



03

**BUSINESS
PLATFORM
REVIEWS**

“

THE ORGANISATIONAL
STRUCTURE WE ADOPTED
TO SUPPORT OUR
STRATEGY IS FOUR
SPECIALIST CLIENT-CENTRIC
BUSINESS PLATFORMS
FOCUSED ON THEIR CHOSEN
NATURAL RESOURCES
MARKET SECTORS.”



40	GROUP OPERATIONS
42	OIL & GAS
46	UNDERGROUND MINING
50	POWER & WATER
54	INFRASTRUCTURE & BUILDING

GROUP OPERATIONS

OIL & GAS

pg 42 //



AFRICA | AUSTRALASIA | SOUTHEAST ASIA | NORTH AMERICA | SCOTLAND

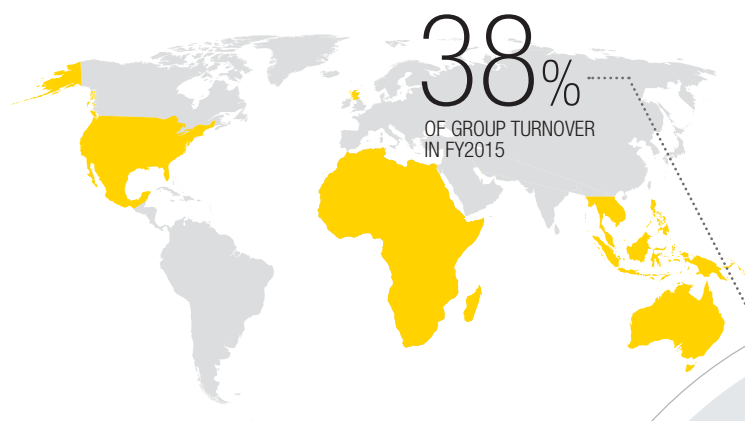
BUSINESSES

BOOTH WELSH

CH-IV

CLOUGH

CMR MARINE

e₂O

UNDERGROUND MINING

pg 46 //



AFRICA | AMERICAS | AUSTRALASIA

BUSINESSES

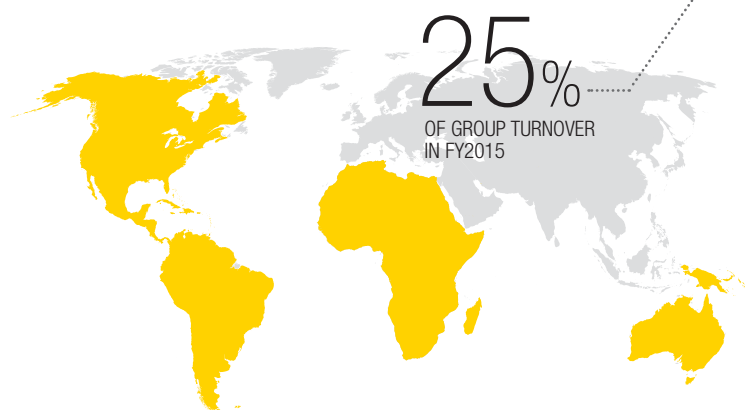
CEMENTATION CANADA

CEMENTATION SUDAMÉRICA

CEMENTATION USA

MURRAY & ROBERTS CEMENTATION

RUC CEMENTATION MINING





pg 50 //

POWER & WATER

AFRICA

14%

OF GROUP TURNOVER
IN FY2015

BUSINESSES

AQUAMARINE

GENREC ENGINEERING

MURRAY & ROBERTS POWER & ENERGY

MURRAY & ROBERTS WATER



pg 54 //

AFRICA | MIDDLE EAST

INFRASTRUCTURE & BUILDING

23%

OF GROUP TURNOVER
IN FY2015

BUSINESSES

MURRAY & ROBERTS CONCESSIONS

MURRAY & ROBERTS CONSTRUCTION

CONCOR OPENCAST MINING

MURRAY & ROBERTS BOTSWANA

MURRAY & ROBERTS BUILDINGS

MURRAY & ROBERTS DEVELOPMENTS
(NEWLY FORMED)

MURRAY & ROBERTS INFRASTRUCTURE

MURRAY & ROBERTS NAMIBIA

MURRAY & ROBERTS PLANT

MURRAY & ROBERTS WESTERN CAPE

MURRAY & ROBERTS MIDDLE EAST



OIL & GAS

GLOBAL POPULATION GROWTH AND URBANISATION WILL CONTINUE TO DRIVE DEMAND FOR ENERGY, PARTICULARLY CLEANER-BURNING LNG.”

OVERVIEW

The platform operates from offices in Australia, South Africa, Scotland and the USA and comprises the following businesses: Clough (Perth-based), e₂o (Adelaide-based), CMR Marine (Cape Town-based), Booth Welsh (Ayrshire-based) and CH-IV (Hanover, Maryland-based). The platform was restructured to create alignment and integration with the other Group business platforms, improve operational efficiency and better position it to secure future work. It now comprises three primary divisions: Oil & Gas EPC, Oil & Gas Commissioning and Brownfields, and Infrastructure & Marine.

FY2015 was a dramatic year for the oil and gas market, with oil prices falling some 50% over the period. This accelerated the anticipated slowdown in the Australian oil and gas market, bringing to an end four years of favourable conditions. The falling oil price had an immediate impact on the platform's core business as clients moved to reduce project scope, renegotiate contract prices and defer longer-term investment decisions, both in Australia and internationally.

The USA LNG export market remains strong, with a large number of applications for export licences from domestic producers. Canada, Tanzania and Mozambique should present favourable longer-term opportunities given that these reserves are largely untapped. In Asia, Indonesia represents one of the largest import terminal opportunities in the medium term as it moves to become a LNG importer. In Australia, the brownfields market is expected to grow substantially over the lifespan of existing LNG infrastructure. The Australian government has also announced plans to increase spending to support the economy in a declining resources market, creating opportunities in complementary infrastructure sectors.

KEVIN GALLAGHER

Business platform CEO

FINANCIAL

Revenues decreased to R11,8 billion (FY14: R17,5 billion) as major LNG projects in Australia and Papua New Guinea ("PNG") either neared the end of their construction phase or curtailed capital spend. Operating profit decreased to R838 million (FY14: R1 026 million) due to lower LNG construction activity but the margin was enhanced by cost reduction initiatives and a larger contribution from commissioning work.

Major Australian LNG projects continued to contribute positively to revenue, including Chevron's Gorgon and Wheatstone projects, INPEX's Ichthys project, Santos' Gladstone project, Shell's Arrow project and the Origin and ConocoPhillips APLNG project. Work on these projects will continue through FY2016.

