Murray & Roberts

INTERIM RESULTS

for the six months ended 31 December 2023

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Murray & Roberts

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

SALIENT FEATURES

Order book
R14,7 BILLION
(FY2023 H1: R16,1 billion)

Near orders
R10,2 BILLION
(FY2023 H1: R14,4 billion)

Category 1 project pipeline
R21,2 BILLION
(FY2023 H1: R20,3 billion)

FINANCIAL RESULTS

Revenue from continuing operations
R6,6 BILLION
(FY2023 H1: R5,9 billion)

Earnings before interest and tax from continuing operations
R103 MILLION
(FY2023 H1: R89 million earnings)*

Attributable loss
R95 MILLION
(FY2023 H1: R2 529 million loss)^

Diluted headline loss per share from continuing operations
16 CENTS
(FY2023 H1: 27 cents loss)*

Net debt
R247 MILLION
(FY2023 H1: R1 966 million net debt)

* *Restated for Insig Technologies, previously reported as continuing operations, now reported as discontinued operations.*
^ *After loss of control of MRPL Australia and its subsidiaries.*

www.murrob.com
clientservice@murrob.com

STAKEHOLDER REPORT – SIX MONTHS TO DECEMBER 2023#

The voluntary administration of the Group's Australian subsidiaries in December 2022, which followed the devastating impact of COVID-19 on Clough Limited ("Clough"), significantly reduced the size of the Group. Today, Murray & Roberts is an engineering and contracting services company, now focused on the Africa and Americas underground mining markets, and the renewable energy and power infrastructure markets in Sub-Saharan Africa.

The Group's mining businesses generate most of its revenue and earnings, and is diversified across the northern and southern hemispheres, trading under the Cementation brand. Cementation Americas is the market leader in the North American market and Murray & Roberts Cementation in the Southern African market.

Considering the Group's reduced earnings base, it faced a significant challenge in servicing its debt in South Africa and therefore had to agree a time-scaled deleveraging plan to settle all of its debt with a consortium of South African banks. As outlined in the SENS announcement on 8 December 2023, the Group has made meaningful progress with its deleveraging plan.

The Group is focused on growing its business from its current base and improving cash generation and profitability.

The Group acknowledges and honours the memory of the 20 people who lost their lives in the tragic bus accident on the R572 road in Limpopo in September last year, seventeen of whom were Murray & Roberts Cementation employees. We again offer our deepest condolences to the families of those who lost their lives and those who were injured and impacted by this terrible accident.

Update on implementation of the Group's deleveraging plan

The Group is pleased to report that it has thus far achieved all milestones as per the deleveraging plan to settle its debt with the consortium of South African banks:

- As of 30 June 2023, the Group's South African debt was circa R1 billion (down from circa R2 billion), post the sale of the Group's 50% shareholding in the Bombela Concession Company in April 2023.
- Towards the end of the 2023 calendar year, the Group's South African debt was further reduced to circa R770 million (down from the circa R1 billion), following agreement of new commercial terms on one of the Group's largest mining projects in South Africa, the sale of a non-strategic investment in Aarden Solar and other smaller initiatives.
- Cementation Canada has renewed its banking facilities agreement with a Canadian bank, which provides for Cementation Canada to pay dividends to Murray & Roberts in support of the deleveraging initiatives. Following a dividend in January 2024, the Group's South African debt was further reduced to circa R400 million.

The final milestone in the deleveraging plan is to refinance its remaining debt with a consortium of South African banks. As agreed with the current South African banks, the objective is to conclude the debt refinancing process in South Africa by June 2024.

After the refinancing, the Group's banking facilities in South Africa will once again be aligned with the Group's local business capacity.

Implementing a sustainable capital structure

Considering the changes to the Group's businesses during the past two years, the Group is pleased to report that it has made meaningful progress towards implementing a sustainable capital structure, which apart from the refinancing of the Group's current debt, included a thorough cost review, necessitated several cost rationalisation and restructuring decisions:

- The Group's organisational structure has been rationalised and will no longer be structured around 'business platforms' but around four operating companies, rendering all platform CEO and CFO roles as redundant.
- As a result, the Mining platform CEO and CFO, Mike da Costa and Trevor Naidoo respectively, departed from the Group at the end of February 2024. Mike and Trevor were sincerely thanked for their years of service and individual contributions to the Group.
- Steve Harrison, CEO of the Power, Industrial & Water ("PIW") platform, has been appointed as managing director ("MD") of OptiPower, the only operating company to emerge from the former PIW platform.
- The Group consists of the following four operating companies and respective MDs:
  - OptiPower – Steve Harrison (*focused on Sub-Saharan Africa*)
  - Murray & Roberts Cementation – Japie du Plessis (*focused on Africa*)
  - Cementation Americas – Eric Smith (*focused on the Americas*)
  - TNT Inc. – Stephen Kou (*focused on the Americas*)
- The MDs of the four operating companies have been appointed to the Murray & Roberts Limited Board, reporting to Henry Laas as Group chief executive, who has agreed with the Murray & Roberts Board to extend his tenure as Group chief executive to August 2025.
- As part of various cost reduction initiatives, headcount and office space at the Group's corporate office in Johannesburg will be reduced by circa 40% respectively.

The Group is committed to concluding the implementation of a sustainable capital structure and new financing arrangements during the 2024 calendar year, thereby creating a leaner and more agile Group that will be well positioned to pursue opportunities for growth, most likely through its international mining business.

FINANCIAL REPORT

Financial Results

Revenue and earnings before interest and tax for continuing operations increased to R6,6 billion (FY2023 H1: R5,9 billion*) and R103 million (FY2023 H1: R89 million*) respectively. The Group recorded a reduced diluted continuing headline loss per share of 16 cents (FY2023 H1: 27 cents*).

The Group reduced its attributable loss to R95 million (FY2023 H1: R2 529 million loss). The FY2023 H1 loss included the losses incurred by Clough and through the deconsolidation of Murray & Roberts Pty Ltd ("MRPL"), Clough and RUC Cementation Mining ("RUC"). Net asset value per share is R4 (FY2023 H1: R5).

The Group reported a net debt position of R247 million (FY2023 H1: R1 966 million), which marks a significant improvement over the prior period. The Group's debt has reduced by approximately R1,3 billion through the implementation of its deleveraging plan initiatives.

Interest for the reporting period decreased to R75 million (FY2023 H1: R134 million*) and the tax charge was R81 million (FY2023 H1: R65 million*). Interest is expected to not exceed circa R100 million per annum, as from the new financial year. The tax charge is disproportionately high, as a deferred tax asset could not be raised against interest and corporate costs incurred in South Africa. However, the causes of the high tax charge are being addressed.

Dividend

The board of directors of the Company considers a dividend on an annual basis, post year end. Considering the Group's financial position, a dividend will not be declared for FY2024.

ORDER BOOK, NEAR ORDERS AND PROJECT PIPELINE

The Group reported an order book of R14,7 billion (FY2023 H1: R16,1 billion). The Mining businesses represent R13,5 billion of the Group's total order book, and OptiPower R1,2 billion. Mining holds R9,5 billion and OptiPower R0,7 billion in near orders respectively, presenting good prospects for the Group's order book.

