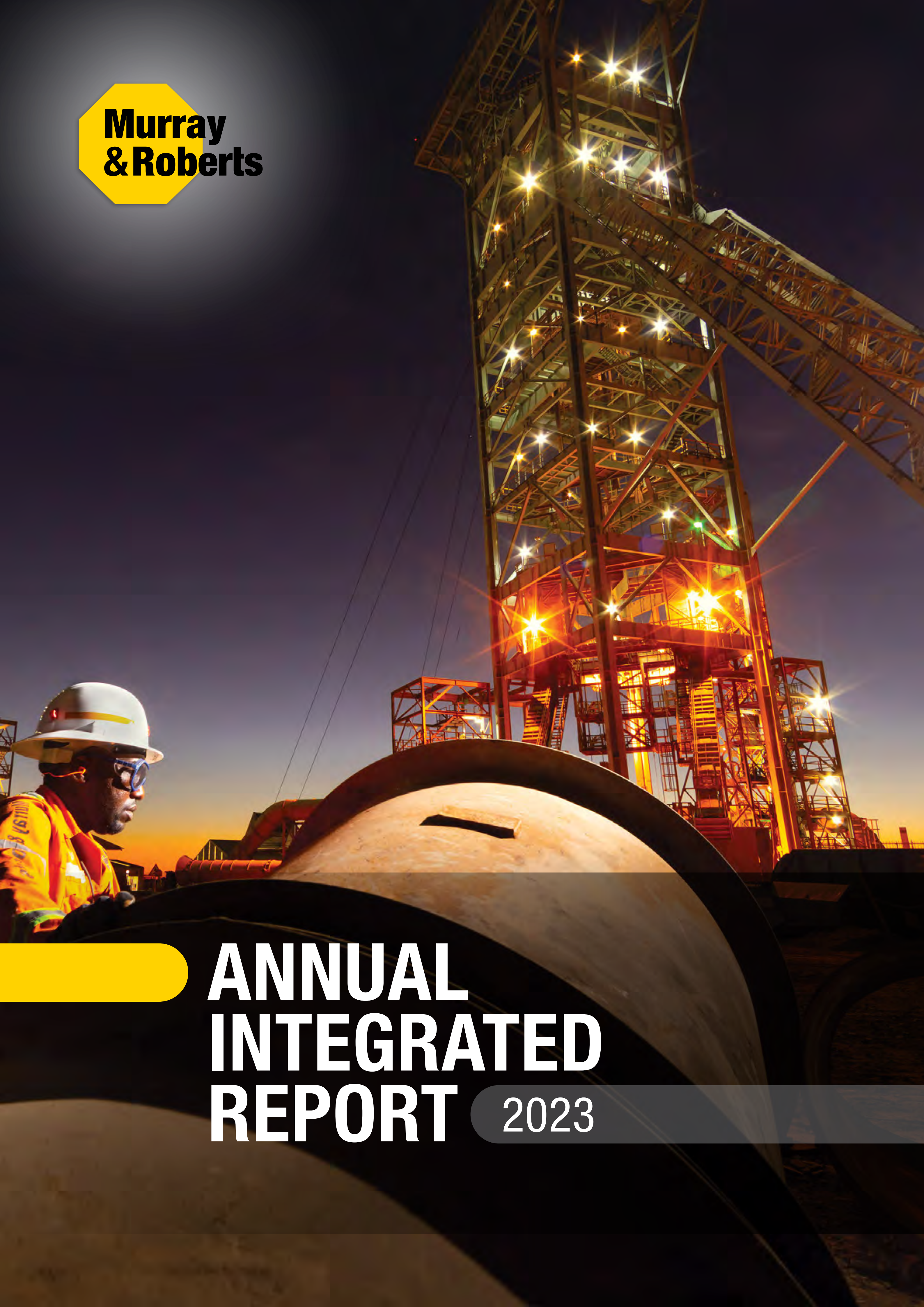


ANNUAL INTEGRATED REPORT 2023

Contents

BOOK REFERENCES

ONLINE REFERENCES

VIEWING THIS REPORT

This interactive PDF is best viewed in Adobe Acrobat for desktop, mobile or tablet*.

Click to download or update to the latest Adobe Acrobat Reader.