The commissioning business e₂o, acquired in January 2013, recorded strong growth in revenue and earnings as it continued to work on major Australian commissioning projects as the industry transitions from construction to commissioning and brownfields opportunities.

The platform's order book at year end stood at R8,4 billion (FY14: R16,7 billion). The decline in order book reflects current market conditions, particularly in Australia where major construction work on LNG projects is coming to an end, and will be mitigated through the platform's diversification strategy. The major work on LNG projects is being replaced with shorter-duration engineering and commissioning work.

LEADERSHIP

The platform's strategy seeks to mitigate against the continued commodity cycle downturn through geographic diversification of its oil and gas services into international growth markets, and market diversification into global marine markets and infrastructure markets in Australia.

Seven strategic imperatives have been identified to enable the platform to reach its objectives through to 2020:

- 01** Build project management capability and bench strength.
- 02** Implement systems and technology to enable reliable and efficient project execution.
- 03** Build a global oil and gas EPC and EPC management ("EPCM") products and services business.
- 04** Build a global oil and gas commissioning and brownfields business.
- 05** Build jetties and terminals into a global business.
- 06** Enter and develop a water, power and infrastructure business in Australia.
- 07** Sustainably reduce overhead costs.

The platform's Oil & Gas EPC and Oil & Gas Commissioning and Brownfields divisions operate globally and will develop specialised products and services for this sector. Oil & Gas EPC will focus on engineering, EPC and EPCM products and services while Oil & Gas Commissioning and Brownfields will initially focus on developing the Australian brownfields market which is expected to grow to a US\$5 billion per annum market as new LNG facilities become operational.

As part of its international diversification drive, during the year the platform acquired LNG front-end engineering and design consultants CH-IV in the USA and electrical controls and instrumentation contractor Booth Welsh in Scotland. Both companies have been successful in securing new contracts and are continuing to perform in line with expectations.

Australian water, power and infrastructure projects will be managed alongside global near shore marine projects, as part of the Infrastructure & Marine division.

	ENGINEERING		CONSTRUCTION & FABRICATION		GLOBAL MARINE*		COMMISSIONING & BROWNFIELDS		CORPORATE OVERHEADS AND OTHER		TOTAL	
R MILLIONS	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	4 679	4 794	705	7 096	2 085	2 466	3 384	2 013	953	1 111	11 806	17 480
Operating profit/(loss)	666	698	103	428	51	117	389	215	(371)	(432)	838	1 026
Margin (%)	14%	15%	15%	6%	2%	5%	11%	11%	–	–	7%	6%
Order book	4 405	7 971	–	1 014	832	2 437	3 209	5 292	–	–	8 446	16 714
Segment assets											3 675	3 710
Segment liabilities											2 808	3 649
People											2 495	4 918
LTIFR (Fatalities)											0.24(0)	0.35(1)

* With effect 1 July 2014, Marine is reported under the Oil & Gas platform under Global Marine.

OIL & GAS CONTINUED

Clough continued to strengthen its leadership team with key appointments to the executive committee. Thomas Dockray, managing director of Oil & Gas EPC, and Philip Cave, managing director of Infrastructure & Marine, joined Clough in the first half of the year, bringing decades of global contracting experience to the Group. Max Bergomi was appointed to the position of managing director, Oil & Gas Commissioning and Brownfields.

Richard Simons joined the platform as chief financial officer and executive director of Clough in June 2015, succeeding Neil Siford. Richard was previously employed at Clough as group manager for corporate finance and treasury from 2005 to 2010.

During the year the platform formally launched its Project Management Academy, with its first intake of 15 participants. The academy has been developed in partnership with Stanford University in the USA, and aims to have Clough-certified project managers recognised as the best in the industry.

The platform has also started developing a comprehensive leadership development programme, set to launch in the first half of FY2016.

RELATIONSHIP

Developing long-term relationships with clients and key strategic partners remains core to the platform's business model.

The platform leverages its existing client relationships to facilitate its entry into new geographies, given the global nature of many of its clients. Positive client relationships are maintained through the delivery of innovative programmes that add value to client operations by improving safety and productivity outcomes while reducing costs.

Long-term strategic joint ventures BAM Clough (established 1964) and Clough AMEC (established 2004), continued to deliver strong results in the jetty construction and Australian brownfields sector, while Clough Coens (established 2013) started making progress in delivering commissioning services to Korean shipyards.

The acquisition and successful integration of the e_o, Booth Welsh and CH-IV businesses was achieved through the retention and empowerment of existing leadership and strong collaboration across the business to leverage cross-selling opportunities.

No industrial action was experienced in the platform's divisions over the past year. In Australia, the platform applies a robust evaluation process when engaging subcontractors through enterprise agreements approved under the Fair Work Act 2009. For international locations, relevant local industrial frameworks are reviewed prior to commencing project and an industrial relations strategy is developed and implemented.

An employee effectiveness survey was undertaken during the year, aimed at enhancing employee engagement, attraction and retention. The outcomes revealed improvements across all metrics that enable employees to be successful in the delivery of their work.

**AUSTRALIAN
OUTSOURCED
BROWNFIELDS
SUPPORT WORK IS
SET TO BECOME A
AU\$5 BILLION
MARKET BY 2020**



OPERATIONAL

Throughout the year Clough completed major scopes of work on Australian projects, including the construction of a 420km pipeline and associated infrastructure for the Gladstone LNG project and two major marine projects: the LNG jetty and module loading facility for INPEX's Ichthys LNG project, and a mineral load-out jetty for Fortescue Metals Group, which set new benchmarks for jetty construction delivery times.

The commissioning business, e₂o, continued its strong growth trajectory, performing work for the Gorgon, Wheatstone, Ichthys, APLNG and Gladstone LNG projects. As these projects move into their operational phases, e₂o will continue to provide ongoing operational support. Following the acquisition, synergies between Clough and e₂o have been successfully realised, with e₂o revenues growing by more than 400% since the company was acquired in 2013.

The platform has merged the Murray & Roberts Marine business in Cape Town with Clough's Marine business in Perth to form Clough Murray & Roberts ("CMR") Marine. CMR Marine will provide strategic, high-value design and construction services across the marine project lifecycle to projects outside Australia and PNG. Due to its strong market leadership position, the 51-year BAM Clough joint venture will continue to provide marine design and construction services to the Australian and PNG markets. During the year, along with completing several major jetty projects, the joint venture secured jetty remediation work for Woodside's North West Shelf, providing brownfields services to a jetty it originally built for Woodside in the early 1980s.

The Clough AMEC joint venture provides brownfields services and continued to work on the ConocoPhillips Bayu-Undan contract, successfully completing a scheduled shutdown during the year, while Clough continued to provide multiple concept studies to support Chevron and Woodside's Australian brownfields operations, presenting opportunities for scope growth.