		Pipeline			
R billions	Order book	Near orders	Category 1	Category 2	Category 3
Mining	13,5	9,5	16,6	47,3	35,5
OptiPower	1,2	0,7	4,6	3,8	8,8
31 December 2023	**14,7**	**10,2**	**21,2**	**51,1**	**44,3**
30 June 2023	**15,4**	**9,1**	**28,9**	**77,8**	**52,3**
31 December 2022	**16,1**	**14,4**	**20,3**	**101,0**	**47,0**

- **Near orders**: Preferred bidder status and final award is subject to financial/commercial close – more than a 95% chance that these orders will be secured
- **Category 1**: Tenders submitted or under preparation (excluding near orders) – projects developed by clients to the stage where firm bids are being invited – reasonable chance to secure, function of (1) final client approval and (2) bid win probability
- **Category 2**: Budgets, feasibility studies and prequalifications – project planning underway, not at a stage yet where projects are ready for tender
- **Category 3**: Leads and opportunities which are being tracked and are expected to come to market in the next 36 months – identified opportunities that are likely to be implemented, but still in prefeasibility stage

OPERATIONAL REPORT

Mining

The Group's Mining brands in Africa and the Americas are highly regarded, and the mining businesses have trusted client relationships, reputations for excellence, quality order books and strong project pipelines.

	Africa		The Americas		Other		Total	
R millions	**2023**	2022	**2023**	2022*	**2023**	2022	**2023**	2022*
Revenue	**2 010**	1 952	**3 654**	3 477	**–**	–	**5 664**	5 429
Operating profit/(loss)	**49**	48	**159**	201	**(27)**	(68)	**181**	181
Margin (%)	**2%**	2%	**4%**	6%	**–**	–	**3%**	3%
Order Book	**7 062**	8 214	**6 406**	5 891	**–**	–	**13 468**	14 105
LTIFR (fatalities)	**2,11(0)**	0,73(0)	**0,73(0)**	0,65(0)	**–**	–	**1,75(0)**	0,74(1)

Revenue increased to R5,7 billion (FY2023 H1: R5,4 billion*) and operating profit was maintained at R181 million (FY2023 H1: R181 million*). The order book reduced marginally to R13,5 billion (FY2023 H1: R14,1 billion) and near orders reduced to R9,5 billion (FY2023 H1: R14,2 billion). Category 1 opportunities amounted to R16,6 billion (FY2023 H1: R11,3 billion). Planned mining revenue for FY2024 is 92% secured by orders.

As a leading player in the North American mining industry, Cementation Americas, through its group of subsidiaries, has a proven track record of safe, successful and profitable project delivery. The financial results for Cementation Americas is lower when compared to the prior period, primarily due to two high-margin contracts now complete. Cementation Canada recorded a much-improved result in the first six months for the financial year and TNT, notwithstanding a small loss for the first six months of the year, also recorded an improved performance. Prospects for TNT are improving as it continues to build its order book.

Cementation Africa is recognised as a leading engineering and contracting company. The business experienced a difficult first six-month period and recorded results in line with the corresponding prior period. The impact of the new commercial terms agreed at one of the Group's largest mining projects in South Africa during the period under review, is only expected to benefit the business' financial results in FY2024 H2. The Arnot project had a negative impact on the business, due to the client's business rescue proceedings and related court actions underway. All other projects are performing in line with expectation.

The global mining industry is expected to grow over the next five years, notwithstanding currently depressed commodity prices, with increased investment into minerals and metals required for energy transition. The Mining business is expected to return strong earnings in the near term, mainly because of forecast growth in the Americas.

OptiPower

	Power & Industrial		Water		Solar, Transmission & Distribution		Other		Total	
R millions	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue	**95**	124	**2**	2	**797**	336	**–**	–	**894**	462
Operating profit/(loss)	**11**	34	**(3)**	(4)	**41**	11	**(43)**	(78)	**6**	(37)
Margin (%)	**12%**	27%	**(150%)**	(200%)	**5%**	3%	**–**	–	**1%**	(8%)
Order Book	**127**	53	**17**	–	**1 040**	1 912	**–**	–	**1 184**	1 965
LTIFR (fatalities)									**0,77(0)**	0,0(0)

This business provides project services mainly to the renewable energy and power infrastructure market sectors in Sub-Saharan Africa. Africa's renewable energy deployment has grown significantly in the last decade and the solar PV segment is expected to dominate the solar energy market in South Africa in the near term.

Revenue increased to R894 million (FY2023 H1: R462 million) and the business recorded a marginal operating profit of R6 million (FY2023 H1: loss R37 million). Targeted projects from the Renewable Independent Power Producer Programme reached financial close late in FY2023, limiting revenue in the period under review. Project performance is generally in line with expectations and planned revenue for FY2024 is 92% secured by orders. Revenue during the second six-month period is expected to be under pressure due to the ongoing delay in award of targeted projects and the Group expects that the business will be marginally profitable for the full year.

The order book decreased to R1,2 billion (FY2023 H1: R2,0 billion), but near orders increased to R0,7 billion (FY2023 H1: R0,2 billion). Category 1 opportunities amounted to R4,6 billion (FY2023 H1: R9,0 billion).

South Africa's constrained transmission and distribution infrastructure requires urgent investment to support additional generation capacity coming online. OptiPower is one of a select group of contractors certified to build high voltage overhead lines and it is well positioned to secure work as soon as Eskom increases its investment in these sectors.

Discontinued Operations
Middle East Operations

	Australia		Middle East		Other		Total	
R millions	**2023**	2022*	**2023**	2022	**2023**	2022	**2023**	2022*
Revenue	**–**	11 905	**–**	–	**94**	–	**94**	11 905
Operating (loss)/profit	**(34)**	(2 259)	**(26)**	(10)	**19**	(25)	**(41)**	(2 294)

Cost incurred for the period under review was R26 million (FY2023 H1: loss R10 million) for managing potential contingent liabilities.

Shareholders are referred to the SENS announcement published on 31 August 2022 regarding the agreement reached for the sale of the Group's two main operating companies in the Middle East. The longstop date for the proposed transaction has been extended to March 2024 and the Group is planning to achieve an exit from the Middle East by June 2024.

As previously communicated, upon exiting the Middle East a negative foreign currency translation reserve ("FCTR") of circa R486 million (based on the exchange rate as at 31 December 2023) will be accounted for as part of discontinued operations. This FCTR adjustment is a non-cash item and will not impact the Group's net asset value.

Other discontinued operations costs
Legal and other costs relating to the administration of the Group's companies in Australia, amounting to R34 million, were recorded in the reporting period. This cost was partly offset by a R22 million provision release relating to other discontinued operations.

UPDATE ON THE GROUP'S CLAIMS PROCESSES
The Group's uncertified revenue decreased to R340 million (FY2023 H1: R375 million).

HEALTH AND SAFETY
The Group implements projects in high-risk environments and aspires to deliver projects with Zero Harm to its people, communities, and the environment.

The Group recorded a lost-time injury frequency rate of 1.52 (FY2023 H1: 0.49). The deterioration in the rate is due to a marginal increase in the number of incidents recorded during the period, but mostly due to a significant reduction in hours worked due to the exclusion of hours previously recorded for Clough and RUC.

FOCUSED ON THE FUTURE
The Group's Mining business has been the main contributor to Group earnings for the last decade. This business features excellent assets, retains its position as a leading mining services provider in Africa and the Americas and is expected to continue to sustainably deliver meaningful earnings into the future. Following the loss of RUC as part of the voluntary administration of the Group's companies in Australia in December 2022, it remains the Group's intention to capacitate Cementation APAC to service the Asia-Pacific mining region, post completion of the refinancing of its debt in South Africa.

