PROVISIONAL REPORT

FOR THE 12 MONTHS ENDED 30 JUNE 2017

OIL & GAS | **UNDERGROUND MINING** | **POWER & WATER**

SALIENT FEATURES

Financial results:

- Revenue from continuing operations, excluding the Middle East, decreased by 15% to **R20,8 billion**
- Diluted continuing HEPS, excluding the Middle East, increased by 8% to **212 cents**
- Attributable earnings of **R48 million** (FY2016: R753 million)
- Cash, net of debt, maintained at **R1,8 billion**
- Dividend maintained at **45 cents** per ordinary share
- Order book for continuing operations of **R26,9 billion** in a tough environment

Attributable earnings were impacted by the following exceptional items:

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

- **Record-low lost time injury frequency rate of 0,52 (FY2016: 0,68). Regrettably, one fatal incident was suffered**
- **Settlement of all Gautrain development period disputes in December 2016**
- **Sale of Southern African Infrastructure & Building businesses concluded with effect from 1 April 2017**
- **Transfer of Company's sub-sector listing on the JSE from Heavy Construction to Diversified Industrials in March 2017**

STAKEHOLDER REPORT – FOR THE YEAR ENDED 30 JUNE 2017#

POSITIONED FOR GROWTH AND VALUE CREATION

Murray & Roberts has transformed itself into a multinational engineering and construction group, with a focused portfolio of businesses providing services primarily in the natural resources market sectors of underground mining, oil & gas, and power & water. The significant reshaping and alignment of the organisation is the most evident feature of the progress we have made over the past few years to redirect the strategic focus of the Group.

The Group has largely achieved the business portfolio optimisation envisaged in the first phase of its *New Strategic Future* plan. Closing the business in the Middle East after completing the remaining projects there, which is expected to be achieved by the end of FY2018, and concluding the sale of Genrec, which is strategically non-core, are the last remaining steps in this regard. The financial year to 30 June 2018 will essentially be the first year as a fundamentally reshaped Murray & Roberts.

Underpinning the Group's strong year-end cash position, after several years of difficult trading conditions, is the work done to strengthen the Group's statement of financial position. This has supported the Group's resilience to the commodity down-cycle and the collapse in the oil price in November 2014, and simultaneously enhanced its ability to create value for shareholders.

FINANCIAL REPORT

FINANCIAL RESULTS

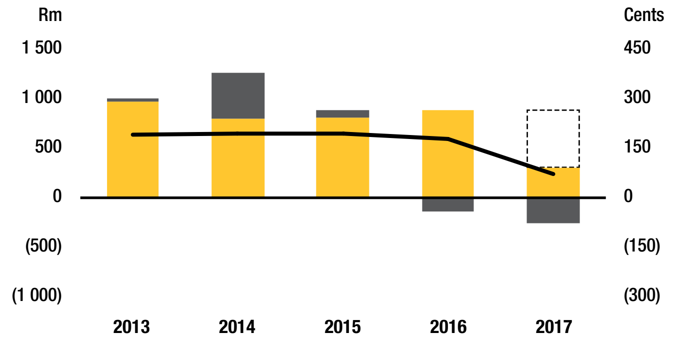
The Group took a strategic decision to exit the civil engineering and building market and to sell its Infrastructure & Building businesses. As this sale excluded the building business in the Middle East, the Board of directors ("the Board") decided to close this business. In terms of International Financial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

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

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

The Group reported revenue from continuing operations, excluding the Middle East, of R20,8 billion (FY2016: R24,4 billion), or R21,4 billion (FY2016: R26,1 billion) including the Middle East. Attributable earnings were R48 million (FY2016: R753 million). Diluted continuing HEPS, excluding the Middle East, increased to 212 cents (FY2016: 197 cents), or decreased to 72 cents (FY2016: 178 cents) including the Middle East.

ATTRIBUTABLE EARNINGS AND DILUTED CONTINUING HEPS



	2013	2014	2015	2016[1]	2017
Total attributable earnings (Rm)	1 004	1 261	881	753	48
Continuing attributable earnings (Rm)	976	801	810	889	301
Discontinued attributable earnings (Rm)	28	460	71	(136)	(253)
Diluted continuing HEPS	192	194	195	178	72

[1] *Restated for Mooikloof investment moved from discontinued to continuing.*

Impact of Middle East losses

The Group maintained its strong cash position with cash, net of debt, of R1,8 billion (30 June 2016: R1,8 billion). Attributable earnings were impacted by the following exceptional items:

- R570 million loss incurred in the Middle East, recorded as part of continuing operations;
- R160 million profit realised in Bombela Civils Joint-Venture, following settlement of Gautrain claim; and
- R170 million net present value charge of the cash contribution over 12 years in terms of the Voluntary Rebuilding Programme with the South African Government.

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

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

DIVIDEND

The Board resolved to maintain a gross annual dividend of 45 cents per ordinary share for FY2017. The dividend will be subject to the dividend tax rate of 20%, which will result in a net dividend of 36 cents per share to those shareholders who are not exempt from paying dividends tax. The dividend has been declared from income reserves.

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

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

The relevant dates are:

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

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

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

OPERATIONAL REPORT

ORDER BOOK, NEAR ORDERS AND PROJECT PIPELINE

The Group's order book and project pipeline is presented in the table below.