CH-IV continued to grow in line with expectations, securing significantly larger contracts than prior to the acquisition. Two owner's engineering contracts were awarded for USA LNG projects Magnolia and Freeport. These project wins are important milestones to build CH-IV into a leading owner's engineering consultant for LNG projects, and to position Clough to benefit from the significant growth predicted in this region. Clough is in the process of establishing its North American operations to pursue larger projects.

The recently acquired electrical, control and instrumentation engineering firm Booth Welsh continues to prove successful, primarily due to increased work for existing customers. Clough will continue to focus on growing this business globally, through the platform's network of global operations and strong client relationships.

RISK

The platform has maintained a strong safety performance, achieving an industry-leading LTIFR of 0.24 (FY14: 0.35). Subsequent to year end the platform achieved 200 consecutive LTI-free days.

During the year the platform implemented its MAP programme to prevent major accidents and fatalities on projects. The programme has had a significant and positive impact with no major accident events recorded during the second half of the year, and will now be implemented across all business platforms.

BAM Clough's strong safety performance on the Ichthys LNG Jetty project has been recognised through two Gold Standard Awards presented by the client, INPEX, for excellent safety performance.

Improvements are being implemented in the management of environmental obligations across all platform projects, and online registers are being introduced.

The platform regularly reviews and updates its business risk portfolio, which is focused on enterprise risks relating to the growth of key business areas that are critical to the platform's long-term success.

The ability of certain divisions within Clough, such as Commissioning & Brownfields and Marine & Infrastructure to deliver earnings in line with expectations in the current challenging market, are examples of these risks.

PROSPECTS

Global population growth and urbanisation will continue to drive demand for energy, particularly cleaner-burning LNG. However, as Australian LNG projects move from the construction phase to the operations phase, new LNG investment is likely to shift to other global locations. As a result the platform will continue to focus on global expansion of its Oil & Gas EPC services to new growth regions, particularly Asia, Africa and North America, and the Australian oil and gas commissioning and brownfields growth markets as well as other infrastructure opportunities in Australia.

The global Oil & Gas EPC division expects significant opportunities to come from CH-IV's established presence on major LNG projects in North America. There are also substantial opportunities in PNG with a planned expansion to add a third train to ExxonMobil's PNG LNG project, and with Total and Oil Search as they seek to export LNG from the Elk Antelope field.

Having worked in the greenfields phase of every major LNG project in Australia and PNG, Clough is well positioned to secure operations and maintenance work on these projects. Opportunities are being pursued with ExxonMobil, Chevron, INPEX, Santos, Woodside, Origin and ConocoPhillips, to support and improve the operations of their assets. With Australian outsourced brownfields support work set to become a AU\$5 billion market by 2020, long-term sustainable operations support work is expected through to 2040.

CMR Marine will contribute to the global expansion of the Infrastructure & Marine division, with significant opportunity to leverage Murray & Roberts' presence and reputation in Africa. BAM Clough will continue to target resources jetty opportunities in Australia, and will diversify into public ports and harbour projects in the region. Expansion into the government infrastructure sector in Australia is also a key focus for this division, with a number of near-term opportunities being pursued for major water, power and roads projects, utilising capabilities developed in recent years on oil and gas infrastructure projects.

Uncertain market conditions related to lower oil prices will reduce greenfields oil and gas investment in the short term. Although market fundamentals indicate that there may be a lengthy period of price pressure, oil prices will eventually rise, re-igniting investment by the industry. The platform's diversification strategy will mitigate reduced oil and gas project opportunities in Australia and drive longer-term sustainable growth.

A portrait of Orrie Fenn, a middle-aged man with short grey hair, wearing a dark suit, a light blue shirt, and a blue patterned tie. He is smiling and has his hands in his pockets. The background is a solid yellow color.

UNDERGROUND MINING

OUR UNDERGROUND MINING PLATFORM'S GEOGRAPHIC FOOTPRINT IS ONE OF THE LARGEST IN ITS INDUSTRY, WITH A SERVICE OFFERING THAT SPANS THE PROJECT VALUE CHAIN INCLUDING SPECIALIST ENGINEERING, SHAFT CONSTRUCTION, MINE DEVELOPMENT, RAISE DRILLING AND CONTRACT MINING."

OVERVIEW

The platform comprises the following businesses: Murray & Roberts Cementation (Johannesburg-based); Cementation Canada (North Bay-based); Cementation USA (Salt Lake City-based); Cementation Sudamérica (Santiago-based) and RUC Cementation Mining (Perth-based). Its geographic footprint is one of the largest in its industry, with a service offering that spans the project value chain including specialist engineering, shaft construction, mine development, raise drilling and contract mining.

The impact of weak commodity prices on existing and potential resources clients contributed to the Underground Mining platform's weaker performance from 2012 through to 2014. Mining companies continued to preserve capital and reduce operating costs, which limited the number of project opportunities. Mining companies' ongoing infrastructure replacement spend to sustain their operations contributed to the platform's good performance in the year, despite challenging market conditions.

ORRIE FENN

Business platform CEO

FINANCIAL

Revenues increased 15% to R7,6 billion (FY14: R6,6 billion), and operating profit increased 59% to R411 million (FY14: R258 million). The order book also showed strong growth to R16,8 billion (FY14: R9,9 billion), boosted by the award of the R4,8 billion Kalagadi Manganese contract mining project at the end of June 2015.

During the year under review, results were less impacted by loss-making projects in Murray & Roberts Cementation (South Africa), as these losses had largely been accounted for in the prior year. Murray & Roberts Cementation's Zambian operations again performed well on the back of three major projects in Zambia.

The North American operations delivered mixed results as Cementation Canada struggled to secure order book in a subdued market. Cementation USA continued to experience strong growth, reporting good results.

RUC Cementation Mining experienced difficult trading conditions, particularly in its home market, but compensated for this by successfully diversifying geographically into the Asia Pacific region.

LEADERSHIP

Key to the platform's growth strategy is a focus on early engagement with clients through upstream engineering work, and establishing long-term, annuity income opportunities through downstream contract mining work, with the emphasis on developing "life-of-mine" relationships particularly with top and mid-tier mining clients. To expand its footprint further, the platform is establishing a local presence in regions presenting suitable business opportunities.

Murray & Roberts Cementation is leveraging the capabilities of other platform businesses to enhance its competitive position in Africa. The involvement of RUC Cementation Mining when compiling tenders has proven effective, with rapid access development becoming a key part of its

service offering to achieve preferred contractor status. Murray & Roberts Cementation is also developing the systems, skills and processes necessary to become the leading trackless mechanised mining contractor in Africa.