South Africa's constrained energy, transmission and distribution infrastructure requires urgent investment to support additional capacity, which presents longer-term prospects for OptiPower.

The Group is focused on implementing a sustainable and stable capital structure and to establish new facilities with financial institutions to support its business in South Africa – these initiatives are all progressing well. It is committed to creating shareholder value from the current low base and to ensure that Murray & Roberts excels as an engineering and contracting services provider to the global underground mining market and its chosen market sectors in Southern Africa.

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

On behalf of the directors:

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

Bedfordview
6 March 2024

REGISTERED OFFICE:
The Interchange,
22 Skeen Boulevard,
Bedfordview 2007
PO Box 1000
Bedfordview 2008

REGISTRAR:
JSE Investor Services Proprietary Limited
One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196
PO Box 4844
Johannesburg 2000

SPONSOR
The Standard Bank of South Africa Limited

website: www.murrob.com
e-mail: clientservice@murrob.com

MURRAY & ROBERTS HOLDINGS LIMITED
Registration No. 1948/029826/06

DIRECTORS:
SP Kana** (Chairman) HJ Laas (Managing & Chief Executive)
DF Grobler JA Boggenpoel** R Havenstein**
AK Maditsi** A Muller** CD Raphiri**

SECRETARY:
R Davies

***Independent non-executive*
#The operating performance information disclosed has been extracted from the Group's operational reporting systems. The Corporate & Properties segment has been excluded from the operational narrative. Unless otherwise noted, all comparisons are to the Group's performance as at and for the six months ended 31 December 2023.

DISCLAIMER

This announcement includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group's strategy; the economic outlook for the industry; and the Group's liquidity and capital resources and expenditure. These forward-looking statements speak only as of the date of this announcement and are not based on historical facts, but rather reflect the Group's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "should", "planned", "may", "potential" or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this announcement or to reflect the occurrence of any unexpected events. Neither the content of the Group's website, nor any website accessible by hyperlinks on the Group's website is incorporated in, or forms part of, this announcement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the six months ended 31 December 2023

R millions	6 months ended 31 December 2023	Restated 6 months ended 31 December 2022*	Annual 30 June 2023
Continuing operations			
Revenue (note 2)	6 558	5 892	12 460
Profit before interest, depreciation and amortisation	289	276	451
Depreciation	(174)	(175)	(337)
Amortisation of intangible assets	(12)	(12)	(23)
Profit before interest and taxation (note 3)	103	89	91
Interest expense	(90)	(138)	(281)
Interest income	15	4	14
Profit/(loss) before taxation	28	(45)	(176)
Taxation expense	(81)	(65)	(106)
Loss after taxation from continuing operations	(53)	(110)	(282)
Loss from discontinued operations (note 4.1)	(41)	(2 423)	(2 897)
Loss for the period	(94)	(2 533)	(3 179)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(95)	(2 529)	(3 181)
– Non-controlling interests	1	(4)	2
	(94)	(2 533)	(3 179)
Loss per share from continuing and discontinued operations (cents)			
– Diluted	(23)	(627)	(789)
– Basic	(23)	(627)	(789)
Loss per share from continuing operations (cents)			
– Diluted	(13)	(26)	(71)
– Basic	(13)	(26)	(71)

Refer to note 6 for the reconciliation of weighted average number of shares and note 7 for headline loss per share.

** Restated for liquidation of Insig. Refer to note 4 for further details.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2023

R millions	6 months ended 31 December 2023	Restated 6 months ended 31 December 2022*	Annual 30 June 2023
Loss for the period	(94)	(2 533)	(3 179)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(65)	309	576
Translation of foreign entities reclassified through profit or loss on derecognition (note 4.1)	–	(1 248)	(1 250)
Total comprehensive loss for the period	(159)	(3 472)	(3 853)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(160)	(3 467)	(3 854)
– Non-controlling interests	1	(5)	1
	(159)	(3 472)	(3 853)

** Restated for liquidation of Insig. Refer to note 4 for further details.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

R millions	31 December 2023	31 December 2022	Annual 30 June 2023
ASSETS			
Non-current assets	2 369	2 143	2 419
Property, plant and equipment	1 561	1 351	1 572
Goodwill (note 8)	432	415	442
Deferred taxation assets	79	84	93
Investments in associate companies	–	2	–
Other non-current assets (note 10)	297	291	312
Current assets	4 516	5 808	4 903
Inventories	171	267	240
Trade and other receivables	238	584	398
Amounts due from contract customers (note 9)	2 931	2 915	2 965
Taxation assets	33	31	36
Investment at fair value through profit or loss (note 11.1)	–	1 329	–
Cash and cash equivalents (note 17)	1 143	682	1 264
Assets classified as held for sale (note 4.3)	1 042	983	1 065
TOTAL ASSETS	7 927	8 934	8 387
EQUITY AND LIABILITIES			
Total equity	1 654	2 204	1 841
Attributable to owners of Murray & Roberts Holdings Limited	1 651	2 166	1 808
Non-controlling interests	3	38	33
Non-current liabilities	654	818	1 080
Long-term liabilities[1]	382	605	706
Long-term provisions	6	12	8
Deferred taxation liabilities	144	88	147
Other non-current liabilities	122	113	219
Current liabilities	4 614	5 031	4 485
Amounts due to contract customers (note 9)	886	696	702
Trade and other payables	2 684	2 259	2 931
Taxation liabilities	36	33	25
Bank overdrafts[1] (note 17)	606	300	479
Short-term liabilities[1]	402	1 743	348
Liabilities classified as held for sale (note 4.3)	1 005	881	981
TOTAL EQUITY AND LIABILITIES	7 927	8 934	8 387

[1] *Interest-bearing borrowings.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2023

R millions	6 months ended 31 December 2023	Restated 6 months ended 31 December 2022*	Annual 30 June 2023
Cash generated/(utilised) by operations	319	(105)	538
Interest received	15	4	19
Interest paid	(90)	(168)	(317)
Taxation paid	(79)	(133)	(186)
Taxation refund	25	3	58
Operating cash flow	190	(399)	112
Dividends paid to non-controlling interests	(31)	(8)	(19)
Net cash inflow/(outflow) from operating activities	159	(407)	93
Purchase of intangible assets other than goodwill	(4)	(1)	(6)
Purchase of property, plant and equipment	(102)	(410)	(652)
– Replacements	(54)	(158)	(136)
– Additions	(147)	(443)	(767)
– Acquisition of assets by means of a lease (non-cash)	99	191	251
Proceeds on disposal of property, plant and equipment	49	8	43
Proceeds on disposal of Aarden Solar	73	–	–
Proceeds on disposal of intangible assets other than goodwill	–	11	17
Proceeds on disposal of investment in BCC (net of transaction costs)	–	–	1 217
Payment for acquisition of subsidiaries, net of cash acquired	–	(6)	(6)
Dividends received from the Bombela Concession Company	–	130	255
Cash and cash equivalents in deconsolidated subsidiaries	–	(1 297)	(1 298)
Proceeds on disposal of assets held for sale	–	45	127
Other	1	–	(1)
Net cash inflow/(outflow) from investing activities	17	(1 520)	(304)
Disposal of treasury shares	–	51	59
Acquisition of treasury shares	(1)	(67)	(67)
Net movement in borrowings	(355)	1 531	56
– Loans raised	–	2 006	1 981
– Loans repaid	(333)	(373)	(1 800)
– Leases repaid	(22)	(102)	(125)
Net movement in bank overdraft*	123	(1 080)	(904)
– Overdraft drawdowns	599	810	1 303
– Overdraft repayments	(476)	(1 890)	(2 207)
Net cash (outflow)/inflow from financing activities	(233)	435	(856)
Total decrease in net cash and cash equivalents	(57)	(1 492)	(1 067)
Net cash and cash equivalents at beginning of period	1 273	2 123	2 123
Effect of foreign exchange rates	(35)	65	217
Net cash and cash equivalents at end of period^	1 181	696	1 273
^ Cash and cash equivalents balance comprises:			
– Cash	*1 143*	*682*	*1 264*
– Reclassification to held for sale	*45*	*14*	*12*
*– Overdraft**	*(7)*	*–*	*(3)*