ADOBE ACROBAT READER

** Functionality may differ according to device and app version used.*

NAVIGATING THIS REPORT

Navigation tools are provided at the top of every page:

Contents page | Previous page | Next page | Back

SUPPLEMENTARY INFORMATION ONLINE

www.murrob.com/inv-annual-reports.asp

GROUP SUSTAINABILITY REPORT 2023

- About this report
- Murray & Roberts at a glance
- Statement from the chairman of the social & ethics committee
- Our sustainability framework
- Governance of sustainability
- Our ESG risks and opportunities
- Stakeholder priorities

2023 PERFORMANCE

- Demonstrating environmental stewardship
- Maintaining our safety record
- Cultivating a valuable employee proposition
- Creating socioeconomic value for communities
- Maintaining an ethical culture and responsible business practices

ADDITIONAL INFORMATION

- Glossary
- Independent assurance report to the directors of Murray & Roberts Limited
- 2023 Task Force on climate-related financial disclosures Index
- United Nation's sustainable development goals
- 2023 Indicator report

CORPORATE GOVERNANCE INFORMATION

- Full governance report, including Board committee reports and record of attendance
- King IV application register

NOTICE OF ANNUAL GENERAL MEETING

FORM OF PROXY

Our reporting

Reporting on a challenging year

The year ended 30 June 2023 (FY2023) was challenging for the Murray & Roberts Group, and all our stakeholders.

The full impact of pandemic-related disruptions, and cost inflation due to the Russia-Ukraine war, on our international Energy, Resources & Infrastructure ("ERI") projects' portfolio, occasioned a dramatic loss of revenue and earnings potential and changed the structure and strategy of the Group.

With the loss of our ERI platform, the Group is now predominantly focused on providing specialist engineering and contracting services in the global mining market sector, through our Mining platform. We retain a further interest in the power, industrial and water markets in Southern Africa, through our Power, Industrial & Water ("PIW") platform. During the year, the Group sold its interest in the Bombela Concession Company.

In this year's integrated report, aimed primarily at providers of financial capital – our shareholders, debt capital and insurance providers – we aim to provide a frank, forthright and focused account of the Group and its operations, and most importantly, management's plans to trade through our financial constraints, to restore a sustainable capital position.

Chairman's statement PG 22

Changes to our reporting approach

This pivotal time for the Group gave us opportunity to rethink our reporting strategy.

Our suite of reports has been reconceived and reformatted to provide stakeholders with the information they require to assess our value and impact, in a clear, connected and user-friendly way. This year we publish a more focused and concise integrated report, including the full annual financial statements; and sustainability report focused on performance against our ESG priorities and indicators.

This approach will be re-evaluated next year, considering stakeholder feedback and information needs.

Scope and boundary of this report

The integrated report primarily covers the period 1 July 2022 to 30 June 2023, and presents the strategy, governance, performance and prospects of the Group, including our wholly owned business platforms, our joint ventures where we exercise significant influence and our investments. It covers risks, opportunities and outcomes related to the global contracting environment and to our relationships with stakeholders, which affect our ability to recover shareholder value in the short to medium term and create value for stakeholders over the longer term.

Chairman's statement PG 22

Value definition and materiality

Framed by our Purpose and our Vision, the Group considers value in terms of three longer-term value outcomes: sustainable growth, sustainable competitiveness, and sustainable human development. Within this value construct, we define material issues as factors that substantively affect our ability to sustain our strategic, operational and financial performance. These factors and the way we respond to them are likely to influence a stakeholder's assessment of the Group's ability to enhance enterprise value over time.

Achieving financial stability is the priority in the short (FY2024) to medium (FY2025-2026) term, as we reset the base for sustainable growth. Maximising the earnings potential of our remaining business platforms, by deepening their sustainable competitiveness as contractors of choice and employers of choice in their markets, will enable us to recover and grow value for shareholders. We are confident that the market prospects of our two business platforms put a return to the Group's pre-pandemic historical earnings trend within reach in this timeframe.

These three-year objectives are underpinned by our purpose-led commitment to sustainable human development and associated objectives for the long term (beyond FY2026) – in response to the concerns of our employees, clients, business partners, suppliers, local communities and global society – as befits our status as a good corporate citizen and indeed a Group with a future.

Integrated thinking

The Board committee structure has been rationalised in line with the size of the Group. It retains significant overlap in membership. This, together with the Group's organisational, integrated assurance and sustainability frameworks, promotes operational visibility and integrated decision-making through clearly defined policy, approval and assurance processes.