In some regions on the continent, the business is partnering with local companies to improve its prospects. Its presence on the continent covers Southern, West and East Africa. The Zambia office is a notable example of the success of the platform's strategy to establish a local presence in target regions. In driving its African expansion, Murray & Roberts Cementation seeks to diversify its exposure into different commodity types, given its current heavy reliance on copper. The business is also focusing on securing further contract mining projects which provide a source of annuity income.

In South Africa, Murray & Roberts Cementation is focusing on improving its risk and commercial management to maintain and enhance project margins, and will leverage expertise from across platform businesses to drive this improvement.

North America has been identified as an attractive region for future growth. Cementation Canada is exploring markets outside its home base in the Ontario Province although progress in establishing a presence through its Quebec office has been slow. This model of establishing provincial bases will be applied in other provinces. Bolt-on project management or engineering-led acquisitive opportunities in the Canada and USA markets are being explored to bolster organic growth in the future.

Cementation USA is now established as one of the USA's leading mining contractors. A new services business, Cementation Above Ground ("Cementation AG"), was established in the year which provides engineering, procurement and construction services for bulk material handling systems to the mining and minerals sectors, as well as other industries. Comprised of four former principals from Roberts & Shaefer and operating out of Salt Lake City, the business was recently awarded its first conveyor system project in the power generation sector.

	AFRICA		AUSTRALASIA		THE AMERICAS		TOTAL	
R MILLIONS	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	3 770	3 111	830	699	2 965	2 818	7 565	6 628
Operating profit	117	57	61	49	233	152	411	258
Margin (%)	3%	2%	7%	7%	8%	5%	5%	4%
Order book	11 877	6 157	1 812	556	3 158	3 225	16 847	9 938
Segment assets	1 170	1 060	620	636	1 613	1 415	3 403	3 111
Segment liabilities	1 064	987	119	127	596	637	1 779	1 751
People	5 745	6 157	659	492	1 168	1 037	7 572	7 686
LTIFR (Fatalities)	2.25(2)	2.18(1)	0.0(0)	0.97(0)	1.67(1)	0.78(0)	2.00(3)	1.90(1)

UNDERGROUND MINING **CONTINUED**

In South America, progress in growing the platform's regional footprint has been slow. The platform will continue to seek opportunities by entering into strategic partnerships through its Santiago office, in collaboration with Cementation Canada.

RUC Cementation Mining continues to expand and promote its mine development service offering, driven by a new brand and market positioning strategy. In light of the sharp slowdown in raise boring work in Australia, the business is actively exploring opportunities to expand its offering into the Asia Pacific region, with projects underway in Indonesia, New Zealand and the Philippines.

Daniël Grobler was appointed as managing director of Murray & Roberts Cementation, succeeding Chris Sheppard who resigned to pursue other opportunities. Daniël was the chief financial officer of the Underground Mining platform for the past two years.

Leadership development remains a priority in line with the Group's Talent Management Framework. Talent reviews were conducted to assess the bench strength for leadership and senior management succession. Developmental plans are in place to ensure the platform's leadership is empowered to deliver on its strategic objectives.

Transformation and diversity remain key focus areas in the South African operation with the emphasis on improving its BBBEE rating from Level 4 to Level 3 in FY2016.

RELATIONSHIP

The ability to leverage the respective strengths of the platform's individual operations through ongoing collaboration provides competitive advantage. The mechanised mining skills and expertise of our Australian operations continue to be used to complement the South African operation's capabilities as and when required, with several large tenders submitted involving input from both businesses, which are awaiting adjudication.

The platform's "life-of-mine" strategy, which is to work with clients to provide a service over an extended period of time, is a key component underpinning platform performance.

Maintaining good relationships with employees can contribute significantly to project performance. Specific components of the Group-wide Employee Relations Framework were rolled out in the South African operations during the year. The framework aims to understand and address issues that inhibit performance within the operations, and issues that influence morale and organisational culture.

The shortage of engineering and technical skills in South Africa continues to be a major concern, as is the mobility of skilled staff between employers. To address this, Murray & Roberts Cementation is focusing on retention, skills development and establishing a strong succession pipeline. It also participates in the annual Deloitte Best Company to Work For Survey to understand and implement what is required to qualify as an employer of choice.

Cementation Canada has been recognised six times as one of Canada's Top 100 Employers by Mediacorp, and twice as one of The Financial Post's Ten Best Companies to Work For.

Skills development is undertaken through the platform's world-class training facility at Bentley Park, Carletonville. The facility is ISO 9001, ISO 14001 and OHSAS 18001 certified, and is accredited by the Mining Qualifications Authority to provide training in engineering, mineral extraction and occupational health and safety and to offer Adult Basic Education and Training.

OPERATIONAL

Murray & Roberts Cementation progressed its Africa strategy through its Kitwe office in Zambia, strengthening its presence in the region and providing a springboard into sub-Saharan Africa. Shaft sinking and equipping at Mopani Copper's Synclinorium and Mufulira operations progressed well, however the contract at Lubambe was ended as the client decided to pursue the owner-operator route. In South Africa, the award of the Booysendal and Kalagadi Manganese contract mining projects substantially improved Murray & Roberts Cementation's order book.

Market conditions in Australia remained tough, particularly for large-diameter raise boring work. Positive developments included a significant increase in the scope of work at the Freeport project in Indonesia, and the awards of the Saracen Minerals Karari mine development and Xstrata's Lady Loretta shaft sinking projects. In FY2014, it was reported that operations at Oyu Tolgoi in Mongolia where RUC Cementation Mining was active, were temporarily curtailed. In June 2015, Rio Tinto announced plans to proceed with the construction of the underground section of the A\$5.4 billion Oyu Tolgoi copper and gold mine, which presents a significant opportunity for the business in the year ahead.

Despite a slow market, Cementation Canada demonstrated the value of its engineering capability and project delivery track record by securing the R1.2 billion Compass Minerals Goderich shaft rehabilitation project. In addition, a major shaft sinking project for KGHM at their Victoria Mine in Sudbury was secured, the scope and commercial terms of which are being finalised. Cementation Canada continued to make inroads into the European market with engineering-led projects including Sirius Minerals' York Potash mine which in future may lead to downstream construction work opportunities. Cementation USA continued to perform well at Lundin's Eagle mine and Rio Tinto's Kennecott mine where the platform's "life-of-mine" strategy is proving successful.

As a wholly owned subsidiary following the buy-out of a minority Chilean partner, Cementation Sudamérica successfully completed two raise boring contracts in Chile, but struggled to secure further significant work. In conjunction with Cementation Canada it has established two joint ventures to enable it to bid on larger projects in the region, with Auraco-Bescalo in Chile and Stracon GyM in Peru.