** In the prior year, the Group reassessed the classification of bank overdrafts as a component of cash and cash equivalents which resulted in the restatement of the Consolidated Statement of Cash Flows. Please refer to note 17 for further information.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2023

R millions	Stated capital	Other reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 1 July 2022	2 686	1 658	1 318	5 662	51	5 713
Total comprehensive loss for the period	–	(938)	(2 529)	(3 467)	(5)	(3 472)
Treasury shares acquired	(67)	–	–	(67)	–	(67)
Treasury shares disposed	51	–	–	51	–	51
Recognition of share-based payment	–	(13)	–	(13)	–	(13)
Utilisation of share-based payment reserve	16	(16)	–	–	–	–
Dividends declared and paid	–	–	–	–	(8)	(8)
Balance at 31 December 2022	2 686	691	(1 211)	2 166	38	2 204
Total comprehensive income/(loss) for the period	–	265	(652)	(387)	6	(381)
Treasury shares disposed	8	–	–	8	–	8
Recognition of share-based payment	–	21	–	21	–	21
Utilisation of share-based payment reserve	1	(1)	–	–	–	–
Dividends declared and paid	–	–	–	–	(11)	(11)
Balance at 1 July 2023	2 695	976	(1 863)	1 808	33	1 841
Total comprehensive (loss)/income for the period	–	(65)	(95)	(160)	1	(159)
Treasury shares acquired	(1)	–	–	(1)	–	(1)
Recognition of share-based payment	–	4	–	4	–	4
Utilisation of share-based payment reserve	21	(21)	–	–	–	–
Dividends declared and paid	–	–	–	–	(31)	(31)
Balance at 31 December 2023	2 715	894	(1 958)	1 651	3	1 654

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

for the six months ended 31 December 2023

R millions	6 months ended 31 December 2023	Restated 6 months ended 31 December 2022*	Annual 30 June 2023
Revenue[2]			
Bombela	–	–	–
Power, Industrial & Water	894	462	1 331
– Construction contracts	894	337	881
– Sale of goods	–	125	450
Mining	5 664	5 429	11 126
– Construction contracts	5 528	5 328	10 834
– Rendering of services	128	101	292
– Other	8	–	–
Corporate & Properties	–	1	3
– Properties	–	1	3
Continuing operations	6 558	5 892	12 460
Middle East	–	–	–
Mining Australia	–	2 047	2 070
– Construction contracts	–	2 040	2 040
– Other	–	7	30
Clough	–	9 858	9 858
– Construction contracts	–	9 245	9 245
– Other	–	613	613
Other	94	–	36
– Construction contracts	94	–	36
Discontinued operations	94	11 905	11 964
Continuing operations			
Profit/(loss) before interest and taxation[3]			
Bombela	–	17	30
Power, Industrial & Water	6	(37)	(47)
Mining	181	181	313
Corporate & Properties	(84)	(72)	(205)
Profit before interest and taxation	103	89	91
Interest expense	(90)	(138)	(281)
Interest income	15	4	14
Profit/(loss) before taxation	28	(45)	(176)
Taxation	(81)	(65)	(106)
Loss from continuing operations	(53)	(110)	(282)
Discontinued operations			
(Loss)/profit before interest and taxation[3]			
Middle East	(26)	(10)	(198)
Clough	–	(1 266)	45
Mining Australia	–	115	(1 266)
Other	19	(25)	(56)
Loss before interest and taxation	(7)	(1 186)	(1 475)
Interest expense	–	(33)	(37)
Interest income	–	5	10
Loss before taxation	(7)	(1 214)	(1 502)
Taxation expense	–	(101)	(83)
Loss from discontinued operations	(7)	(1 315)	(1 585)
Loss on loss of control of MRPL Group and Insig (note 4)	–	(1 108)	(1 157)
Derecognition of net asset value	–	(2 356)	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	–	1 248	1 250
Related costs of voluntary administration (note 4)	(34)	–	(155)
Loss from discontinued operations per the statement of financial performance	(41)	(2 423)	(2 897)

[2] Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is Rnil million (HY2023: R86 million).
[3] The chief operating decision makers, being the Group Executives, utilise profit/(loss) before interest and taxation in the assessment of a segment's performance.
** Restated for liquidation of Insig. Refer to note 4 for further details.*

CONDENSED SEGMENTAL ASSETS (CONTINUING & DISCONTINUED)

as at 31 December 2023

R millions	6 months to 31 December 2023	Restated 6 months to 31 December 2022*	Annual 30 June 2023
Bombela	–	1 330	–
Power, Industrial & Water	644	715	793
Mining	4 806	4 620	4 967
Corporate & Properties[4]	118	173	113
Continuing operations	5 568	6 838	5 873
Discontinued operations[5]	1 104	1 299	1 121
	6 672	8 137	6 994
Reconciliation of segmental assets			
Total assets	7 927	8 934	8 387
Deferred taxation assets	(79)	(84)	(93)
Current taxation assets	(33)	(31)	(36)
Cash and cash equivalents	(1 143)	(682)	(1 264)
	6 672	8 137	6 994

CONDENSED SEGMENTAL LIABILITIES (CONTINUING & DISCONTINUED)

as at 31 December 2023

R millions	6 months to 31 December 2023	Restated 6 months to 31 December 2022*	Annual 30 June 2023
Bombela	–	180	–
Power, Industrial & Water	625	629	713
Mining	3 188	2 325	3 235
Corporate & Properties[4]	531	1 043	740
Continuing operations	4 344	4 177	4 688
Discontinued operations[5]	1 143	1 251	1 207
	5 487	5 428	5 895
Reconciliation of segmental liabilities			
Total liabilities	6 273	5 849	6 546
Deferred taxation liabilities	(144)	(88)	(147)
Current taxation liabilities	(36)	(33)	(25)
Bank overdrafts	(606)	(300)	(479)
	5 487	5 428	5 895

[4] Corporate segmental assets and liabilities include the inter-segment eliminations of group balances and transactions.
[5] Discontinued operations include the MRPL Group and Insig, Middle East Operations as well as retained assets and liabilities, following the sale of Genrec Operations and the Southern African Infrastructure & Building businesses.

NOTES

1. BASIS OF PREPARATION

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

The condensed consolidated interim financial statements for the period ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standard IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The condensed consolidated interim financial statements were compiled under the supervision of DF Grobler CA(SA), Group financial director.

