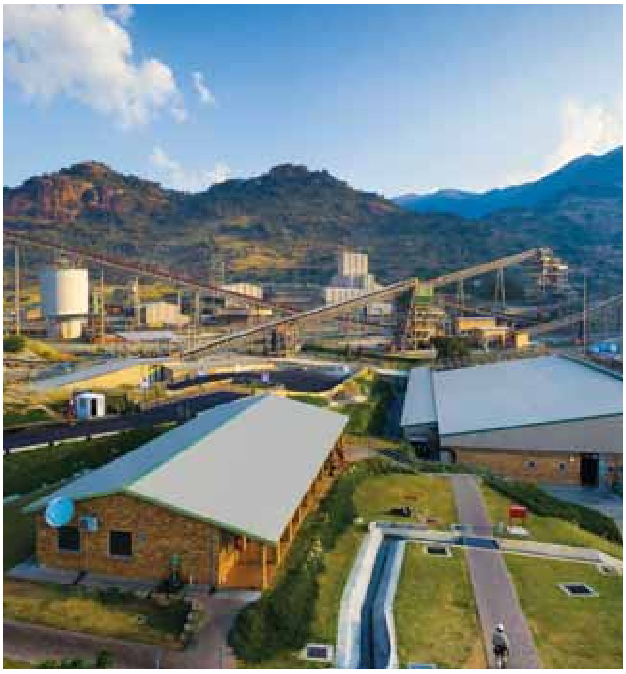
BEING A RESPONSIBLE CORPORATE CITIZEN

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

CHAIRMAN'S STATEMENT CONTINUED

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

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



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

TRANSFORMATION AND DIVERSITY

In terms of transformation in South Africa, the process for agreeing a new Construction Sector Charter following the introduction of the new Codes of Good Practice for BBBEE, is still underway. The Department of Public Enterprises extended the deadline for adopting the new Codes to 31 October 2016, which allows the Group to be rated in the year under review according to the current Construction Sector Charter. On this basis, the Group maintained its level 2 BBBEE contributor status with a score of 85,37% (FY15: 86,16%). Given the Group's drop in BBBEE contributor status to level 5 against the Department of Trade and Industry's new BBBEE Codes, the Board recognises the need to accelerate the Group's transformation progress, especially as far as employment equity is concerned. Employment equity remained below set targets, with a charter score of 29,56% (FY15: 34,29%). While it is a reality that the constraints on growth and employment affect the ability to transform, we are intent on ensuring that the South African operations accelerate their progress in transformation as a commercial imperative.

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

EMPLOYER OF CHOICE

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

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

BOARD OF DIRECTORS

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

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

APPRECIATION

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

MAHLAPE SELLO
GROUP CHAIRMAN

GROUP DIRECTORATE*

NON-EXECUTIVE DIRECTORS

DAVID (DAVE) DUNCAN BARBER
INDEPENDENT NON-EXECUTIVE DIRECTOR
FCA (England & Wales) AMP (Harvard)

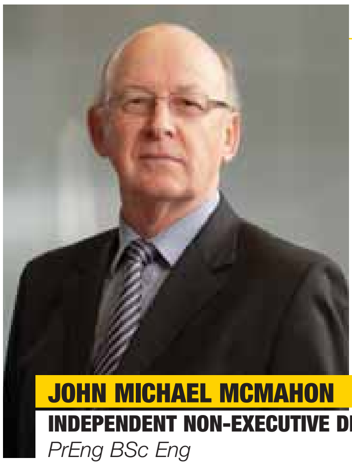
Dave was appointed to the Board in 2008. He is chairman of the audit & sustainability committee and a member of the risk management committee.

NOMALIZO (NTOMBI) BERYL LANGA-ROYDS
INDEPENDENT NON-EXECUTIVE DIRECTOR
BA (Law) LLB

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

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

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



JOHN MICHAEL MCMAHON
INDEPENDENT NON-EXECUTIVE DIRECTOR
PrEng BSc Eng

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

DR SURESH PARBHOO KANA
INDEPENDENT NON-EXECUTIVE DIRECTOR
M.Com CA(SA)

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

DR XOLANI HUMPHREY MKHWANAZI
INDEPENDENT NON-EXECUTIVE DIRECTOR
MSc PhD (Applied Physics)

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

EXECUTIVE DIRECTORS

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

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

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

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

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

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

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

HENRY JOHANNES LAAS
GROUP CHIEF EXECUTIVE
BEng (Mining) MBA

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

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

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

LAMBERTUS (BERT) KOK
GROUP SECRETARY
FCIS, FCIBM

NON-EXECUTIVE DIRECTOR
EXECUTIVE DIRECTOR
GROUP SECRETARY

pg 90 Full directors CVs are available in this report.