The Group's governance frameworks align to King IV[1] requirements, and oversight processes are regularly reviewed and adapted in line with changes in the Group's opportunity and risk profile. Continual improvement in the Group's standards, systems, best practices and reporting, in response to the operating environment and the needs of stakeholders, as well as performance outcomes, embed accountability for integrated thinking at every level of the Group.

Reporting frameworks

The information included in this integrated report is provided in accordance with International Financial Reporting Standards ("IFRS"), the South African Companies Act, 71 of 2008 (as amended), the JSE Listings Requirements and King IV. The Board is of the view that the integrated report applies the principles and content elements of the International Integrated Reporting Framework (2021) in all material respects; however, they are applied in a way that is meaningful to the Group, and consistent with how we communicate with and account to our stakeholders. Our sustainability report has been prepared in accordance with King IV, the GRI Sustainability Reporting Standards at a core application level, the Task Force on Climate-related Financial Disclosures and the United Nations Sustainable Development Goals.

1 *King IV copyright: Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.*

Process disclosures

The integrity of the integrated and sustainability reports is supported by a mature and effective process:

- The reporting team, with support from specialist external reporting partners, is led by the Group investor and media executive, who has unfettered access to the Group chairman, Group executive and platform leadership during the process of report preparation.
- A paper setting out the reporting approach and areas of improvement, based on developments in reporting frameworks and the expectations of stakeholders, is presented to the Murray & Roberts Limited and Holdings Limited Boards at the outset of report planning, giving the directors the opportunity to guide the process.
- The information in the integrated report is drawn from various sources. This year, these included interviews with the Group chairman, chief executive and financial director, and an executive workshop to determine material issues, as well as the Group's register of top risks and material governance-related information.
- The platform chief executive officers are responsible for drafting the platform reviews, based on a detailed guidance note that sets out the Group's expectations in line with the requirements of integrated and sustainability reporting.
- The material issues are identified by a specifically convened forum comprising the Group chief executive, financial director, the executive responsible for risk and health, safety and environment, and the investor relations executive. The material issues were tested against interviews with Group leadership, including the chairman for Board insight.
- The Group chief executive and financial director review all integrated report content during the drafting process, and the non-executive directors are given the opportunity to review and comment on the drafts before formal approval by the Group audit and risk committee, whose responsibility is delegated to it by the Board.

Board responsibility

The Group audit & risk committee is responsible for overseeing the preparation and presentation of the integrated report and ensuring its integrity. The committee believes that the integrated report addresses all the material issues that have a bearing on the Group's ability to create value over the short, medium and long term. The committee recommended it for Board approval, which was obtained on 30 August 2023.

FEEDBACK

The integrated report is intended to provide the basis for meaningful engagement with our stakeholders. We welcome your feedback which can be directed to Ed Jardim, Group investor and media executive at **ed.jardim@murrob.com.**

Important information on forward-looking statements PG 189

Our business

Group chief executive's and financial director's report PG 26

As a specialist mining services contractor, we optimise capital investment in critical infrastructure, for the long-term benefit of global clients, host countries and local communities.

Our core business is engineering and contracting services in the global mining sector, with a presence in regions attracting capital investment. Our mining services brands are well respected, with strong client relationships, a reputation for excellence, good quality order books and strong project pipelines. While cyclicality is typical of our markets, the transition to a lower-carbon energy future and regional investment in infrastructure-led socioeconomic development, provide long-term underpin to our profit potential.

After the devastating impact of the COVID-19 pandemic, our strategic focus in the medium term is to stabilise the liquidity of the Group, protect profitability and free up financial headroom for investment in growth. As an ethical and responsible multinational global citizen, our commitment to sustainable human development over the long term continues to define both how we do business and the business we do.

The Murray & Roberts Group

Multinational specialist engineering and contracting services to the global mining sector.

Regional interest in power, industrial and water sectors.

STOP. THINK. ACT. 24/7: SAFE OUTCOMES IN EVERYTHING WE DO

PURPOSE

Enabling fixed capital investments that support the advancement of sustainable human development.

VISION

To be a leading multinational engineering and contracting group that applies our project life cycle capabilities to optimise fixed capital investment.