The accounting policies applied in the preparation of these results are in accordance with International Financial Reporting Standards ("IFRS") and are consistent in all material respects with those applied in the audited consolidated financial statements for the year ended 30 June 2023. IFRS 17 (Insurance Contracts) has been implemented in the current financial year and had no material impact on the Group.

The independent auditor's review has been conducted in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor, PricewaterhouseCoopers Inc. Their review report includes an emphasis of matter paragraph in respect of the matter disclosed in note 18, and an unmodified review conclusion, and is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's review report does not report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial statements from the registered office.

The information presented in the condensed consolidated interim financial statements represents reviewed results for the six-month period ended 31 December 2023. The comparative information presented in respect of the year ended 30 June 2023, has been derived from the audited consolidated annual financial statements for the year then ended, and in respect of the six-months ended 31 December 2022, has been derived from the reviewed condensed consolidated interim financial statements for the period then ended. Comparative information has been restated for discontinued operations where required (refer to note 4 for further details). A copy of the auditor's report, together with the audited consolidated annual financial statements for the year ended 30 June 2023, is available for inspection at the registered office.

2. REVENUE

2.1 REVENUE IN TERMS OF TYPE OF GOOD OR SERVICE FOR THE GROUP'S CONTINUING OPERATIONS HAS BEEN RECOGNISED AS FOLLOWS:

R millions	31 December 2023	31 December 2022*	30 June 2023
Construction contracts (over time)	**6 422**	5 672	11 715
Sale of goods (point in time)	**8**	125	450
Rendering of services (over time)	**128**	94	292
Properties (over time)	**–**	1	3
	6 558	5 892	12 460

Revenue is recognised at a point in time for the sale of goods and over time for all other categories of revenue.

2.2 REVENUE IN TERMS OF GEOGRAPHIC REGION FOR THE GROUP'S CONTINUING OPERATIONS HAS BEEN RECOGNISED AS FOLLOWS:

R millions	31 December 2023	31 December 2022*	30 June 2023
South Africa	**2 822**	2 255	5 129
Rest of Africa	**82**	161	227
Australasia & South East Asia	**3**	18	23
North America & other	**3 651**	3 458	7 081
	6 558	5 892	12 460

Refer to the Condensed Consolidated Segmental Analysis for revenue disaggregation per platform.

** Restated for liquidation of Insig. Refer to note 4 for further details.*

3. PROFIT BEFORE INTEREST AND TAXATION

R millions	31 December 2023	31 December 2022*	30 June 2023
Items by function			
Revenue	**6 558**	5 892	12 460
Cost of sales	**(5 875)**	(5 292)	(11 163)
Distribution and marketing costs	**(7)**	(9)	(22)
Administration costs	**(605)**	(578)	(1 406)
Other operating income	**32**	76	222
Profit before interest and taxation	**103**	89	91

Depreciation of R150 million is included in cost of sales and R24 million in administration costs. Amortisation of R10 million is included in cost of sales and R2 million in administration costs. Expected credit losses of R40 million is included in administration costs.

** Restated for liquidation of Insig. Refer to note 4 for further details.*

4. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The discontinued operations comprise the Middle East Operations, the Southern Africa Infrastructure & Buildings Platform and Genrec.

MIDDLE EAST OPERATIONS

The Middle East Operations were classified as a discontinued operation in the 2020 financial year as a result of being abandoned, as defined in terms of IFRS 5. By 30 June 2021, the discussions to dispose of the Middle East Operations had progressed to an advanced stage of negotiations and as a result thereof these companies met the criteria, in terms of IFRS 5, to be classified as a disposal group held for sale. The sale and purchase agreement to dispose of the operations was subsequently executed on 30 August 2021. At 31 December 2023, the sale and purchase transaction had not concluded, as it is pending conclusion of ongoing litigation and regulatory approval. The long stop date has therefore been extended to 15 March 2024. The Middle East Operations continue to meet the criteria to be classified as a disposal group held for sale in terms of IFRS 5, even though the one-year period has been exceeded as the delay in sale is due to circumstances beyond the Group's control.

In relation to the Al Mafraq Hospital project in Abu Dhabi, the claim made and summons issued by a UAE-based bank ("the bank") for AED150 million against Murray & Roberts Limited on the strength of a Parent Company Guarantee continues in the High Court of South Africa. In addition to lodging its notice of intention to defend itself against the claim and summons, Murray & Roberts Limited has joined the client in Abu Dhabi in the case, which according to legal advisors and counsel, strengthens Murray & Roberts Limited's position. The legal process in South Africa is expected to be protracted and will take several years to conclude.

Included in the current year loss from discontinued operations are operating costs of R26 million incurred mainly on legal fees.

MRPL GROUP AND INSIG

In the prior year, the MRPL Group and Insig were operations that were discontinued and have been deconsolidated from the Murray & Roberts Group. These discontinued operations comprise Mining Australia (RUC Cementation Mining Group ("RUC") and Insig Technologies ("Insig")), the Energy, Resources & Infrastructure Platform (Clough Limited Group ("Clough")), Murray & Roberts Pty Limited ("MRPL"), together referred to as "MRPL Group and Insig".

Insig, which formed part of Mining Australia (RUC and Insig), went into liquidation on 16 June 2023 and reported under discontinued operations from the start of the comparative period for the Consolidated Statement of Financial Performance and the Consolidated Statement of Cash Flows up to 16 June 2023 respectively in the annual financial statements for the year ended 30 June 2023. As a result, the Condensed Consolidated Statement of Financial Performance and the Cash Flows from discontinued operations for the six months ended 31 December 2022 were restated to report Insig under discontinued operations.

In the prior financial year, the loss of control of the MRPL Group and Insig resulted in a loss of R2,4 billion on deconsolidation of the net asset value and a reclassification of foreign currency translation reserve ("FCTR") profit of R1,2 billion. This has been disclosed as a Loss on loss of control of MRPL Group and Insig of R1,2 billion below. The operating losses, disclosed as "Loss from discontinued operations" of R1,6 billion includes a Clough trading loss of R1,3 billion and a RUC and Insig trading profit of R45 million. Related costs as a result of the voluntary administration are a further expense attributable to discontinued operations of R34 million (FY2023: R155 million).

SOUTHERN AFRICA INFRASTRUCTURE & BUILDINGS PLATFORM AND GENREC

During the 2017 financial year, the Group disposed of its South African construction businesses held within the Southern Africa Infrastructure & Buildings Platform and Genrec. These businesses formed a separate major line of business that was disposed of and constituted a discontinued operation in terms of IFRS 5. As part of the disposal, certain assets and liabilities of the business, relating to ongoing litigation matters were retained in the Group. These items continue to be reported under discontinued operations until the matters are closed out.