		Pipeline			
R billions	**Order book**	**Near orders**	**Category 1**	**Category 2**	**Category 3**
Oil & Gas	5,2	–	18,7	14,8	494,9
Underground mining	17,5	6,3	17,5	27,6	20,2
Power & Water	3,7	0,7	1,2	12,6	24,6
Middle East*	0,5	–	–	–	–
Continuing operations totals	26,9	7,0	37,4	55,0	539,7
Discontinued operations totals	0,1	–	1,0	6,5	–
30 June 2017 totals**	27,0	7,0	38,4	61,5	539,7
30 June 2016 totals**	33,4	10,6	40,0	101,2	505,5

- **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 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 strike rate
- **Category 2:** Budgets, feasibilities and prequalification the Group is currently working on – project planning underway, not yet at a stage 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

* *Closing the business in the Middle East after completing the remaining projects there, which is expected to be achieved by the end of FY2018.*
** *Including continuing and discontinued operations.*

OIL & GAS PLATFORM

R millions	Engineering		Construction & Fabrication		Global Marine		Commissioning & Brownfields		Corporate overheads and other		Total	
June	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	1 297	2 707	30	87	425	936	4 862	7 016	100	466	6 714	11 212
Operating profit/(loss)	28	329	(52)	(16)	71	(4)	576	738	(406)	(522)	217	525
Margin (%)	2%	12%	(173%)	(18%)	17%	–	12%	11%	–	–	3%	5%
Order book	492	1 574	1 070	–	–	341	3 589	4 514	–	–	5 151	6 429
Segment assets											2 528	2 919
Segment liabilities											1 978	2 072
People											1 895	1 464
LTIFR (fatalities)											0.25(0)	0.18(0)

As was expected, Clough recorded reduced revenues and operating profit in FY2017. The major greenfields LNG projects in Australia into which Clough contracted reached completion and strategies are in place to secure work on brownfields LNG projects, operations & maintenance works, and public infrastructure projects.

The platform's composition of earnings is changing rapidly and currently excludes large contributions from construction work, with income from commissioning work on LNG projects dominating. In response to prevailing market conditions, the platform continued to reduce its cost base to preserve margins and be competitive in pursuing smaller brownfields and maintenance project opportunities.

Revenue reduced to R6,7 billion (FY2016: R11,2 billion) and operating profit to R217 million (FY2016: R525 million) reflecting lower margins on a reduced revenue base. The order book decreased to R5,2 billion (30 June 2016: R6,4 billion) as all large construction orders have been delivered and the order book now largely comprises smaller value and shorter duration orders.

In Australia, the Wheatstone Hook-Up and Commissioning project performed well and strong operational performance has been rewarded with significant scope growth. This project was a major contributor to Clough's earnings during the financial year and is nearing completion. Project resources were mobilised to support hook-up and pre-commissioning work for INPEX Corporation on its offshore Ichthys LNG project, which will largely replace Wheatstone in terms of project income. Clough AMEC secured its first onshore petrochemical maintenance contract in Australia, a five-year contract, with an option to extend for a further five years, to provide maintenance services to Norwegian company Yara International.

Meaningful earnings growth from this current low base is only expected in the medium term, as global energy producers' confidence returns and they start investing in new projects. Brownfields operations and maintenance opportunities are expected to be the main source of earnings from the Australian region for the next few years. The first new major greenfields opportunities are expected to be in Papua New Guinea, as energy producers are progressing work associated with new LNG facilities, to be ready for production by 2022.

Complementary markets such as Australia's mining and infrastructure markets, which have historically been serviced by Clough, present significant opportunities. East coast Australian state governments, particularly New South Wales, are developing many large infrastructure projects. Clough is well positioned to pursue selected opportunities and has developed partnering strategies for delivering these projects.

The platform's international operations are relatively small but continue to perform to management's expectations. As part of its geographic expansion plans, Clough is actively pursuing a potential acquisition in the USA, as this is a growth market that presents new opportunity for the Oil & Gas platform.

UNDERGROUND MINING PLATFORM

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

The Underground Mining platform recorded a strong financial performance, against the background of mining companies' continued focus on preserving capital, which limited the number of project opportunities associated with new mines. The platform's success in securing projects associated with mining companies' ongoing infrastructure replacement and development spend ('stay-in-business capital') underpinned its performance.

Revenues decreased to R8,0 billion (FY2016: R8,8 billion) and operating profit to R464 million (FY2016: R506 million). The order book was R17,5 billion (30 June 2016: R14,3 billion). The order book includes R4,8 billion for the Kalagadi manganese project, which is expected to commence in September.

In South Africa, the De Beers Venetia project performed below expectation, affected by community unrest, Section 54 stoppages and low productivity. Various initiatives are underway to improve progress, specifically on the vertical shafts where the Canadian method of shaft sinking has proved challenging under South African conditions. The Booysendal project delivered a much improved performance compared to the prior year as production volumes exceeded target. Murray & Roberts Cementation was awarded Phase 1 of the project to develop the new Booysendal Central Mine.

Murray & Roberts Cementation continued to progress its Africa strategy through its Kitwe office in Zambia. It successfully completed the Bulk Air Cooler ventilation project at Mopani Copper's Synclinorium mine. The business continued to perform well on the shaft sinking and mine development projects at the Mufulira mine, with additional development work recently awarded.

After several years of strong growth, the North American operations delivered a mixed set of results. Cementation Canada and Cementation USA recorded reduced revenue and earnings as market conditions remain challenging. A limited number of larger projects are expected to come to market where prevailing market conditions are characterised by delays in or postponement of new projects.

RUC Cementation Mining had an excellent year. It exceeded expectations and achieved results well above the previous financial year. The business significantly increased its order book due to the recent award of the Dacian Gold project, the largest award in its history. Following good project delivery, scope growth on existing projects in Australia and Indonesia, together with geographic diversification into new regions, such as Mongolia, contributed to this performance. Earnings from raise boring activity was significantly up on the prior year with excellent fleet utilisation and a large pipeline of significant near-term opportunities.

Various research reports indicate that the commodity cycle has bottomed out and demand for commodities is anticipated to grow in the short term on the back of supply and demand dynamics. There is a large investment pipeline of underground mining projects in countries and regions where the platform is established and it is well positioned to rise to any upturn in the commodity cycle.