**THE PLATFORM'S
"LIFE-OF-MINE"
STRATEGY IS A KEY
COMPONENT
UNDERPINNING ITS
PERFORMANCE**

RISK

Regrettably, three fatalities were recorded during the year: Brian Sikate, Brian Holmes, and Petrus Greyling, who sustained fatal injuries at the Impumelelo (South Africa), Leeville (Nevada) and Synclinorium (Zambia) projects respectively. Murray & Roberts has extended its condolences to the families of the deceased.

The platform fully subscribes to the Group's Health, Safety and Environment Framework, measuring its safety performance by focusing on both lag and lead indicators. LTIFR at year end was 2.0, a slight deterioration on the previous year's record-low of 1.9. Cementation Canada and RUC Cementation Mining achieved 14 months and 23 months respectively without a LTI. The platform seeks to address the difference in safety performance between its South African and international operations by identifying and sharing best practices across the platform.

Murray & Roberts Cementation, Cementation Canada and RUC Cementation Mining are OHSAS 18001 accredited. Murray & Roberts Cementation also maintained its ISO 9001 and 14001 accreditations during the year. Accreditation for Cementation Canada (ISO 14001), and RUC Cementation Mining (ISO 9001 and 14001) is on track for the first half of FY2016. No environmental issues were reported during the year.

Each business has its own risk register which is reviewed and updated monthly. The platform chief executive officer also reviews the platform's overall risk profile on a quarterly basis for discussion at Murray & Roberts Limited Board level. In South Africa, the lack of specialised contracting and shaft sinking skills which directly impacts the platform's ability to deliver on projects, and the ongoing threat of industrial action, are considered key risk areas.

PROSPECTS

The platform anticipates demand for commodities to increase as it believes the current low demand to be unsustainable. There is a large investment pipeline of underground projects in regions where the platform has a presence. With its global footprint, and the ability to pool and leverage its resources, the platform is well placed to win and execute work for its clients when market conditions improve. Most key commodities are represented in the current portfolio of projects and significant opportunities for organic growth will arise when mining activity picks up. A bolt-on acquisition of a North American business, which provides project management services to the mining and minerals industry, is currently under consideration.



“ POWER & WATER

THE PLATFORM IS NOW STRUCTURED AS A PROJECT EXECUTION BUSINESS IN THE POWER AND WATER SECTORS, OFFERING ENGINEERING, PROCUREMENT AND CONSTRUCTION AS WELL AS OPERATIONS AND MAINTENANCE SERVICES. THE PLATFORM'S OFFERINGS ARE SUPPORTED BY ITS EXISTING CAPABILITY, CAPACITY AND EXPERIENCE, COMPLEMENTED BY ITS STRATEGIC PARTNERSHIPS AND JOINT VENTURES.”

OVERVIEW

The Power & Water business platform, previously Energy & Industrial, underwent an extensive restructure in the final quarter of FY2015. The rationale for this restructure, considering current market conditions, was to reduce cost and business risk and strengthen its focus on engineering and project delivery in the regional power and water market sectors. The Murray & Roberts Resources & Industrial and Murray & Roberts Electrical & Control Systems businesses have been closed and projects currently under implementation will be completed in the year ahead. The capabilities of these businesses will become a complementary offering to the Power & Water business platform. The restructured platform comprises four businesses: Aquamarine, Genrec Engineering, Murray & Roberts Power & Energy and Murray & Roberts Water.

STEVE HARRISON

Business platform CEO

The platform is now structured as a project execution business in the power and water sectors, offering EPC as well as operations and maintenance services. The platform's offerings are supported by its existing capability, capacity and experience, complemented by its strategic partnerships and joint ventures.

In FY2015, the platform's operating environment was characterised by lower market activity across most sectors and delayed power and water infrastructure projects. However the outlook for power projects is improving, especially after the recent announcement of a number of renewable energy and base load projects in South Africa. Significant infrastructure spend is planned in Africa's main economies, with growing interest in public private partnerships.

The drivers in the water market include growing water scarcity and new environmental regulations. There is greater awareness among companies to reduce water consumption and address industry effluent, such as acid mine drainage. In South Africa, ageing water and waste water treatment infrastructure provides significant scope for operations and maintenance work, given the shortage of specialist skills at municipal level, and the government is exploring the potential of public private partnerships to rehabilitate water infrastructure.

FINANCIAL

A decrease in revenue to R4,2 billion (FY14: R4,8 billion) and a marginally lower order book of R6 billion (FY14: R6,2 billion) was primarily due to lower revenue from the Medupi and Kusile power projects due to phasing of work activity on these projects. The platform recorded a disappointing operating loss for the year of R134 million (FY14: profit R144 million). Profit from the power and water sectors was in line with expectations but was eroded by business development costs incurred to secure new work outside the Eskom power programme, project losses in the two closed businesses and platform restructuring costs. The power programme accounts for 87% of the platform's order book.

The platform will increase profitability and cash flow through improved operational performance and tighter financial management, including further reduction of non-operational overheads and optimisation of working capital management.

LEADERSHIP

The previous Power & Water business platform CEO and CFO left the Group towards the end of the financial year. Steve Harrison and Adrian Plantema, respectively managing director and financial director of Murray & Roberts Power & Energy, have assumed leadership responsibility for the platform, as platform chief executive and chief financial officer.

The platform's strategic focus is to establish itself as a significant player in the regional power and water markets, and it will invest in the necessary skills, capabilities and partnerships required to achieve this objective. It will seek to expand its specialist engineering capabilities and diversify into higher margin value chain segments, particularly in operations and maintenance. Marketing initiatives are being developed to increase its brand profile as an EPC and operations and maintenance contractor in the power and water sectors in Africa.

Project and commercial management excellence is being driven by enhancing EPC and project management capabilities and entrenching project, risk and commercial management practices. The restructure of the platform has refocused and strengthened its project execution capability and functional support and accountability for project success.

The platform's growth strategy is divided into two horizons. In the first two years, the focus will be to secure new work by converting identified opportunities in South Africa into orders, which for Murray & Roberts Power & Energy will come from the renewable energy and independent power producer sectors. Its experience, capacity and capability, gained through its participation in the Medupi and Kusile coal-fired power station projects in South Africa, will be a

R MILLIONS	POWER PROGRAMME ¹		ENGINEERING ²		TOTAL	
	2015	2014	2015	2014	2015	2014
Revenue	3 154	3 685	1 084	1 070	4 238	4 755
Operating profit/(loss)	189	238	(323)	(94)	(134)	144
Margin (%)	6%	6%	(30%)	(9%)	(3%)	3%
Order book	5 194	5 503	804	657	5 998	6 160
Segment assets	845	1 130	1 019	571	1 864	1 701
Segment liabilities	719	1 111	469	327	1 188	1 438
People	4 995	6 097	1 279	1 628	6 274	7 725
LTIFR (Fatalities)	0.36(0)	0.89(0)	0.40(0)	0.44(0)	0.37(0)	0.77(0)

¹ Power programme contracts and Genrec Engineering power programme contracts.