4. DISCONTINUED OPERATIONS, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

4.1 RESULTS FROM DISCONTINUED OPERATIONS

R millions	31 December 2023	31 December 2022*	30 June 2023
Revenue	94	11 905	11 964
Loss before interest, depreciation and amortisation	(7)	(818)	(1 104)
Depreciation	–	(341)	(344)
Amortisation of intangible assets	–	(27)	(27)
Loss before interest and taxation	(7)	(1 186)	(1 475)
Interest expense	–	(33)	(37)
Interest income	–	5	10
Loss before taxation	(7)	(1 214)	(1 502)
Taxation	–	(101)	(83)
Loss after taxation	(7)	(1 315)	(1 585)
Loss from equity accounted investments	–	–	–
Loss from discontinued operations	(7)	(1 315)	(1 585)
Loss on loss of control of MRPL Group and Insig	–	(1 108)	(1 157)
Derecognition of net asset value	–	(2 356)	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	–	1 248	1 250
Related costs of voluntary administration	(34)	–	(155)
Loss from discontinued operations per the statement of financial performance	(41)	(2 423)	(2 897)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	(41)	(2 423)	(2 897)
– Non-controlling interests	–	–	–
	(41)	(2 423)	(2 897)

4.2 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

R millions	31 December 2023	31 December 2022*	30 June 2023
Cash flow from operating activities	(40)	(151)	(359)
Cash flow from investing activities	–	(1 562)	(1 554)
Cash flow from financing activities	–	(230)	381
Net decrease in cash and cash equivalents	(40)	(1 483)	(1 532)

4.3 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE:

The assets and liabilities classified as held for sale below relate mainly to the Middle East Operations as well as Cementation Africa where property, plant and equipment has been classified as held for sale after meeting the requirements of IFRS 5.

R millions	31 December 2023	31 December 2022	30 June 2023
Major classes of assets comprising the assets held for sale			
Property, plant and equipment	41	82	68
Other receivables	5	4	6
Amounts due from contract customers	951	883	979
Cash and cash equivalents	45	14	12
	1 042	983	1 065

R millions	31 December 2023	31 December 2022	30 June 2023
Major classes of liabilities comprising the liabilities held for sale			
Trade and other payables	169	123	155
Subcontractor liabilities	8	6	8
Short-term borrowings	828	752	818
	1 005	881	981

** Restated for liquidation of Insig.*

5. DISPOSAL OF AARDEN SOLAR

The Group, through its wholly owned subsidiary Murray & Roberts Ltd ("MRL"), entered into a Sale of Business Agreement with Main Road Centurion 30311 (Pty) Ltd ("the Acquirer"), in terms of which MRL will dispose of its 80% interest in Aarden Solar, a joint operation. Aarden Solar required further investment to support its growth trajectory, which the Acquirer will provide. As a wholesale business, Aarden Solar is not strategic to Murray & Roberts. The transaction consideration is R73 million and will be applied to MRL's working capital requirements.

On 22 August 2023, the disposal of the investment in Aarden Solar became effective resulting in the derecognition of the assets and liabilities in the current financial period.

The Aarden Solar operation formed a part of the Power, Industrial & Water ("PIW") reportable segment. The operation did not meet the criteria to be classified as a discontinued operation as the Aarden Solar business did not represent a separate major line of business, nor did it represent a major geographical area of operation.

In the Group accounts, Aarden Solar financial information has been derecognised with effect from 22 August 2023. The purchase price of the investment in Aarden Solar per the sale agreement amounted to R73 million. The net asset value of Aarden Solar amounted to R69 million. Consequently, resulting in a profit of R4 million recognised in the Condensed Consolidated Statement of Financial Performance for the period ended 31 December 2023.

R millions	Total
Non-current assets	
Property, plant and equipment	1
Total	1
Current assets	
Inventories	73
Trade and other receivables	33
Total	106
Total assets	107
Current liabilities	
Amounts due to contract customers	38
Total	38
Total liabilities	38
Net assets	69
Consideration received	73
Profit on disposal of Aarden Solar	4

6. WEIGHTED AVERAGE NUMBER OF SHARES

	31 December 2023	31 December 2022	30 June 2023
Number of ordinary shares in issue ('000)	444 736	444 736	444 736
Reconciliation of weighted average number of shares in issue ('000)			
Weighted average number of ordinary shares in issue	444 736	444 736	444 736
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(24 910)	(25 198)	(25 055)
Less: Weighted average number of shares held by the share incentive schemes	(14 240)	(16 481)	(16 566)
Weighted average number of shares in issue used in the determination of basic per share figures	405 586	403 057	403 115
Add: Dilutive adjustment	1 358	647	5 299
Weighted average number of shares in issue used in the determination of diluted per share figures	406 944	403 704	408 414

7. HEADLINE LOSS

R millions	31 December 2023	31 December 2022*	30 June 2023
Loss attributable to owners of Murray & Roberts Holdings Limited	(95)	(2 529)	(3 181)
Profit on disposal of property, plant and equipment	(12)	(5)	(17)
Profit on disposal of Aarden Solar	(4)	–	–
Impairment of associate	–	–	2
Impairment of property, plant and equipment	–	–	10
Impairment of goodwill	–	126	126
Compensation income from insurance	–	–	(2)
Loss on loss of control of subsidiaries	–	2 356	2 407
Translation of foreign entities reclassified through profit or loss on derecognition	–	(1 248)	(1 250)
Taxation effects on adjustments	4	1	–
Headline loss	(107)	(1 299)	(1 905)
Adjustments for discontinued operations:			
Loss from discontinued operations	41	2 423	2 897
Profit on disposal of property, plant and equipment	–	4	5
Impairment of goodwill	–	(126)	(126)
Loss on loss of control of subsidiaries	–	(2 356)	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	–	1 248	1 250
Taxation effects on adjustments	–	(1)	(2)
Headline loss from continuing operations	(66)	(107)	(288)
Headline loss per share from continuing and discontinued operations (cents)			
– Diluted	(26)	(322)	(473)
– Basic	(26)	(322)	(473)
Headline loss per share from continuing operations (cents)			
– Diluted	(16)	(27)	(71)
– Basic	(16)	(27)	(71)

** Restated for liquidation of Insig. Refer to note 4 for further details.*

8. GOODWILL

R millions	31 December 2023	31 December 2022	30 June 2023
Goodwill	461	415	471
Accumulated impairment losses	(29)	–	(29)
	432	415	442
At beginning of period	442	1 372	1 372
Acquisition of businesses^	–	5	5
Loss of control of subsidiaries*	–	(859)	(868)
Foreign exchange movements	(10)	23	59
Impairment	–	(126)	(126)
	432	415	442

^ Acquisition of business relates to the acquisition of Turan which was subsequently disposed of as part of the MRPL voluntary administration.
** The loss of control of subsidiaries relates to the Group placing MRPL into voluntary administration and the liquidation of Insig. Refer to note 4 for further details.*

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. No goodwill has been impaired in the current period.

9. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

R millions	31 December 2023	31 December 2022	30 June 2023
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	808	889	989
Uncertified claims and variations	340	375	445
Amounts receivable on contracts (net of impairment provisions)	1 419	1 407	1 338
Retentions receivable (net of impairment provisions)	364	244	193
	2 931	2 915	2 965
Amounts received in excess of work completed ^	(886)	(696)	(702)
	2 045	2 219	2 263
Disclosed as:			
Amounts due from contract customers	2 931	2 915	2 965
Amounts due to contract customers	(886)	(696)	(702)
	2 045	2 219	2 263

^The Group uses legal experts, engineers and quantity surveyors to assess and apply probabilities when necessary in determining the amounts to be recognised relating to underclaims, uncertified revenue and contract debtors. The recoverability of amounts recognised are considered highly probable and where amounts are not considered to be highly probable, such amounts are impaired. The assessment of recoverability and impairment of the amounts due from contract customers has been performed. The impairments recognised in the current year were not significant. The Group remains confident that revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

10. OTHER NON-CURRENT ASSETS

R millions	31 December 2023	31 December 2022	30 June 2023
Other non-current assets comprise the following:			
Intangible assets excluding goodwill	295	289	311
Other investments	2	2	1
	297	291	312

11. FINANCIAL INSTRUMENTS

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

The fair value of the Group's financial instruments approximate their carrying values as at 31 December 2023.