POWER & WATER PLATFORM

R millions	Power[2]		Water		Oil & Gas		Electrical & Instrumentation		Corporate overheads and other		Total	
June	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	5 063	3 733	56	42	669	367	106	189	14	(55)	5 908	4 276
Operating profit/(loss)	243	272	(20)	(9)	5	(18)	35	36	(92)	(254)	171	27
Margin (%)	5%	7%	(36%)	(21%)	1%	(5%)	33%	19%	–	–	3%	1%
Order book	3 198	6 326	–	25	483	283	26	47	–	2	3 707	6 683
Segment assets											1 527	1 468
Segment liabilities											1 341	1 284
People											6 936	5 354
LTIFR (fatalities)											0.43(0)	0.70(0)

[2] *Power programme contracts.*

The platform's financial results for FY2017 continued to be underpinned by the boiler erection work on the mega power station projects at Medupi and Kusile, where Murray & Roberts Power & Energy ("MRPE") is the main boiler subcontractor to Mitsubishi Hitachi Power Systems Africa.

Revenues increased to R5,9 billion (FY2016: R4,3 billion) and operating profit to R171 million (FY2016: R27 million). The order book decreased to R3,7 billion (30 June 2016: R6,7 billion), reflecting the reducing order book value for Medupi and Kusile.

During the year, boiler construction at the Medupi and Kusile power stations advanced significantly. At Medupi, Units 5 and 4 were synchronised on a test basis to the grid and have joined Unit 6, which is now permanently synchronised to the grid. Unit 3 has been hydro tested and is ready for chemical clean. At Kusile, Unit 1 was successfully synchronised to the grid on a test basis in December 2016 and Unit 2 has been hydro tested and is ready for chemical clean. Unit 3 has been successfully hydro tested.

Other significant work in the power sector carried out by MRPE during the year included the Morupule A power station refurbishment project in Botswana and the construction of two Wet Flue Gas Desulphurisation units at Kusile. Electrical and instrumentation services are being provided on projects in South Africa and Ghana. A new service offering in this sector is high voltage transmission and distribution infrastructure, which will be provided via a cooperation agreement with the Shanghai Electric Group.

MRPE engages in the complementary market sector of oil and gas in sub-Saharan Africa. The MRPE operation in Secunda, supporting Sasol, has been executing structural, mechanical, electrical, instrumentation and piping construction services, and was awarded the CTF East construction contract in May 2017. Successful shutdown work was executed during the year, with new shutdown work secured for FY2018. Murray & Roberts Ghana successfully executed the engineering, procurement and construction of a 13.5 million litre marine gas oil facility for GOIL in the Takoradi Port.

Murray & Roberts Water is a relatively new business, and its service offering includes desalination, innovative municipal wastewater treatment technologies, industrial modular water treatment plants and acid mine drainage. Opportunity is expected to come from the wastewater treatment subsector as there is increasing environmental pressure to upgrade failing wastewater treatment plants and to reuse treated effluent, as well as the industrial sector as industry looks to water security through reuse and recycling to save water and reduce costs. The City of Cape Town launched its new water resilience plan in August 2017 and its capital expenditure and operating expenses are expected to be approximately R2 billion and R1,3 billion respectively over the next two financial years.

Medupi and Kusile, once fully operational, will provide opportunity for maintenance services through MRPE's skilled and experienced workforce that has worked on these projects for close to a decade. This capacity and capability is also transferable to South Africa's new build base-load coal Independent Power Producer projects such as the Thabametsi and Khanyisa projects, which have reached preferred bidder status. MRPE is engaged with the selected engineering, procurement and construction contractors on both projects.

The platform is committed to securing an order book to replace work on Medupi and Kusile, which will be completed in FY2019. However, competition in this market continues to be fierce.

GAUTRAIN-RELATED BUSINESSES

The Group's Gautrain-related businesses include its investments in the Bombela Concession Company, Bombela Civils Joint Venture and the Bombela Operating Company. The Bombela Concession Company continues to perform well and delivers meaningful value.

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

R millions	Bombela Investments		Middle East		Total	
June	2017	2016	2017	2016	2017	2016
Revenue	121	169	608	1 703	729	1 872
Operating profit/(loss)	419	74	(568)	(68)	(149)	6
Margin (%)	346%	44%	(93%)	(4%)	(20%)	–
Order book	–	42	500	1 331	500	1 373
Segment assets	1 643	1 553	1 124	249	2 767	3 628
Segment liabilities	178	568	1 350	11	1 528	2 387
People	22	23	4 272	7 870	4 294	7 893
LTIFR (fatalities)	0.0(0)	0.0(0)	0.0(0)	0.07(0)	0.0(0)	0.07(0)

ABANDONED BUSINESS – MIDDLE EAST ENTITIES

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. A substantial loss of R570 million was recorded in the year under review, associated with: an unfavourable arbitration ruling on the Zayed University project that was completed in 2011; losses on the remaining four building projects; and redundancy costs to be incurred as part of the business closure process. The remaining projects are scheduled to be completed by the end of FY2018. Close-out of the business in the Middle East continues to present major risk, but all known project losses have been fully provided for in FY2017. Costs during FY2018 should be limited to a significantly reduced overhead cost, and ongoing legal fees on the Dubai Airport dispute.

DISCONTINUED OPERATIONS

R millions	I&B Businesses and Other[3]		Clough Properties		Genrec Engineering		Total	
June	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	3 364	4 369	7	1	303	288	3 674	4 658
Operating (loss)/profit	(209)	31	(4)	(28)	(68)	(108)	(281)	(105)

[3] Includes Tolcon and Construction Products Africa.