* *As at 30 June 2016*

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

HENRY LAAS AND COBUS BESTER

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

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

ATTRIBUTABLE PROFIT
R753 million
(FY15: R881 million)

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

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

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

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

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

PROPOSED DISPOSAL OF THE INFRASTRUCTURE & BUILDING BUSINESSES AND GENREC

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

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

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

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

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

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

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

FINANCIAL UPDATE

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

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

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

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

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

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

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

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

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

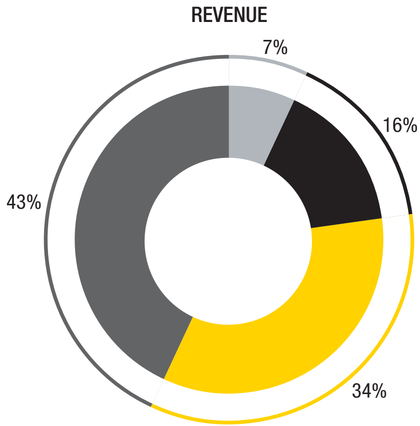
The loss from discontinued operations for the year was R124 million (FY15: R82 million profit) and financial results were restated to include I&B's Southern African construction operations and Genrec. The loss in the current year is attributable to impairment of property, plant and equipment, operating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

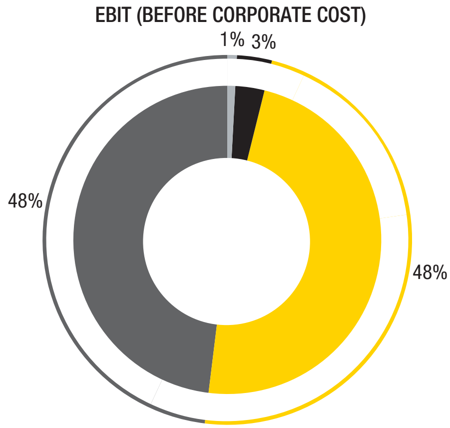
THE GROUP GENERATED CASH FROM OPERATIONS OF R1,1 BILLION (FY15: R1,1 BILLION). THE GROUP ENDED THE FINANCIAL YEAR WITH A NET CASH POSITION (AFTER THE DEDUCTION OF INTEREST BEARING DEBT) OF R1,8 BILLION (FY15: R1,4 BILLION).

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

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

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





* *Previously part of the Infrastructure & Building platform*

STRATEGY UPDATE

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

1. GROW PROFITABILITY AND CASHFLOWS

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

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

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

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

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

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

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

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

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

2. FOCUS ON INTERNATIONAL NATURAL RESOURCES MARKET SEGMENTS

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

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

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

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

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

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

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

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

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

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

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

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

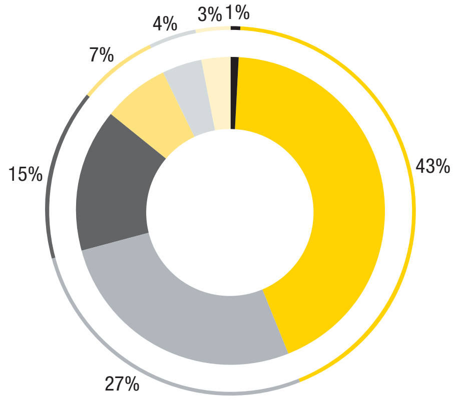
In the water sector, global demand is set to outstrip supply in excess of efficiency improvements in existing infrastructure. The water sector provides various opportunities for entry, and covers a wide spectrum of services. Water is a new business to the Group, and the platform has identified focus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

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

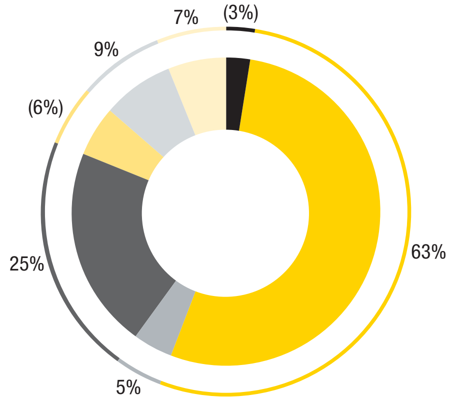
The global emergency created by acid mine drainage presents another opportunity for the platform. With no established commercially viable technology available to deal with this challenge, the plan is to acquire a company that has developed technology and a pilot plant, providing a low-risk opportunity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