R millions	31 December 2023	31 December 2022	30 June 2023
Categories of financial instruments			
Financial assets			
Financial assets at fair value through profit or loss (level 3)	–	1 329	–
Financial assets measured at amortised cost	3 071	2 818	2 981
Financial assets measured at amortised cost – held for sale	997	897	992
Financial liabilities			
Financial liabilities measured at amortised cost	3 624	3 973	4 047
Financial liabilities measured at amortised cost – held for sale	1 005	881	981

11.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

R millions	31 December 2023	31 December 2022	30 June 2023
At beginning of period	–	1 442	1 442
Realisation of investment	–	(130)	(255)
Fair value adjustment recognised in the statement of financial performance	–	17	30
Disposal of investment[6]	–	–	(1 217)
	–	1 329	–

[6] *The Group completed the transaction relating to the disposal of its investment in the Bombela Concession Company ("BCC") on 3 April 2023.*

12. CONTINGENT LIABILITIES

As a contracting Group, Murray & Roberts is in the ordinary course of its business involved in various disputes, a number of which arise when operations and projects are closed out and finalised. Depending on the merits, disputes can translate into claims and legal proceedings, which Murray & Roberts always rigorously defends. Where Murray & Roberts, in consultation with its legal advisors and counsel, believes the claims are predicated on weak and/or spurious grounds, and Murray & Roberts has sound and strong defences, no provision is made for any such claim, and they are aggregated and disclosed as contingent liabilities. In relation to contingent liabilities, the reduction noted is due to a resolution of certain claims. 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. 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 (R1,6 billion).

R millions	31 December 2023	31 December 2022	30 June 2023
Contingent liabilities	2 806	2 615	3 005
Financial institution guarantees given to third parties[$]	2 363	3 234	2 522

[$] *Until the airport claim in the Middle East is resolved, which is now 15 years post delivery of the project, through existence of a Parent Company Guarantee, the Group has a potential contingent liability for any adverse determination against the Group by a Tribunal. No such tribunal has been established and it is the Group's expectation that the matter should be resolved in its favour. No amount is included above due to the unlikelihood of any such claim and no tribunal being established to determine any such amount.*

13. DIVIDEND

The board of directors of the Company ("Board") considers a dividend on an annual basis, post year end. Considering the Group's current liquidity constraints, a dividend will not be declared this year.

14. COVENANTS

The Group has covenants in Cementation Canada Inc. and its South African operations.

The deconsolidation of MRPL, Clough and RUC had an impact on covenant triggers and cash flows for the twelve-month measurement period ended 31 December 2023. As a result, the South African Group would have been in breach of covenants in place for the term loan with the South African lender consortium as at 31 December 2023. A covenant measurement waiver was therefore obtained for the measurement period of 31 December 2023. It was also agreed that the covenants would be renegotiated, considering the current Group structure.

The covenants for each of these respective entities have been reflected in the table below:

Facility	SA Lenders – SA Group	Toronto Dominion Bank Facility – Cementation Canada Inc.
Covenant Trigger and Proximity to being breached	1) Interest Cover: Requirement – equals or exceeds 3.20x; Actual – 1.26x 2) Debt to EBITDA: Requirement – does not exceed 3.25x; Actual – 4.98x 3) Overdraft Facility Headroom: Requirement – equals or exceeds R50 million on a six–month forward looking basis; Actual – Six month forecast indicate headroom equals or exceeds R50 million 4) Unprovided for Capital Expenditure: Requirement – does not exceed R10 million; Actual – R0 million 5) Guarantor Threshold Test: (i) Requirement – Aggregate EBITDA and Revenue the Obligors (excl. MRUK) greater than 90% of the aggregated EBITDA and Revenue of SA Group; Actual – 99% (ii)Requirement – Gross assets of the Obligors (excl. MRUK) greater than 85% of aggregated gross assets of the SA Group; Actual – 99% A covenant measurement waiver was obtained for the measurement period of 31 December 2023.	1) Current Ratio: Requirement – equals or exceeds 1.25:1; Actual – 1.67:1 2) Debt Service Coverage Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.33:1 3) Total Funded Debt/ EBITDA Ratio: Requirement – does not exceed 2.5:1; Actual – 0.98:1 4) Concentration of EBITDA and fixed assets in Obligors: Requirement – minimum of 100%; Actual – 102% 5) Capital Expenditures: Requirement – maximum of CAD40 million; Actual – CAD27,6 million 6) Investments: Requirement – maximum of CAD15 million; Actual – CAD13,3 million 7) Acquisitions: Requirement – maximum of CAD25 million; Actual – CADnil Sufficient headroom deemed available for all debt covenants reflected above.

The Board reviews the Group's debt usage and considers the risk thereof. The Group is subject to externally imposed capital requirements in the form of financial covenants which are actively managed by the Board.

15. SUPPLEMENTARY INFORMATION

	31 December 2023	31 December 2022	30 June 2023
Net asset value per share (Rands)	4	5	4
Dividends per share (cents)	–	–	–

16. RELATED PARTY TRANSACTIONS

There have been no significant changes to the nature of related party transactions since 30 June 2023 or any transactions outside the normal course of business.

17. PRIOR PERIOD RESTATEMENT

In the prior year, the Group reassessed the classification of bank overdrafts as a component of cash and cash equivalents and identified that a portion of the bank overdraft did not fluctuate in the current and prior financial year from being overdrawn to a positive balance. It has therefore been concluded that the bank overdraft no longer formed an integral part of the Group's cash management, and instead represents a form of financing and the related cash flow movements should be presented as cash flows from financing activities.

The errors noted above resulted in the Condensed Consolidated Statement of Cash Flows being restated as per below:

Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2022

R millions	Previously reported	Adjustment	Restated
Cash flows from operating activities	(407)	–	(407)
Cash flows from investing activities	(1 520)	–	(1 520)
Cash flows from financing activities	1 515	(1 080)	435
Net Acquisition of treasury shares	(16)	–	(16)
Net movement in borrowings	1 531	–	1 531
Net movement in bank overdraft	–	(1 080)	(1 080)
– Overdraft drawdowns	–	810	810
– Overdraft repayments	–	(1 890)	(1 890)
Total decrease in net cash and cash equivalents	(412)	(1 080)	(1 492)
Net cash and cash equivalents at beginning of year	743	1 380	2 123
Effect of exchange rates	65	–	65
Net cash and cash equivalents at end of year^	396	300	696
^ Cash and cash equivalents balance comprises:			
– Cash	682	–	682
– Reclassification to held for sale	14	–	14
– Overdraft	(300)	300	–

18. GOING CONCERN

DEVELOPMENTS IN THE BUSINESS

The voluntary administration of the Group's companies in Australia in December 2022, which followed the devastating impact of COVID-19 on Clough Limited, left the Group as a much smaller business. Today, Murray & Roberts is an engineering and contracting services company to the Africa and Americas underground mining markets, and to the renewable energy and power infrastructure markets in Sub-Saharan Africa.

Cementation Africa and Americas

The Group's mining business generates most of its revenue and earnings, and is diversified across the northern and southern hemispheres, trading under the Cementation brand. Cementation Americas is one of the market leaders in the North American market and Murray & Roberts Cementation in the Southern African market.