The disposal of the Southern African Infrastructure & Building businesses was effective 1 April 2017, and the Group recorded R71 million of retained liabilities on the sale of these businesses and other historical items. Genrec recorded a loss before taxation of R68 million for the year, primarily due to low levels of revenue. The sale of Genrec is underway, targeted for completion in the first half of FY2018.

The R170 million charge representing the net present value of the annual cash contributions to be made over 12 years in terms of the Voluntary Rebuilding Programme arrangement was also recorded under discontinued operations. This arrangement was concluded between the listed construction companies and the South African Government, as previously announced on the Stock Exchange News Service ("SENS") of the JSE Limited.

ACQUISITION OF A FURTHER INTEREST IN BOMBELA CONCESSION COMPANY

Shareholders are referred to the announcement released on SENS on 22 August 2017, regarding the acquisition of a further 17% in Bombela Concession Company (RF) Proprietary Limited ("BCC") by Murray & Roberts Limited for a total consideration of R405 million. The cash position of the Company and its subsidiaries is sufficiently robust to undertake the acquisition. BCC holds the 15-year concession for operating and maintaining the Gautrain system until March 2026. We expect this low-risk investment in BCC to continue providing strong returns, given that we know the business well and have representation on its board. The implementation of the transaction remains subject to BCC lenders' and regulatory approvals.

SHARE REPURCHASE PROGRAMME

Shareholders are referred to the announcement released on SENS on 30 June 2017 regarding the Company's decision to approve an on market share repurchase programme to the value of R250 million. As at close of the market on 22 August 2017, shares to the value of R9,3 million had been bought.

HEALTH AND SAFETY

The Board deeply regrets the death of Ditebogo Phuduhudu (27), an employee of the former Infrastructure & Building platform, who sustained fatal injuries while on duty on the Noupoort Wind Farm Project in the Northern Cape on 12 July 2016.

The Group's overall lost time injury frequency rate ("LTIFR") reduced to a record-low level of 0.52 (FY2016: 0.68). The Group-wide implementation over the last year of the Major Accident Prevention programme, which empowers supervisors and the workforce to plan and take ownership of safety outcomes, has delivered excellent results and supported a record-low LTIFR for the Group.

The Group has introduced and embedded several key initiatives, including a focus on lead indicators and improved incident reporting and analysis. Our goal is zero harm to our employees, service providers and communities where we operate.

UPDATE ON THE GROUP'S CLAIMS PROCESSES

Following the settlement of the Gautrain development period claims, the Group's uncertified revenue as at the end of June 2017 reduced to R0,9 billion (FY2016: R2 billion). Current uncertified revenue is primarily represented by the Group's claims on projects in the Middle East, after taking into consideration a R445 million loan paid on account by a client. All claims are diligently pursued and stakeholders will be kept informed as to their progress. After a protracted legal process, the Dubai Airport claim is finally in arbitration, with an award expected in May 2018. Where in the past uncertified revenue had been taken to account on certain claims, the settlement of those claims in the recent past has been at revenue levels no lower than what had been taken to account in respect of those claims.

GRAYSTON PEDESTRIAN BRIDGE TEMPORARY WORKS COLLAPSE – UPDATE

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

All costs incurred to date have been expensed as and when incurred. This incident is one of the retained liabilities following the disposal of the Southern African Infrastructure & Building businesses, and the direct financial impact of this incident on the Group is not expected to be material considering the comprehensive insurance cover in place. The project is expected to be completed during the latter part of the 2017 calendar year, and the date by which the Inquiry will be concluded remains uncertain.

CHANGES TO THE BOARD

Michael McMahon and Royden Vice retired from the Board, effective 30 September 2016 and 30 November 2016 respectively, having reached the mandatory retirement age for Board members. The Group thanks Michael and Royden for their contribution to the Board since 2004 and 2005 respectively.

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

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

As announced on SENS on 17 August 2017, Ralph Havenstein was appointed as Lead Independent director, and three new directors, Diane Radley, Emma Mashilwane and Alex Maditsi, were appointed to the Board. Emma Mashilwane and Diane Radley have been appointed to both the audit & sustainability and risk committees, with Diane assuming chairmanship of the audit & sustainability committee after the AGM. Alex Maditsi has been appointed to the health, safety & environment, remuneration and social & ethics committees respectively. In addition, Xolani Mkhwanazi has been appointed to the social & ethics committee and Ntombi Langa-Royds will be appointed to the nomination committee after the AGM.

ACQUISITION BY ATON OF A BENEFICIAL INTEREST IN MURRAY & ROBERTS

Shareholders are referred to the SENS announcement released by the Company on 22 February 2017, relating to the acquisition by ATM Holding GmbH ("ATON"), a company registered in accordance with the laws of Germany, of a material beneficial interest in Murray & Roberts. As at 30 April 2017, ATON's beneficial interest in Murray & Roberts increased to 29.998% according to the Group's analysis. The Group has not received any further correspondence or communication from ATON regarding its intentions in relation to its investment in the Company.

PROSPECTS STATEMENT

The Group's strategy and business model is now clearly defined and the focus is on optimising business performance and growing shareholder value. The Group's strong financial position and improving financial performance expectations will support its organic and acquisitive growth plans.

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

Notwithstanding persistently trying market conditions and the possibility for potential future losses from the Group's remaining non-core businesses, the business in the Middle East and Genrec, we believe an improvement in the Group's financial performance can be expected in the next financial year. The natural resources market sector is cyclical and leading researchers are of the opinion that the metals and minerals cycle has already turned – and our assessment is that the Group is well positioned for the upcycle.