VALUES

Integrity | Respect | Care | Accountability | Commitment

Engineered Excellence

> **"Our mining services brands are well respected, with strong client relationships, a reputation for excellence, good quality order books and strong project pipelines."**

Capital investment in the global mining sector will grow as the world moves to sustainably meet the needs of a growing and urbanising global population, and to solve socioeconomic imbalances, environmental degradation and climate change.

Our commitment to **safe outcomes in everything we do**, grounds our aspiration to make Zero Harm a reality. Our HSE track record compares favourably with global peers and clients.

Our businesses are well-led, -positioned, -governed and -diversified. They have the management structures, systems and capabilities needed to thrive in their markets. Active across the project life cycle, they provide specialised and competitive service offerings that diversify their revenue and margin mix.

Our **businesses are expected to align** to our Values and operate according to our philosophy of *Engineered Excellence*. This underpins our aspiration to compete and grow sustainably, to enhance stakeholder trust in the Group and our industry, and to advance sustainable human development in what we do, and how we do it.

Integrated thinking

Sustainability report

Sustainability thinking is integrated in the way we execute our projects and conduct our business, and we operate under high expectations and stringent ESG guidelines. These protect our reputation as a well-governed, ethical, and responsible multinational organisation. Harmonising ESG imperatives with commercial opportunities is seen by the Board as an ethical obligation for the Group. It is also a requirement on which clients and funders insist and an important source of competitive differentiation for our business platforms.

ESG is integrated into our decision-making processes as we strive to understand, measure and manage the full impact of the decisions we make. The Group sustainability framework (below) governs and focuses our approach to managing the pertinent risks and opportunities, impacts and outcomes related to financial and ESG imperatives across the jurisdictions in which we operate. Continual improvement of the Group's policies, standards, systems, practices and reporting, in response to shifts in our operating context and the needs and expectations of our stakeholders, embeds sustainable practices across our business platforms. Shared learning within and across our businesses underpins consistency.

Group Sustainability Framework

FINANCIAL AND ECONOMIC SUSTAINABILITY

ENVIRONMENT

- Greenhouse gas emissions and climate change
- Resource efficiency, energy and water
- Waste and pollution
- Biodiversity and land
- Regulatory compliance

See our sustainability report for more information on the above

SOCIAL

- Safety, health and wellness
- Employee relations, diversity, equity and inclusion
- Working conditions
- Human rights, dignity and equality
- Indigenous partnerships and socioeconomic development
- Community development

See our sustainability report for more information on the above

GOVERNANCE

- Governance structures
- Board diversity and composition
- Ethical conduct
- Risk and opportunity oversight
- Data protection and privacy
- Cybersecurity

See our sustainability report for more information on the above

TRANSPARENCY AND INTEGRATED REPORTING

STAKEHOLDER ENGAGEMENT

The Group sustainability framework sets out our commitment to achieve sustainable outcomes across our value chain by:

Designing and delivering projects that are financially viable, with better outcomes for clients and lasting economic and environmental value for society, in return for value recognition for shareholders.

Investing in our employees and maintaining a competitive value proposition to retain and attract critical skills, enabling us to embed sustainability into project delivery and operations.

Applying high ethical standards in our business dealings for the benefit of society.

Maintaining transparent reporting to ensure that our stakeholders are kept informed of our performance, as well as the progress we have made on our commitments.

Valuing the contribution of our stakeholders which we believe is fundamental to the long-term success of our business.

The commercial and ESG outcomes we expect are built into our performance management and development processes, which are linked to our remuneration and incentive schemes. Performance contracts align individual and team performance targets to the Group's strategic objectives, across five performance dimensions (see below). These are cascaded from the performance criteria set by the Board for the Group CEO to platform leadership, middle and line management levels at the beginning of each financial year.

01 Financial

- Supportive shareholders through value recovery.
- Achievement of strategic objectives (per rolling three-year business planning cycle).
- Reduction of corporate costs through acute liquidity management and operational efficiency.

02 Leadership

- Murray & Roberts' brand respected internationally.
- Recognised as a diverse, high-performing organisation.
- Renowned for leadership development and capacity.

03 Relationships

- Stakeholder partnerships leveraged for excellence and growth.
- Open relationships built on internal and external trust.
- Recognised as a contractor and employer of choice.

04 Operational

- Global capabilities harnessed to deliver successful project outcomes.
- Effective systems and controls to ensure successful project delivery.
- Sustainability and governance emulated by industry.