Power, Industrial & Water ("PIW")

During the financial period ended 31 December 2023, the PIW business experienced more favourable market conditions, returning to profitability and its order book is reflective of opportunities in the renewable energy and transmission market sectors.

Middle East Operations

In relation to the Al Mafraq Hospital project in Abu Dhabi, delivered by a joint operation in which Murray & Roberts Contractors (Abu Dhabi) LLC (MRCAD) is a 30% member, the Review Application lodged with the Court of Cassation was unsuccessful and based on new evidence that had come to light, a review application was lodged with the Court. That application has failed, and the Sale and Purchase Agreement for the sale of MRCAD remains on foot on this basis.

The claim made and summons issued by a UAE-based bank ("the bank") for AED150 million against Murray & Roberts Limited on the strength of a Parent Company Guarantee continues in the High Court of South Africa. In addition to lodging its notice of intention to defend itself against the claim and summons, Murray & Roberts Limited has joined the client in Abu Dhabi in the case, which according to legal advisers and counsel, strengthens Murray & Roberts Limited's position. The legal process in South Africa is expected to be protracted and will take several years to conclude.

OVERDRAFT AND TERM DEBT FACILITIES

The Group concluded a debt refinancing and restructuring process with four South African banks in November 2022 resulting in an overdraft facility of R0,65 billion and a term loan of R1,35 billion totalling a combined facility of R2 billion.

As at 30 June 2023, R0,35 billion of the term loan facility was outstanding, after utilising R1 billion of the proceeds arising from the sale of the Group's 50% shareholding in the Bombela Concession Company in April 2023.

In the six months ended 31 December 2023, the term loan facility was reduced to R0,12 billion utilising cash received following the agreement of new commercial terms on one of the Group's mining projects in South Africa and the sale of a non-strategic investment in Aarden Solar.

Following a dividend received in January 2024 from the Group's international mining subsidiaries, the term loan was fully repaid, and the overdraft facility reduced to circa R400 million. Cementation Americas renewed its banking facilities resulting in obtaining a CAD35 million amortising term facility, which provided for the payment of dividends to Murray & Roberts Limited, in support of the deleveraging initiatives.

The final milestone in the deleveraging plan is to refinance the remaining South African debt held with the current consortium of South African banks. The refinancing process has commenced and is expected to conclude by June 2024.

A covenant measurement waiver was obtained for the twelve-month measurement period ended 31 December 2023, as the deconsolidation of MRPL, Clough and RUC negatively impacted the Group's ability to meet the covenants that were agreed with the four South African banks for its South African operations. If financial covenants were assessed for the twelve-month measurement period ended 31 December 2023, covenants would not have been met. It was also agreed with the banks that the covenants would be renegotiated, considering the current Group structure. Based on the covenant waiver obtained, the Group did not breach its covenants at 31 December 2023.

The Group performed a going concern assessment for half year reporting purposes, taking the above developments into consideration.

CASH FLOW FORECASTS

The Group is dependent on the utilisation of the overdraft facility to meet its liquidity requirements. Cash flow forecasts for each of the remaining businesses to the end of the 2025 financial year have been prepared and subsequently stress-tested for key judgements and assumptions relating to forecast revenue and project margins, the secured and unsecured order book and the timing of cash flows. Based on these cash flow forecasts, the Group has considered the following in assessing its liquidity needs and ongoing working capital requirements, its ability to repay the overdraft facility, and its ability to continue as a going concern:

- Overdraft Facility: The South African Group requires a second dividend payment from its international mining subsidiaries prior to June 2024, which will further bolster the liquidity position of the South African operations. Based on forecasts, these international mining subsidiaries are expected to generate sufficient cash inflows to be able to declare the dividend and repay the instalments of the renewed term facility in Canada. The final milestone of the deleveraging plan is to refinance the remaining South African debt held with the four South African lenders. The refinancing process has commenced, and as per agreement with the South African lenders, is to be concluded with settlement of the current outstanding overdraft facility by no later than 30 June 2024.
- Banking Facilities: As at 31 December 2023, the Group had the following facilities in place:
  - Direct banking facilities in South Africa in place of R1,2 billion, with R0,2 billion of unutilised facilities available.
  - Direct foreign banking facilities in place of R1,4 billion with R1,0 billion of unutilised facilities available.
  - Indirect local banking facilities in place of R2,1 billion with R0,4 billion of unutilised facilities available. Currently, the four South African lending banks are only permitting drawdowns against the overdraft facilities. However, the remaining facilities which are currently fully drawn are not available for utilisation as they reduce, and the Group is exploring alternative facility providers.
  - Indirect foreign banking facilities in place of R1,1 billion with R0,4 billion of unutilised facilities available. Some of these facilities have limited availability for Group-wide use due to dividend distribution and intra-group limitations
- Order Book: The Group has a healthy secured order book which includes high-profile, multi-year projects.
- Outstanding Claims: There are several unresolved and long outstanding claims, some of which are expected to be settled within the next 12 months.
- Working Capital Management: The Group is constantly reviewing working capital utilisation on projects and seeking ways to improve working capital management, which include the conversion of certain contracts to new, less onerous commercial arrangements.
- Deleveraging Plan: The Group is working closely with the South African lenders to meet their deleveraging expectations and is assisted by Deloitte as financial advisors in this regard, establishing a sustainable capital structure and associated cost reduction. In conjunction with the dividend receipt from its international mining subsidiaries, as well as the South African debt refinancing process underway, the Group is in the process of implementing the following changes in line with the deleveraging plan:
  - Rationalisation of the Group's organisational structure;
  - Reduction of the headcount at the Group corporate office;
  - Reduction in IT expenditure and;
  - Reduction of the floor space utilised by the South African operations

CONCLUSION

The Group is confident that it would be able to implement the actions outlined above, for it to realise its assets and discharge its liabilities in the normal course of business. As at the date of the financial statements, should these actions not achieve the desired outcome, especially as it relates to the inflow of sufficient dividends from its international mining subsidiaries to bolster liquidity, or the inability to secure refinancing to facilitate the repayment of the remaining South African debt, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. As a result, these conditions give rise to a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

19. EVENTS AFTER REPORTING DATE

Subsequent to period end, the Board approved the restructuring plan in establishing a sustainable capital structure and associated cost reduction. The Group's organisational structure has been rationalised and will no longer be structured around 'business platforms' but around four operating companies:

- OptiPower (Sub-Saharan Africa)
- Murray & Roberts Cementation (predominantly Africa)
- Cementation Americas (predominantly The Americas)
- TNT Inc. (predominantly The Americas)

The above restructure and corporate cost reduction initiatives resulted in retrenchments which were communicated in February 2024. The retrenchment obligation is expected to be circa R15 million. This is deemed to be a non-adjusting event as the plan was approved post period end.

The directors are not aware of any other matter or circumstance, other than noted above, arising since the end of the financial period not otherwise dealt with in the Group interim results which significantly affects the financial position as at 31 December 2023 or the results of its operations or cash flows for the period then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period in the normal course of business and did not have a material impact on the current financial period results.

Engineered Excellence demands that we strive for **excellence** in everything that we do. This requires deliberate planning, measurement and control to drive continuous improvement towards our aim of being a **contractor of choice** in our markets.

Murray & Roberts

(Incorporated in the Republic of South Africa)
Registration number: 1948/029826/06
JSE Share Code: MUR
ISIN: ZAE000073441

www.murrob.com

clientservice@murrob.com