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:

Mahlape Sello	Henry Laas	Daniël Grobler
Chairman of the Board	*Group Chief Executive*	*Group Financial Director*

Bedfordview

23 August 2017

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 year ended 30 June 2016.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2017

R millions	Audited Annual 30 June 2017	Audited[4] Annual 30 June 2016
Continuing operations		
Revenue	21 397	26 148
– Continuing operations excluding Middle East	20 789	24 445
– Middle East	608	1 703
Profit before interest, depreciation and amortisation	963	1 774
Depreciation	(431)	(448)
Amortisation of intangible assets	(45)	(51)
Profit before interest and taxation (note 2)	487	1 275
– Continuing operations excluding Middle East	1 055	1 343
– Middle East	(568)	(68)
Net interest expense	(42)	(71)
Profit before taxation	445	1 204
Taxation	(161)	(296)
Profit after taxation	284	908
Income from equity accounted investments	7	18
Profit from continuing operations	291	926
Loss from discontinued operations (note 3)	(253)	(136)
Profit for the year	38	790
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	48	753
– Non-controlling interests	(10)	37
	38	790
Earnings per share from continuing and discontinued operations (cents)		
– Diluted	12	182
– Basic	12	189
Earnings per share from continuing operations (cents)		
– Diluted	74	215
– Basic	76	223
Supplementary statement of financial performance information		
Net asset value per share (Rands)	15	16
Dividends per share (cents)	45	45
Number of ordinary shares in issue ('000)	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
Less: Weighted average number of shares held by The Murray & Roberts Trust	(30)	(30)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(31 697)	(31 711)
Less: Weighted average number of shares held by the subsidiary companies	(15 373)	(14 341)
Weighted average number of shares used for basic per share calculation	397 636	398 654
Add: Dilutive adjustment	8 013	13 865
Weighted average number of shares used for diluted per share calculation	405 649	412 519
Earnings per share from continuing operations (cents)		
– Diluted	74	215
– Adjusted diluted earnings per share excluding Middle East	214	234
– Diluted earnings per share contributed by Middle East	(140)	(19)
– Basic	76	223
– Adjusted basic earnings per share excluding Middle East	218	242
– Basic earnings per share contributed by Middle East	(142)	(19)
Headline earnings per share from continuing and discontinued operations (cents) (note 4)		
– Diluted	26	153
– Basic	27	158
Headline earnings per share from continuing operations (cents) (note 4)		
– Diluted	72	178
– Adjusted diluted headline earnings per share excluding Middle East	212	197
– Diluted headline earnings per share contributed by Middle East	(140)	(19)
– Basic	74	185
– Adjusted basic headline earnings per share excluding Middle East	216	204
– Basic headline earnings per share contributed by Middle East	(142)	(19)

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

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Profit for the year	38	790
Items that will not be reclassified subsequently to profit or loss:		
Effects of remeasurements on retirement benefit obligations	(5)	(3)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations and realisation of reserve	(488)	226
Total comprehensive (loss)/income for the year	(455)	1 013
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(421)	975
– Non-controlling interests	(34)	38
	(455)	1 013

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
ASSETS		
Non-current assets	5 049	6 095
Property, plant and equipment	2 058	2 189
Investment property	19	–
Goodwill (note 5)	607	642
Deferred taxation assets	585	604
Investments in associate companies	8	18
Investment in joint venture	73	–
Amounts due from contract customers (note 6)	542	1 514
Other non-current assets	1 157	1 128
Current assets	8 757	9 535
Inventories	280	241
Trade and other receivables	1 167	1 490
Amounts due from contract customers (note 6)	4 914	4 965
Current taxation assets	23	26
Derivative financial instruments	2	–
Cash and cash equivalents	2 371	2 813
Assets classified as held-for-sale	397	2 335
TOTAL ASSETS	14 203	17 965
EQUITY AND LIABILITIES		
Total equity	6 605	7 264
Attributable to owners of Murray & Roberts Holdings Limited	6 541	7 201
Non-controlling interests	64	63
Non-current liabilities	665	1 117
Long-term liabilities[5]	220	650
Long-term provisions	145	187
Deferred taxation liabilities	121	179
Other non-current liabilities	179	101
Current liabilities	6 791	7 694
Amounts due to contract customers (note 6)	1 571	1 522
Accounts and other payables	4 819	5 723
Current taxation liabilities	39	60
Bank overdrafts[5]	118	76
Short-term loans[5]	244	313
Liabilities classified as held-for-sale	142	1 890
TOTAL EQUITY AND LIABILITIES	14 203	17 965

[5] Interest-bearing borrowings.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

R millions	Audited Annual 30 June 2017	Audited[6] Annual 30 June 2016
Cash generated by operations	1 055	1 089
Interest received	88	77
Interest paid	(138)	(148)
Taxation paid	(210)	(256)
Operating cash flow	795	762
Dividends paid to owners of Murray & Roberts Holdings Limited	(194)	(211)
Net cash inflow from operating activities	601	551
Acquisition of businesses	–	(22)
Dividends received from joint venture classified as held-for-sale	–	2
Dividends received from associate companies	19	18
Investment in joint venture	–	(24)
Investment in joint venture held-for-sale	(2)	–
Purchase of intangible assets other than goodwill	(24)	(62)
Purchase of property, plant and equipment by entities classified as held-for-sale	(53)	–
Purchase of property, plant and equipment	(264)	(338)
– Replacements	(116)	(99)
– Additions	(395)	(332)
– Capitalised finance leases raised (non-cash)	247	93
Proceeds on disposal of property, plant and equipment	45	160
Net (outflow)/inflow on disposal of business	(323)	15
Proceeds on disposal of intangible assets other than goodwill	7	–
Proceeds of disposal of assets held-for-sale	37	–
Cash related to assets held-for-sale	259	(257)
Proceeds from realisation of investment	170	54
Other (net)	2	(3)
Net cash outflow from investing activities	(127)	(457)
Net movement in borrowings	(661)	(467)
Net acquisition of treasury shares	(41)	(78)
Net cash outflow from financing activities	(702)	(545)
Total decrease in net cash and cash equivalents	(228)	(451)
Net cash and cash equivalents at beginning of year	2 737	2 847
Effect of foreign exchange rates	(256)	341
Net cash and cash equivalents at end of year	2 253	2 737
Net cash and cash equivalents comprises:		
Cash and cash equivalents	2 371	2 813
Bank overdrafts	(118)	(76)
Net cash and cash equivalents at end of year	2 253	2 737