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

GEOGRAPHIC REVENUE



GEOGRAPHIC EBIT



EUROPE · OCEANIA · SOUTH AFRICA · AMERICAS · MIDDLE EAST · REST OF AFRICA · ASIA

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

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

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

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

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

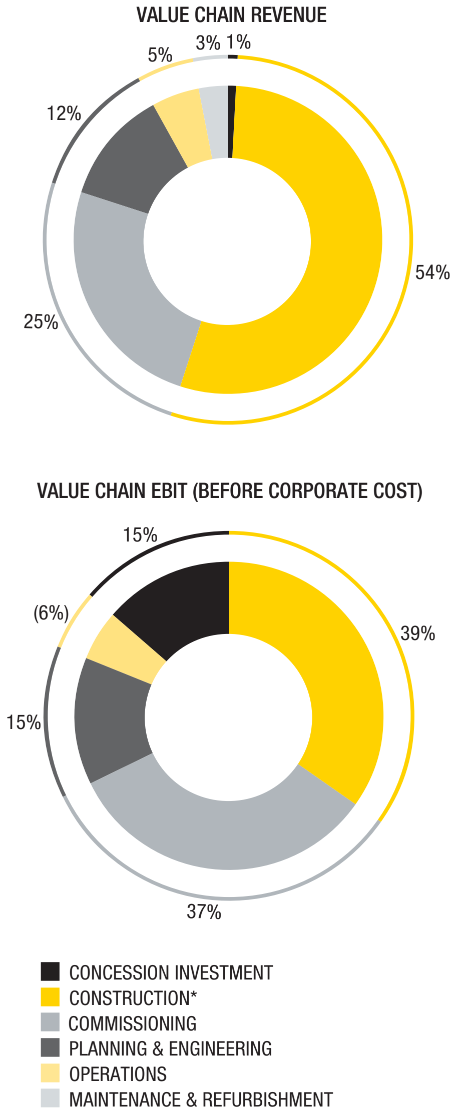
The acquisition of bolt-on specialist companies in the Oil & Gas platform during the previous year has strengthened its specialist engineering and asset support capabilities, enabling the platform to secure front-end work on projects and to position it for full EPC services during project implementation.

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

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

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

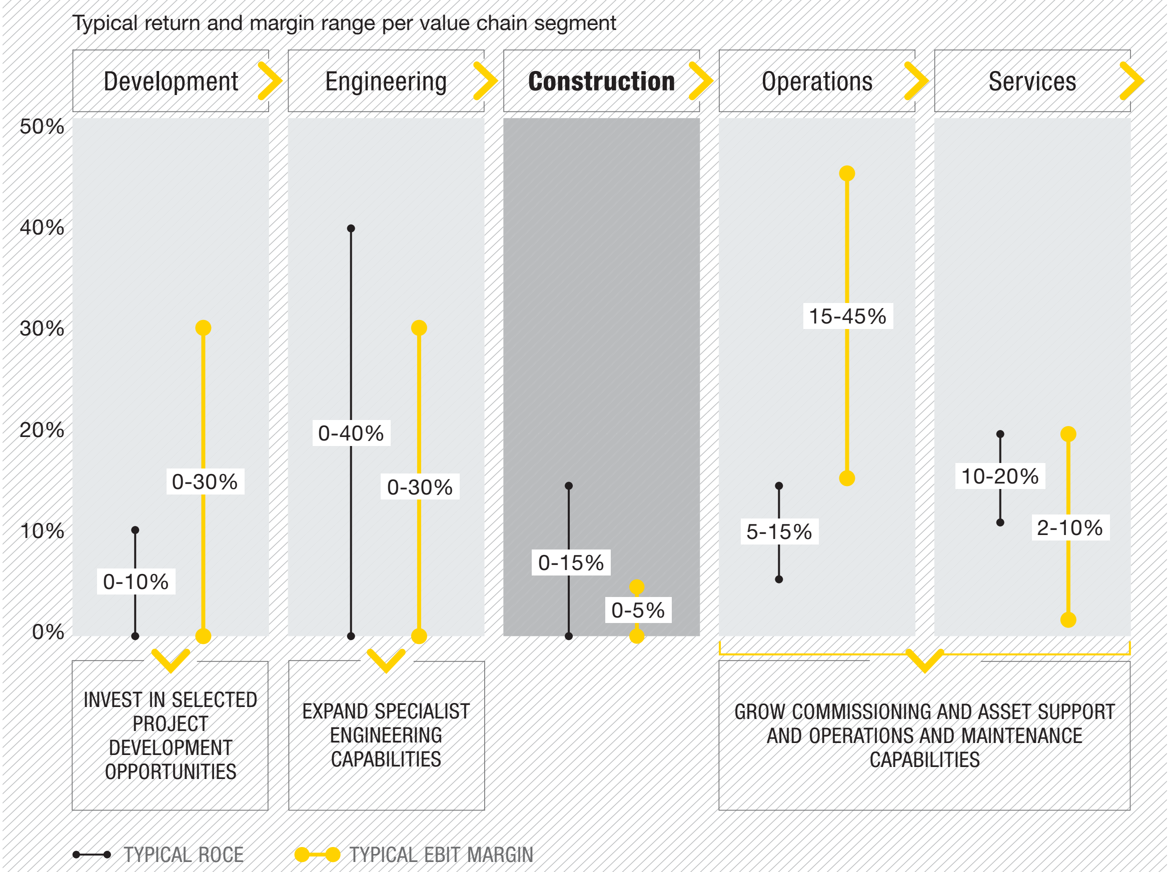
In addition to our retained interest in BCC, we are in the process of securing the concession agreement for the George biomass renewable energy project in the Power & Water platform.