² Includes Electrical & Control Systems, Resources & Industrial, Water and Power & Energy non-power programme projects and Genrec Engineering non-power programme contracts.

POWER & WATER CONTINUED

competitive advantage to winning new work, and the business has positioned itself with chosen technology companies at the EPC level to secure some of these opportunities. The second horizon is to grow its presence into Africa over the next three to five years.

The platform remains predominantly dependent on its primary power projects, Medupi and Kusile. The renewable energy sector represents the most significant opportunity for the platform to maintain earnings beyond these projects. The platform has made good progress in growing the Murray & Roberts brand in East and West Africa, and continues to pursue opportunities for its water business.

During the year a niche water technology company, Aquamarine, was acquired to facilitate the platform's entry into the equipment and technology supply and operations and maintenance segments of the water value chain. The Aquamarine technology enables modular containerised water filtration treatment solutions. Murray & Roberts' current capability, combined with Aquamarine's equipment design, supply, operations and maintenance skills, will provide the opportunity to access large water treatment project opportunities across the African continent. The development of a technology centre for water and wastewater treatment and desalination is aimed at establishing the platform as a regional leader in the water sector.

Genrec Engineering is facing very challenging market conditions in South Africa and is working on penetrating the Southern and West African markets by leveraging its existing steel fabrication capabilities in new markets and by expanding its product line. The business is focused on improving its direct marketing and business development capabilities, differentiation through value-added services and establishing strategic supply partnerships.

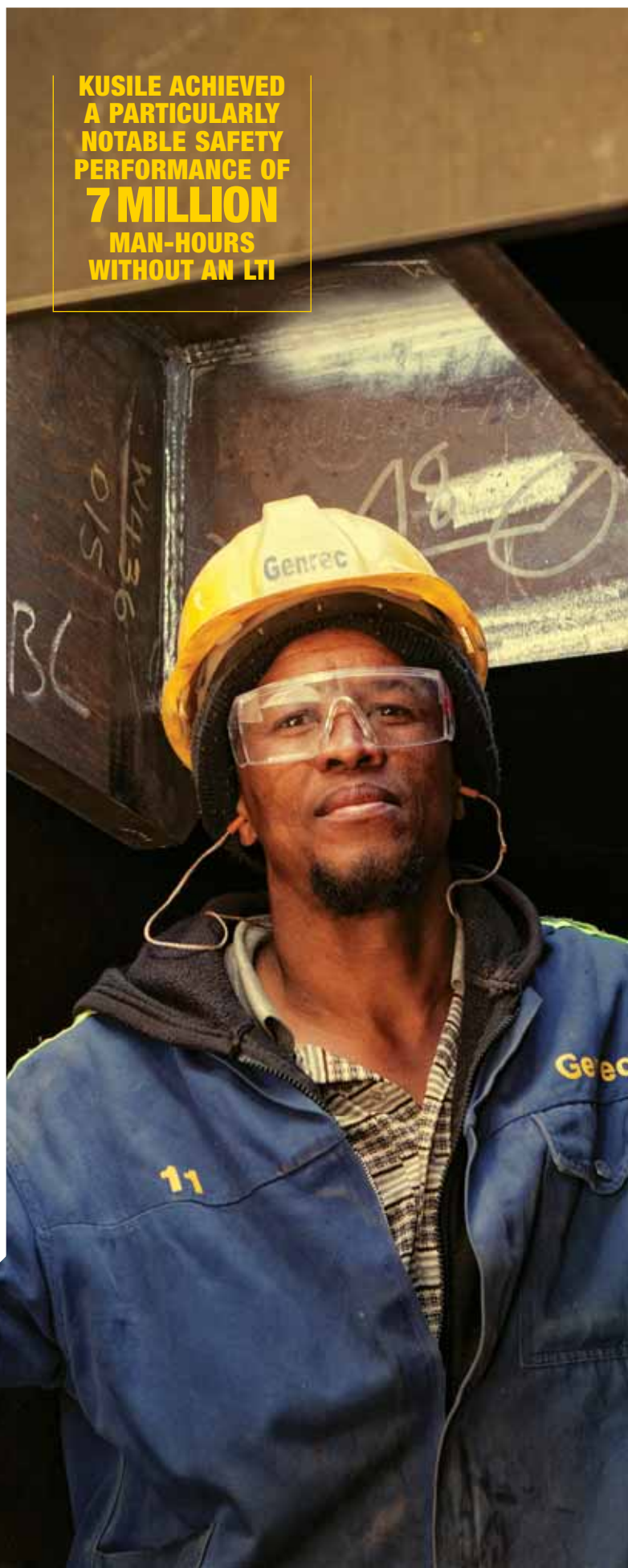
The employee relations framework, SPQCP (safety, productivity, quality, cost and people) was developed and successfully piloted at Kusile in July 2014 and has developed into the platform's operating model. It sets the direction for measurement, targets and performance improvements, and is being rolled out on all other projects.

RELATIONSHIP

Strategic partnerships and joint ventures are critical to enable the platform to expand its service offering across all project value chain segments. Its joint venture with WorleyParsons in the power sector to provide shut-down and maintenance services is established, and in the water sector the partnership with Hyflux positions the platform to participate in larger desalination and mine water treatment projects. These relationships are yet to translate into material project work.

The platform continues to contribute to the skills base of the local communities surrounding the Medupi and Kusile power projects. Training is provided in line with the strategic staffing needs of the

**KUSILE ACHIEVED
A PARTICULARLY
NOTABLE SAFETY
PERFORMANCE OF
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WITHOUT AN LTI**



platform, industry skills needs as set out in the National Skills Development Strategy, Accelerated and Shared Growth Initiative for South Africa ("AsgiSA") imperatives and in accordance with Construction Charter requirements. Primarily, the focus is on artisan training programmes in four trade disciplines (Boilermaker, Fitter, Welder Artisan and Riggers), two occupations (Pipe Fitters and Steel Erections), Class A Welders and Quality Inspectors.

At end June 2015, 756 trainees (FY14: 572) had successfully completed training on the Medupi project, exceeding the platform's contractual obligations. The platform continues to invest in the upskilling of apprentices, with an additional 40 apprentices currently in training at Medupi. At end June 2015, 453 trainees (FY14: 182) had successfully completed their training on the Kusile project. A further 249 apprentices are currently receiving training at Kusile.