05 Risk

- Recognised for outstanding HSE results.
- Effective opportunity and risk management.
- Manage financial risk to an acceptable level through controls and oversight.

Stakeholder engagement policy

Our reputation as a credible global operator and respected multinational rests on the value we create for our employees, clients and owners, and for local companies, host communities and countries in which we work. We value the insight of our stakeholders as fundamental to the long-term success of our business. We understand that their trust is earned through consistent decisions and actions that engender confidence in the Group's character and competence, and our reliability in meeting our commitments and obligations.

Our Group stakeholder engagement policy ensures that the legitimate expectations and concerns of our stakeholders are placed at the centre of our decision-making. It outlines our engagement responsibilities and applies to all our businesses and employees.

The policy requires that we:

- Comply with King IV recommended practices pertaining to stakeholder relationships.
- Integrate stakeholder engagement into the Group's ongoing management and business activities.
- Ensure the fair and equitable treatment of stakeholders in line with the Group's Values.
- Create a transparent and honest environment in which stakeholders can interact with the Group.
- Provide complete, timely, relevant, accurate, honest and accessible information while at the same time being cognisant of legal and strategic considerations.
- Proactively communicate with stakeholders and seek their views and feedback using appropriate communication channels.
- Promote internal awareness on the importance and value of stakeholder consultation and relationship management, as well as the methodologies in place to facilitate this.

See our sustainability report for more information on the above

Engineered Excellence

Our competitiveness as a contractor and an employer, and our ability to earn value from our projects for manageable risk, rely on the consistent application of *Engineered Excellence*.

This leadership philosophy, which together with our Values define the Group's culture, defines our management approach at every level of the organisation. It is embedded within our businesses through various policies and management systems, including the Group sustainability framework, our HSE framework, the Group Statement of Business Principles, Contracting Principles and Lessons Learned, and the Group ethics framework.

These frameworks set clear expectations for our employees, platforms and business partners, and their application is tightly governed throughout the Group and regularly updated to respond to shifting realities in the challenging global contracting environment.

Vested in careful and conscious planning, *Engineered Excellence* demands leadership commitment, shared learning and continuous improvement. In our responses to challenging operating contexts, in making unavoidable trade-offs and sequencing our priorities, it aims to remove chance from our pursuit of the outcomes our stakeholders expect. It therefore fortifies our aspiration to be a contractor and an employer of choice, to deliver safe, efficient and profitable projects, and to recover and grow shareholder value.