[6] In the 2016 financial year the non-cash element of capitalised finance leases was in error included under investing cash flows as purchase of property, plant and equipment (R93 million). Therefore the 2016 cash flow has been restated with the resulting impact being that the cash outflow from financing activities increased by R93 million and the cash outflow from investing activities decreased by R93 million.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 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 2015 (Audited)	2 586	1 343	2 569	6 498	25	6 523
Total comprehensive income for the year	–	224	751	975	38	1 013
Treasury shares acquired (net)	(34)	–	–	(34)	–	(34)
Recognition of share-based payment	–	17	–	17	–	17
Utilisation of share-based payment reserve	–	(44)	–	(44)	–	(44)
Transfer to retained earnings	–	(2)	2	–	–	–
Dividends declared and paid[7]	–	–	(4)	(4)	–	(4)
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	(207)	(207)	–	(207)
Balance at 30 June 2016 (Audited)	2 552	1 538	3 111	7 201	63	7 264
Total comprehensive (loss)/income for the year	–	(469)	48	(421)	(35)	(456)
Treasury shares disposed (net)	14	–	–	14	–	14
Recognition of share-based payment	–	33	–	33	–	33
Realisation of minority interest reserve	–	(24)	(12)	(36)	36	–
Utilisation of share-based payment reserve	–	(55)	–	(55)	–	(55)
Transfer to retained earnings	–	(26)	26	–	–	–
Dividends declared and paid[7]	–	–	(8)	(8)	–	(8)
Dividends declared and paid to owners of Murray & Roberts Holdings Limited	–	–	(187)	(187)	–	(187)
Balance at 30 June 2017 (Audited)	2 566	997	2 978	6 541	64	6 605

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

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

for the year ended 30 June 2017

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Revenue[8]		
Bombela & Middle East	729	1 872
Power & Water	5 908	4 276
Underground Mining	8 046	8 788
Oil & Gas	6 714	11 212
Continuing operations	21 397	26 148
Discontinued operations	3 674	4 658
	25 071	30 806
Continuing operations		
Profit/(loss) before interest and taxation[9]		
Bombela & Middle East	(149)	6
Power & Water	171	27
Underground Mining	464	506
Oil & Gas	217	525
Corporate & Properties	(216)	211
Profit before interest and taxation	487	1 275
Net interest expense	(42)	(71)
Profit before taxation	445	1 204
Discontinued operations		
Loss before interest and taxation[9]	(281)	(118)
Net interest expense	(9)	–
Loss before taxation	(290)	(118)

[8] Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R70 million (2016: R98 million).
[9] The chief operating decision maker utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

SEGMENTAL ASSETS (CONTINUING AND DISCONTINUED)

at 30 June 2017

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Bombela & Middle East[10]	2 846	5 454
Power & Water[11]	1 813	1 702
Construction Products Africa[12]	10	19
Underground Mining	3 615	3 631
Oil & Gas	2 528	2 919
Corporate & Properties[13]	412	797
	11 224	14 522
Reconciliation of segmental assets		
Total assets	14 203	17 965
Deferred taxation assets	(585)	(604)
Current taxation assets	(23)	(26)
Cash and cash equivalents	(2 371)	(2 813)
	11 224	14 522

SEGMENTAL LIABILITIES (CONTINUING AND DISCONTINUED)

at 30 June 2017

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Bombela & Middle East[10]	1 605	4 195
Power & Water[11]	1 406	1 346
Construction Products Africa[12]	–	2
Underground Mining	1 909	1 873
Oil & Gas	1 978	2 072
Corporate & Properties[13]	422	898
	7 320	10 386
Reconciliation of segmental liabilities		
Total liabilities	7 598	10 701
Deferred taxation liabilities	(121)	(179)
Current taxation liabilities	(39)	(60)
Bank overdrafts	(118)	(76)
	7 320	10 386

[10] Bombela & Middle East platform includes amounts for discontinued operations Tolcon & Southern African Infrastructure & Building businesses.
[11] Power & Water platform includes amounts for Genrec Engineering that is classified as part of discontinued operations.
[12] Construction Products Africa operating platform is classified as discontinued operations.
[13] Corporate segmental assets include the inter-segment eliminations of group loans and receivables.

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 provisional summarised consolidated financial statements for the year ended 30 June 2017 have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the minimum requirements of the International Accounting Standards ("IAS") 34, Interim Financial Reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No 71 of 2008 ("Act"). These summarised consolidated financial statements and the consolidated annual financial statements were compiled under the supervision of DF Grobler (CA)SA, Group financial director and have been audited in terms of section 29(1) of the Act and signed by the directors on 23 August 2017.

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 2016. There have been no new Standards and Interpretations applied in the current financial year.

The external auditors, Deloitte & Touche, have issued their opinion on the Group's consolidated financial statements for the year ended 30 June 2017. The audit was conducted in accordance with International Standards on Auditing. The auditor responsible for the audit is G Berry. They have issued an unmodified audit opinion on the consolidated financial statements and provisional summarised consolidated financial statements. These provisional summarised consolidated financial statements have been derived and are consistent in all material respects with the Group's consolidated financial statements. A copy of their audit report on the consolidated financial statements is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement has not been audited and reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement. 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 that report together with the accompanying financial information from the issuer's registered office.