In collaboration with the Namibia Training Authority, Murray & Roberts will assist the Namibian Government in developing critical skills to support the country's economic development through internship programmes and on-the-job training opportunities.

The platform continues to engage with trade unions. Numerous meetings and interactions with all the major trade unions were held during the course of the year, including consultations and discussions in an attempt to mitigate the effects of any possible industrial action. Notwithstanding these engagements, unprotected strike action during the year had a notable impact on the Power & Energy (Medupi project) and Genrec Engineering businesses.

OPERATIONAL

During the year, mechanical boiler construction at the Medupi and Kusile power stations continued in terms of the contract with Mitsubishi Hitachi Power Systems Africa. Work was completed on the re-heater and super heater at Kusile boiler 1 and Medupi boiler 5. Medupi boiler 6 successfully synchronised with the national grid and is delivering its designed output of 800MW.

In line with its focus on providing repair, operations and maintenance services to the power market, the platform (through its joint venture with WorleyParsons) undertook planned shutdowns and repairs of industrial boilers in South Africa, Mozambique, Malawi and Swaziland. It successfully completed outages for private power station clients in Southern Africa, and will continue to pursue opportunities directly with Eskom.

The platform continued its involvement in the Ressano Garcia gas-fired power station project in Mozambique and sees significant future potential from more gas-fired power projects. In addition, opportunities for unconventional power projects such as biomass were pursued during the year. A proposal, with partners, was submitted to the Department of Energy ("DoE") as part of the Smalls Renewable programme. If successful, Murray & Roberts will take on a project developer role and the platform will provide the EPC and operations and maintenance services.

During the year, Murray & Roberts Water successfully completed the front-end engineering and design work for a mine water treatment project in Ghana, and provided containerised water filtration units in Kenya. To realise further water opportunities in Africa, the platform will benefit from Aquamarine's sales network in Africa. In South Africa, further water treatment opportunities are anticipated as part of the DoE's power programme.

Genrec Engineering continues to diversify its product line. This includes structural steel and plate work for maintenance shutdowns at power stations. During the year, Genrec Engineering secured seven different repair contracts for the Matimba power station in Limpopo province, which are progressing well. Extending its product line to the mining sector, Genrec Engineering successfully completed repairs on several truck load bodies and dragline buckets.

Disappointingly, there were a few loss-making projects in the Murray & Roberts Resources & Industrial and Murray & Roberts Electrical & Control Systems businesses, which have been closed as part of the platform restructuring. One of these projects will be completed during the new financial year and future losses have been accounted for in the FY2015 results.

RISK

The platform's health and safety performance improved significantly, with LTIFR reducing to 0.37 (FY14: 0.77) which translates to four lost-time injuries during 15 million man-hours worked. Kusile achieved a particularly notable safety performance of 7 million man-hours without an LTI. All businesses are OHSAS 18001 certified.

Key platform risks primarily relate to project execution and new work. Considering the long lead times and delays associated with many public infrastructure projects, the platform is strengthening its engagement with government stakeholders to better understand this risk and to mitigate it to the extent possible. Operational risk relates to successful project execution and several initiatives are underway to improve project delivery, including the new platform management structure following the restructure.

PROSPECTS

Growth potential in sub-Saharan Africa is anticipated to remain strong, together with a marked increase in infrastructure spending across many countries, particularly in water and power infrastructure. Constrained public funding capability will create opportunities for public private partnerships, which will be evaluated on a case-by-case basis. Global economic volatility is likely to lead to larger new projects being delayed, although capital expenditure on infrastructure maintenance should increase.

The DoE's Baseload Coal Independent Power Producer Programme was announced in 2015 and presents significant opportunity, which will be pursued in partnership with key technology vendors. Aquamarine's containerised filtration solutions are highly transportable, providing an opportunity for broader entry into African markets. The platform will also leverage Hyflux's zero liquid discharge technology for opportunities in mine water treatment. Genrec Engineering will continue to pursue market opportunities for fabricated steel in Southern and West Africa.



INFRASTRUCTURE & BUILDING

THE PLATFORM WILL CONSOLIDATE THE PRACTICES THAT HAVE RESTORED ITS PROFITABILITY OVER THE LAST FEW YEARS, AND FOCUS ON OPERATIONAL EXCELLENCE TO ENSURE IT MAINTAINS PROFITABILITY UNDER DIFFICULT TRADING CONDITIONS.”

OVERVIEW

The platform comprises the following businesses: Murray & Roberts Buildings (Gauteng, Western Cape, Namibia and Botswana); Murray & Roberts Developments (newly-formed); Murray & Roberts Infrastructure (incorporating Roads & Earthworks and Civil Construction); Concor Opencast Mining and Murray & Roberts Middle East. The platform's operations are supported by shared administration and plant services, Murray & Roberts Plant. Results from the Group's concession investments, Murray & Roberts Concessions (Public Private Partnership Investments and Services) and the Gautrain construction BCJV are also reported under this platform.

The South African and Middle East construction markets remained subdued during the year, with excess capacity in the platform's geographic markets together with insufficient workflow contributing to a highly competitive business environment. Accelerated public sector infrastructure investment in South Africa is critically important for recovery in the local construction sector.

JEROME GOVENDER

Business platform CEO

FINANCIAL

The executive team managed to bring stability to the platform, which reported a profit for the second consecutive year under challenging economic conditions. Revenue was flat at R7 billion (FY14: R7,2 billion) with an operating profit of R205 million (FY14: R196 million). Excluding results from Murray & Roberts Concessions and BCJV, construction activity contributed R80 million to operating profit. The order book at 30 June 2015 was R7,1 billion (FY14: R8,1 billion) and is of a higher quality than in previous years with a better margin-to-risk balance.

LEADERSHIP

In FY2016 the platform will consolidate the practices that have restored its profitability over the last few years, and focus on operational excellence to ensure it maintains profitability under difficult trading conditions. The platform will also undertake a range of strategic initiatives to update its business model and improve its risk profile, including diversifying deeper into the project value chain by introducing project developments and infrastructure support services into its offering.

A specific initiative currently underway is re-entering the development segment of the project value chain. The platform will focus on commercial, retail, industrial and residential markets in major urban centres, primarily in South Africa but also elsewhere in sub-Saharan Africa, in partnerships with selected property developers.

A significant amount of time has been invested into developing and embedding a culture of operational excellence throughout the platform, to ensure consistency in project outcomes. The measures that have been put in place range from standardised project management training modules to detailed project reviews, covering all aspects of project delivery.

The platform is selectively pursuing opportunities to grow into Africa beyond the Southern African Development Community ("SADC") countries. Entry into the region will be undertaken through partnerships with developers to allow for better risk management. Growth into Africa is expected to make a significant contribution in the medium term.