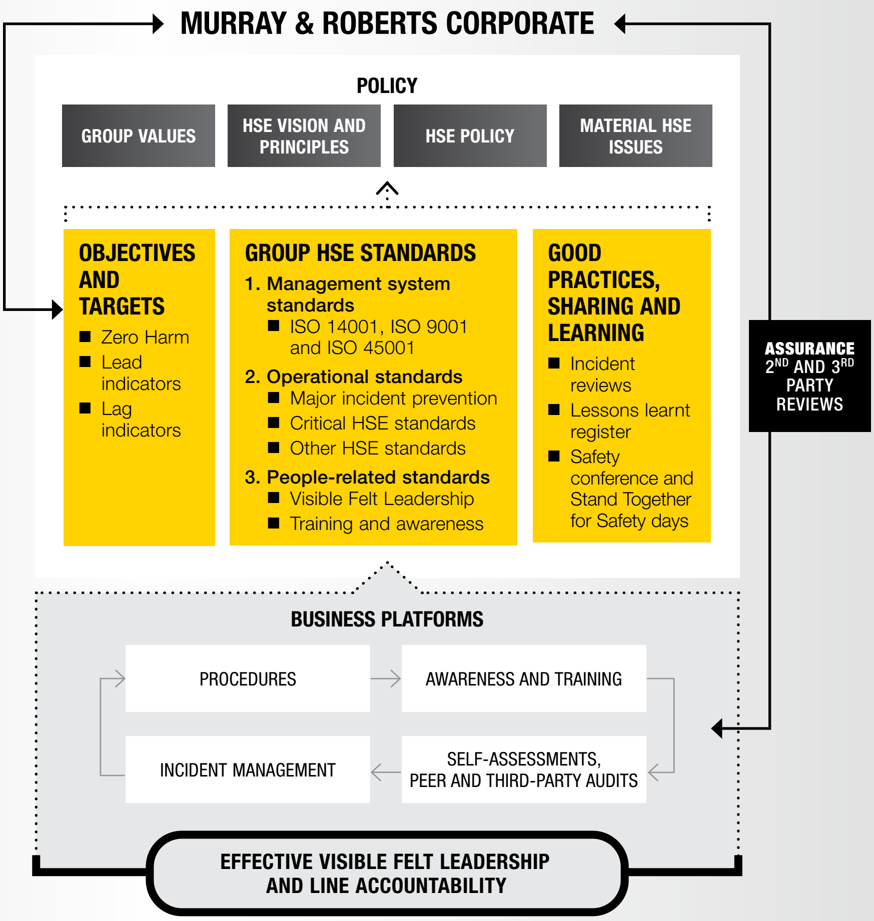
Our material issues PG 16

Sustainability report

Health, safety and environment

Our focus on *Engineered Excellence* is nowhere clearer than in our approach to safety. Continuous improvement in the evolution and application of our HSE framework has measurably enhanced the maturity of the Group's safety culture. Our projects demonstrate that production, quality and safety performance go hand in hand.

The Group's HSE framework (below) outlines the role, responsibility and accountability of the corporate office and business platforms, and incorporates recommendations from independent experts and from ongoing risk assessments and audits. It is focused on high-impact interventions, such as managing critical safety risks, the risk of change (including demobilisation).



The Group continues to pursue opportunities to minimise the impact of its business activities on the environment and to assist clients in meeting their environmental objectives. All companies in the Group are required to adopt high environmental management standards, including implementing and maintaining internationally recognised environmental management systems, using project input materials responsibly and efficiently, and complying with legislative requirements.

Our climate change position statement

This policy, adopted in 2022, commits the Group to:

- Monitor and reduce own carbon footprint.
- Evaluate participation in new projects against the environmental imperative to mitigate climate impacts.
- Act responsibly when participating in fossil fuels projects. Regarding coal, the Group will, other than in South Africa, limit its participation to metallurgical coal projects until such time that sustainable alternatives for large scale steel production are available. It will only consider participation in thermal coal projects which are earmarked to supply coal to power stations in South Africa, for as long as the country's economy and its electricity generating capacity depend on thermal coal.
- Ensure that projects in which the Group participates comply with relevant environmental specifications, governmental authorisations, and local and international environmental and social standards.
- Collaborate with clients and supply chain to find innovative solutions to reduce carbon emissions in own market sectors, and
- Grow service offering to the renewable energy sector to assist in the transitioning to a low carbon future that mitigates environmental and climate change risks

Guided by the ultimate objective of sustainable human development, we strive to become part of the solution to pressing environmental challenges. We continue to develop and implement new service offerings and find ways to reduce environmental impact in areas where we have influence, while reducing our own environmental footprint. We continue to identify innovative ways to manage the physical risks of climate change on project delivery, improving our business resilience to disruptions and assisting our clients. We participate in the Climate Change and Water CDP disclosures and have achieved Management Level and Leadership Level status respectively.

Our value creation process

Our Purpose and Vision place sustainability at the centre of our business. The Group's activities create economic value for shareholders, employees and wider society through the development of complex infrastructure in market sectors that support socioeconomic and human development. The infrastructure we design and build on behalf of our clients contributes to wealth creation and better living standards, and the social fabric and vitality of the communities in which we operate.

Our inputs

Resources and relationships on which we depend to create value

FINANCIAL CAPITAL

- Intensified focus on capital and cost management to preserve liquidity, fund working capital and stabilise the Group.
- Strong focus on cash management.
- Quality (diversified) order book and strong project pipeline.
- Disciplined management of project execution to minimise losses and protect margins.
- Self-funding platforms and projects.
- Working closely with funders to ensure projects are sustainably financed.

MANUFACTURED CAPITAL

- Focus on project excellence to maximise asset outcomes for clients, local communities and host countries.

INTELLECTUAL CAPITAL

- Streamlined, fit-for-purpose governance structure for new Group structure.
- Adoption, adherence, adaptation and management of commercial and operational systems, procedures and culture pertaining to *Engineered Excellence*.
- Disciplined management of risk to achieve Zero Harm and provide safe and fair working conditions.
- Embedded sustainability framework focused on managing ESG and integrating considerations into decision-making at Group, platform and project levels.
- Policies, procedures and systems for data protection and privacy.
- Strong, recognised brands and reputation.