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

2. PROFIT BEFORE INTEREST AND TAXATION

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Items by function		
Cost of sales	(19 552)	(23 199)
Distribution and marketing expenses	(11)	(9)
Administration costs	(2 104)	(2 461)
Other operating income	757	796

3. LOSS FROM DISCONTINUED OPERATIONS

Discontinued operations includes the Southern African Infrastructure & Building businesses that were sold during the current financial year and Genrec operations, where an active process is in place to sell the business. 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	Audited Annual 30 June 2017	Audited[4] Annual 30 June 2016
Revenue	3 674	4 658
Loss before interest, depreciation and amortisation	(279)	(8)
Depreciation and amortisation	(2)	(110)
Loss before interest and taxation (note 3.2)	(281)	(118)
Net interest expense	(9)	–
Loss before taxation	(290)	(118)
Taxation credit/(expense)	37	(18)
Loss after taxation	(253)	(136)
Income from equity accounted investments[14]	–	–
Loss from discontinued operations	(253)	(136)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(253)	(136)
– Non-controlling interests	–	–
	(253)	(136)

3.2 LOSS BEFORE INTEREST AND TAXATION

Loss before interest and taxation includes the following significant items:		
(Loss)/profit on disposal of businesses (net of transaction and other costs)	(28)	6
Fair value adjustment on disposal group held-for-sale	(96)	(44)
Impairment of property, plant and equipment (net)	–	(36)
Voluntary Rebuilding Programme charge	(170)	–

3.3 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

Cash flow from operating activities	(110)	(92)
Cash flow from investing activities	(78)	(55)
Cash flow from financing activities	25	(29)
Net decrease in cash and cash equivalents	(163)	(176)

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

[14] Amount is less than R1 million.

4. RECONCILIATION OF HEADLINE EARNINGS

R millions	Audited Annual 30 June 2017	Audited[4] Annual 30 June 2016
Profit attributable to owners of Murray & Roberts Holdings Limited	48	753
Loss/(profit) on disposal of businesses (net)	28	(6)
Profit on disposal of property, plant and equipment (net)	(30)	(63)
Profit on sale of assets held-for-sale (net)	(17)	–
Impairment of assets (net)	11	49
Reversal of impairment of property, plant and equipment (net)	(1)	–
Fair value adjustment on disposal group classified as held-for-sale	96	44
Fair value adjustments and net loss on disposal of assets held-for-sale	–	26
Fair value adjustments on investment property	(7)	(5)
Fair value adjustments on investment property (equity accounted investments)	–	(13)
Realisation of foreign currency translation reserve	–	(223)
Taxation effects on adjustments	(22)	69
Headline earnings	106	631

4. RECONCILIATION OF HEADLINE EARNINGS (CONTINUED)

R millions	Audited Annual 30 June 2017	Audited[4] Annual 30 June 2016
Adjustments for discontinued operations:		
Loss from discontinued operations	253	136
(Loss)/profit on disposal of businesses (net)	(28)	6
Profit on disposal of property, plant and equipment (net)	8	57
Profit on sale of assets held-for-sale (net)	17	–
Fair value adjustment on disposal group classified as held-for-sale	(96)	(44)
Fair value adjustments on assets held-for-sale	–	(26)
Fair value adjustments on investment property	7	5
Fair value adjustments on investment property (equity accounted investments)	–	13
Impairment of property, plant and equipment (net)	–	(36)
Taxation effects on adjustments	26	(6)
Headline earnings from continuing operations	293	736

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

5. GOODWILL

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
At the beginning of the year	642	636
Additions through business combinations	–	21
Foreign exchange movements	(35)	29
Transfer to assets classified as held-for-sale	–	(44)
	607	642

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 30 June 2017, no impairment was recorded.

6. CONTRACTS-IN-PROGRESS AND CONTRACT RECEIVABLES

R millions	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	1 903	1 943
Uncertified claims and variations (recognised in terms of IAS 11: Construction Contracts)	914	2 020
Amounts receivable on contracts (net of impairment provisions)	2 343	2 241
Retentions receivable (net of impairment provisions)	296	275
	5 456	6 479
Amounts received in excess of work completed	(1 571)	(1 522)
	3 885	4 957
Disclosed as:		
Amounts due from contract customers – non-current[15]	542	1 514
Amounts due from contract customers – current	4 914	4 965
Amounts due to contract customers – current	(1 571)	(1 522)
	3 885	4 957

[15] 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	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Categories of financial instruments		
Financial assets		
Financial assets designated as fair value through profit or loss (level 3)	893	811
Loans and receivables	6 148	6 720
Available-for-sale financial assets carried at fair value (level 1)[14]	–	–
Derivative financial instruments (level 2)[16]	2	–
Financial liabilities		
Loans and payables	5 146	6 447

[14] Amount is less than R1 million.

[16] The derivative financial instruments' value has been determined by using forward looking market rates until the realisation date of the relevant financial institutions.

7.1 FINANCIAL ASSETS DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS

Investment in infrastructure service concession (level 3)[17]		
At the beginning of the year	811	709
Realisation of investment	(170)	(54)
Fair value adjustment recognised in the statement of financial performance	252	156
	893	811

[17] The fair value of the Bombela Concession Company Proprietary Limited investment is calculated using discounted cash flow models and a market discount rate of 18,5% (2016: 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 year. 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 year. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R31,2 million (2016: R34,5 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 R17,7 million (2016: R16,1 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 R191 million (2016: R159 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 (R2,4 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	Audited Annual 30 June 2017	Audited Annual 30 June 2016
Operating lease commitments	1 314	1 703
Contingent liabilities	1 943	2 734
Financial institution guarantees	5 881	8 199

8. CONTINGENT LIABILITIES (CONTINUED)

Update on the Group's claim processes

Following the settlement of the Gautrain development period claims, the Group's uncertified revenue as at the end of June 2017 reduced to R0,9 billion (2016: R2 billion). Current uncertified revenue is primarily represented by the Group's claims on projects in the Middle East, after taking into consideration a R445 million loan paid on account by a client. All claims are diligently pursued and stakeholders will be kept informed as to their progress. After a protracted legal process, the Dubai Airport claim is finally in arbitration, with an award expected in May 2018.