* *Not civil and building construction*

PROJECT VALUE CHAIN

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



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

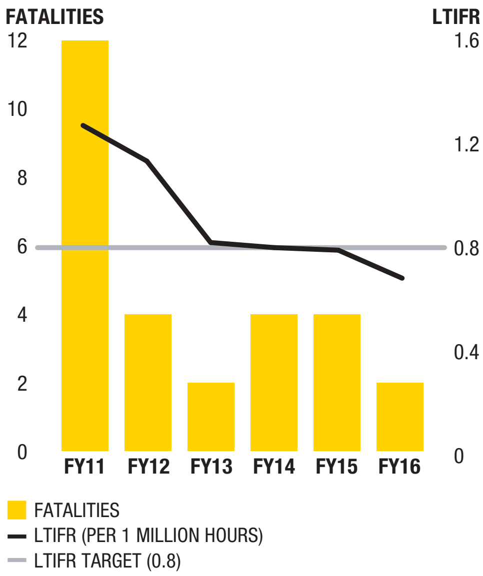
4. ENHANCE THE SAFETY, PERFORMANCE AND DIVERSITY OF OUR PEOPLE

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

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

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

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



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

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

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

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

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

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

5. ENHANCE SHAREHOLDER VALUE

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

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

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

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

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

HENRY LAAS
GROUP CHIEF EXECUTIVE

COBUS BESTER
GROUP FINANCIAL DIRECTOR

GROUP EXECUTIVE*

PETER BENNETT

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

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

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

COMMITTEE PARTICIPATION

- Health, safety & environment

COBUS BESTER

GROUP FINANCIAL DIRECTOR

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

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

COMMITTEE PARTICIPATION

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

DR ORRIE FENN

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

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

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

COMMITTEE PARTICIPATION

- Health, safety & environment

JEROME GOVENDER

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

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

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

COMMITTEE PARTICIPATION

- Health, safety & environment

STEVE HARRISON

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

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

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

COMMITTEE PARTICIPATION

- Health, safety & environment

IAN HENSTOCK

COMMERCIAL EXECUTIVE

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

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

COMMITTEE PARTICIPATION

- Audit & sustainability
- Risk management
- Social & ethics

HENRY LAAS

GROUP CHIEF EXECUTIVE

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

- Sustainable delivery of Group strategy & performance

COMMITTEE PARTICIPATION

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

THOKOZANI MDLULI

HEALTH, SAFETY & ENVIRONMENT EXECUTIVE

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

- Health, safety & environment
- Wellness
- BBBEE

COMMITTEE PARTICIPATION

- Health, safety & environment
- Social & ethics

* *As at 30 June 2016*