The continuity of leadership over the last few years was instrumental in the platform returning to profitability. During the period under review, Rodger Herne was appointed managing director of Concor Opencast Mining and Leon Botha was appointed managing director of the newly formed Murray & Roberts Developments.

Talent reviews were conducted and bench strength assessed for executive and senior management succession. Developmental plans were put in place to develop candidates for more senior roles and to ensure that the platform's leadership is equipped to deliver its strategy.

The platform is committed to BBBEE and is a Level 2 contributor. The platform invested significantly in the training and development of employees to support their success in their careers and to ensure good project delivery.

As part of the Group's drive for *Engineered Excellence* and the platform's focus on operational excellence, 70 employees from middle and senior management levels underwent project management training during the year. Additionally, given the volatile labour situation in South Africa, more than 200 foremen and supervisors were trained in effective employee relations.

In Murray & Roberts Buildings, approximately 70% to 80% of project work is subcontracted. In light of this, the company's Enterprise Development Programme provides strong potential for growing small and developing contractors. The extent of this programme spans financial support through direct funding, early payment and preferential credit terms, as well as extensive mentoring. This programme is currently supporting 24 small and developing contractors, which includes providing business management and technical support on an ongoing basis to help build their capability and capacity.

	CONSTRUCTION AFRICA		MARINE ¹		MIDDLE EAST		TOTAL	
R MILLIONS	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	6 019	5 740	–	496	940	940	6 959	7 176
Operating profit/(loss)	177	(189)	–	302	28	83	205	196
Margin (%)	3%	(3%)	–	61%	3%	9%	3%	3%
Order book	4 874	5 881	–	125	2 216	2 073	7 090	8 079
Segment assets	2 866	3 172	–	432	2 669	2 001	5 535	5 605
Segment liabilities	2 458	2 542	–	198	2 411	1 988	4 869	4 728
People	6 547	8 357	–	152	6 552	5 711	13 099	14 220
LTIFR (Fatalities)	1.18(1)	0.87(2)	–	0(0)	0.06(0)	0(0)	0.58(1)	0.53(2)

¹ With effect 1 July 2014, Marine is reported under the Oil & Gas platform under Global Marine.

INFRASTRUCTURE & BUILDING CONTINUED**OPERATIONAL**

In FY2015 Murray & Roberts Buildings completed seven shopping centres throughout South Africa and Namibia and has established itself in shopping centre delivery. Considering the tight margins on building work, some of these projects did not yield the expected financial results and the Baywest shopping centre in Port Elizabeth in particular presented challenges.

Murray & Roberts Infrastructure delivered a good operational and financial performance, undertaking roads and civil works projects throughout South Africa. Opportunities for roads projects are currently more favourable than major civil works projects given the low volume of both public and private sector investment in civil construction. The business is participating in renewable energy projects and after having successfully delivered the civil subcontractor work on three wind farms, it has been awarded the civil subcontract work on three additional wind farms, which have recently achieved financial close.

Concor Opencast Mining has delivered an acceptable operational performance but faces a constrained market environment with limited new prospects. The Lonmin opencast mining contract is running at a loss and will be completed within the first half of FY2016. Future losses have been accounted for and an arbitration process is underway to achieve resolution on substantial claims in dispute.

Murray & Roberts Middle East's Tech 4 Building project in Qatar, involving the design and construction of Phase 2 of the technology and workshop facility campus for the Qatar Foundation for Education, Science and Community Development, is progressing well and a new hotel project was secured in Oman. The Mafraq Hospital project in Abu Dhabi has been particularly challenging. The business is focusing on securing small to medium size projects, which is a departure from its previous approach to concentrate on large projects.

During the year the platform cautiously re-entered the residential property market with two developments in progress and is targeting similar opportunities to leverage its existing skills for better margins.

RELATIONSHIP

The platform is party to the Bargaining Council for the Civil Engineering Industry ("BCCEI"). Following a sector wage agreement in 2013, the sector has been relatively stable in terms of industrial relations. The sector has however been affected by industry-related strikes, such as those in the platinum and metal industry sectors.

Relations between the construction sector and the South African government remain strained given the government's criticism of the sector's transformation progress, notwithstanding that most of the larger companies in this sector are Level 2 contributors in terms of the BBBEE sector code. An initiative is underway, through the South African Federation of Civil Engineering Contractors, to engage with government in an attempt to rebuild this relationship.

The platform rated well in the Deloitte Best Company to Work For Survey. The survey highlighted two issues of concern for our employees: remuneration and career development. Action plans were developed and implemented to address these concerns, ranging from remuneration benchmarking to targeted training and development programmes.

RISK

Regrettably, a subcontractor employee, Nghilifilua Mumbala, was fatally injured while on duty when he fell from an elevated platform at The Grove Shopping Mall project in Namibia on 1 September 2014. We have extended our condolences and provided assistance to the family of the deceased.

The platform's LTIFR was 0.58 (FY14: 0.53). This is a commendable achievement in the sector.

As part of the Group standard, all businesses in the platform are OHSAS 18001, ISO 9000 and ISO 14001 certified.

The platform risk committee met several times during the year to consider platform-specific risks and mitigation plans. This includes risks associated with tenders for submission and monitoring progress on challenging projects. Various commercial resolutions on legacy projects have been achieved, of which the resolution of unresolved matters between Eskom and the Medupi Civils Joint Venture was the most pertinent.

PROSPECTS

The platform is largely dependent on work in South Africa, and is positioned to maintain revenue levels in a soft construction market. Meaningful growth will depend on securing greater market share and higher government and private sector investment in infrastructure development. The economic viability of the intended nuclear programme has been questioned, but will provide significant opportunity for the local construction sector if undertaken.

The Namibian and Botswana building markets have slowed and opportunities are being pursued in the civils sector. GDP growth in the Middle East is subdued compared to previous years, but investment is expected to proceed, particularly in the transport, energy and utilities sectors. Building activity in the Middle East remains modest.

The platform has managed to improve the quality of its order book in a market where general conditions remain highly competitive with low profit margins. To mitigate against the risk of low margins and business cyclicality, the platform will pursue select opportunities in the upstream and downstream segments of the project value chain. This will be achieved through negotiated building projects outside South Africa.

The platform is established as a leader in the implementation of civil infrastructure work on wind farms, with a number of projects completed, under construction or under adjudication. Several opencast mining opportunities have been identified in South Africa and elsewhere in Africa, although these are yet to come to market.

Further developments in the residential property market will be pursued judiciously.



**A SIGNIFICANT
AMOUNT OF TIME
HAS BEEN INVESTED
INTO DEVELOPING
AND EMBEDDING A
CULTURE OF
OPERATIONAL
EXCELLENCE**