Grayston Pedestrian Bridge Temporary Works Collapse – Update

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

All costs incurred to date have been expensed as and when incurred. This incident is one of the retained liabilities following the disposal of the Southern African Infrastructure & Building businesses, and the direct financial impact of this incident on the Group is not expected to be material considering the comprehensive insurance cover in place. The project is expected to be completed during the latter part of the 2017 calendar year, and the date by which the Inquiry will be concluded remains uncertain.

9. BUSINESS DISPOSALS

The Group disposed of its interest in the Southern African Infrastructure & Building businesses, effective 1 April 2017, for a gross consideration of R564 million (R397 million net of transaction costs (R28 million) and purchase price adjustment (R139 million)).

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

The gross deferred consideration of R250 million mainly relates to working capital assets on contracts that have achieved practical completion as at the effective date, Grayston Pedestrian Bridge and Lonmin receivables. The amount is payable within five days of recovery, after which interest is calculated at bank deposit rates. An amount of R57 million relating to the deferred consideration has been written off to profit and loss in the 2017 financial year.

The Group has exposure on the items listed below, should further cost be incurred, which were not sufficiently provided for as at the effective date, or that are not covered by additional revenue post the effective date:

- Contracts that have achieved practical completion as at effective date;
- Grayston Pedestrian Bridge;
- Lonmin;
- Platinum Toll Highway.

Where the exposure to these items did not meet the recognition criteria for provisions, they have been included under contingent liabilities, where deemed appropriate.

Analysis of assets and liabilities, classified as assets and liabilities held-for-sale in the previous financial year, which were sold during the year.

	2017
Property, plant and equipment	(570)
Investment property	(11)
Other investments	(6)
Non-current receivables	(208)
Inventories	(5)
Trade receivables	(96)
Contracts-in-progress and contract debtors	(359)
Amounts due from contract customers	(100)
Cash and cash equivalents	(470)
Other intangible assets	(4)
Deferred taxation assets	(24)
Long-term loans	248
Provisions for obligations	61
Trade and other payables	525
Short-term loans	77
Subcontractor liabilities	314
Amounts due to contract customers	203
Net assets disposed of	(425)
Net consideration	397
Consideration received in cash and cash equivalents (proceeds (R314 million) net of transaction costs (R28 million) and purchase price adjustment (R139 million))	147
Deferred consideration recognised as an asset	250
Loss on disposal of business	(28)
Net cash outflow on disposal of business	
Consideration received in cash and cash equivalents	147
Less: Cash and cash equivalent balances disposed of	(470)
	(323)

10. DIVIDEND

In terms of the dividend policy, the Board declared a gross dividend of 45 cents per share on 23 August 2017 for the year ended 30 June 2017. The dividends will be declared out of income reserves. The dividend will be subject to dividend tax. The local dividends tax rate is 20% for South African shareholders, except where shareholders are exempt for tax purposes. The gross dividend will be 45 cents and dividend net of dividend tax will be 36 cents. The Group's income tax reference number is 9000203712.

11. RELATED PARTY TRANSACTIONS

There have been no significant changes to the nature of related party transactions since 30 June 2016 or any transactions outside the normal course of business.

12. EVENTS AFTER REPORTING PERIOD

On 29 June 2017 the board of directors of Murray & Roberts (the "Board") approved a share repurchase programme of up to R250 million through Murray & Roberts Limited, a wholly-owned subsidiary of the Company (the "Share Repurchase"). The cash position of the Company and its subsidiaries is sufficiently robust to undertake the Share Repurchase. The Share Repurchase is being undertaken as part of Murray & Roberts' broader capital allocation strategy and specifically in light of price performance in the Company's shares, which in the Board's view, continues to undervalue the Company and its prospects.

On 22 August 2017 the Group announced the conclusion of a memorandum of understanding between all parties, whereby Murray & Roberts Limited ("MRL"), a wholly owned subsidiary of the Company, will increase its effective shareholding in Bombela Concession Company (RF) (Proprietary) Limited ("BCC") by 17%, through an acquisition of shares from Bouygues Travaux Publics S.A.S ("Bouygues") and Bombardier Transportation UK Limited ("Bombardier"). The consideration payable in terms of the Transaction is R405 million. This acquisition is being undertaken as part of Murray & Roberts' broader capital allocation strategy, as the investment in BCC provides strong returns in the short to medium term, whilst the Group continue to look for potential acquisitions that would complement its three operating platforms. Post the Transaction, the investment will still be reflected at fair value through profit or loss, as the investment will still meet the requirement of IAS 28.18 with regards to venture capital organisations or similar entities, and this does not result in a change of control. The cash position of the Company and its subsidiaries is sufficiently robust to undertake the acquisition. The implementation of the transaction remains subject to approval from the Gauteng Management Agency, Competition Authorities and BCC's funders.

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Group and Company annual financial statements, which significantly affects the financial position at 30 June 2017 or the results of its operations or cash flows for the year then ended.

Bastion

Murray & Roberts Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1948/029826/06
JSE Share Code: MUR
ADR Code: MURZY
ISIN: ZAE000073441
("Murray & Roberts" or "Group" or "Company")

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SPONSOR:
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DIRECTORS:
M Sello* (Chairman) HJ Laas (Managing & Chief Executive)
DD Barber* DF Grobler R Havenstein* SP Kana*
NB Langa-Royds* AK Maditsi* E Mashilwane* XH Mkhwanazi*
DC Mc Cann* KW Spence*[1]

SECRETARY:
L Kok

[1]Australian *Independent non-executive