HUMAN CAPITAL

- Effective, experienced leadership.
- Skilled and diverse workforce.
- Competitive employee value proposition to retain and attract scarce skills.
- Focused succession planning to ensure sufficient talent depth.
- Fit-for-purpose training and development programmes.
- Structured and mature performance management process.

SOCIAL AND RELATIONSHIP CAPITAL

- High ethical standards and global best practice in corporate governance.
- Sound relationships with stakeholders.
- Local hiring and procurement that supports local communities.
- Investment in community relations and development.
- Transparent reporting against global reporting frameworks.

NATURAL CAPITAL

- Growing service offering in renewable energy sector.
- New projects evaluated against climate change impacts.
- Collaboration with clients and suppliers to reduce carbon emissions and Group commitment to reduce carbon footprint.
- Focus on resource efficiency and sustainable procurement to minimise environmental impacts.

Group chief executive's and financial director's report PG 26

OUR BUSINESS ACTIVITIES

CONSTRAINTS	OPPORTUNITIES
■ Debt position and cash mainly held in international operations makes bonding and financing facilities a bigger challenge in an already constrained financing environment. ■ Constraints to pricing and cost recovery in global contracting market. ■ Project deferrals and delays affect planning and funding. ■ Global supply chain disruptions impact project timelines, cash flows and margins. ■ Skills shortage requires higher investment in people. ■ Deeper competitive differentiation through safety and productivity benefit requires investment in digital initiatives.	■ Group's global credibility underpins ability to trade through this period. ■ Significantly reduced profile of earnings at risk, and contract types. ■ Expedite claims resolution and further entrench cost discipline. ■ Consistent commercial and operational excellence. ■ Access to funders focused on ESG credentials. ■ Capital management focused on systematically improving debt position. ■ Solid order book and multi-year project pipeline provide reasonable earnings visibility in the medium term.
■ Global supply chain disruptions impacting availability of equipment. ■ Deterioration in equipment operation, productivity and maintenance directly linked to global skills shortage. ■ Loadshedding impacts productivity in South African operations.	■ Innovations in equipment that enable safer and more efficient operations. ■ Partnering with Original Equipment Manufacturers ("OEMs") for development and testing of new equipment in conjunction with procurement supply agreements.
■ Inconsistent project performance. ■ Inconsistency of skills competence in different project teams. ■ Maintaining an optimal proportion of expatriate versus national project skills.	■ Establish the mining platform as a single global organisation to transform and grow the businesses. ■ Competitive differentiation as contractor and employer. ■ Competitive differentiation from embedding ESG principles into project delivery and operation. ■ Group-led, consistent approach to strategic priorities including risk, safety, human capital and digital development.
■ Global skills and labour shortages have both immediate, as well as succession and development pipeline impacts. ■ Attracting the specialised and technical skills needed to grow and deliver project excellence. ■ Skills competition, job uncertainty and mental health impact talent and skills attraction & retention and morale. ■ Low take-up of mental health support interventions.	■ Giving employees access to world-class and complex project experience. ■ Digitising human capital data for better resource management, making more proactive, fast-tracked decisions relating to mobilisation and resource management. ■ Leveraging training academy as a differentiator. ■ Re-establishing leadership development programmes in the short to medium term.
■ Reticence of financiers towards the Group and industry. ■ Managing local workplace cultures for safety and productivity. ■ Community unrest putting project execution and employees at risk. ■ Permit delays hindering project start-ups in some markets. ■ Slow pace of socioeconomic development in some countries.	■ Strong relationships with stakeholders support better quality local contracting partners, procurement and employment. ■ Supporting clients in achieving their ESG objectives. ■ Leveraging relationships between Group businesses.
■ Climate change and energy related requirements increase costs. ■ Increased climate-related risk, such as unpredictable weather conditions including floods and storms, causing project disruptions. ■ Onerous operating licence conditions and environmental authorisations.	■ Specialised engineering and contracting services to sectors that are carbon and water intensive and vulnerable to climate change impact. ■ ESG credentials as a differentiator. ■ Positioned to support the transition needed to meet global carbon reduction targets. ■ Climate and energy requirements provide opportunities in low-carbon economy for ESG focused contractors. ■ Wastewater and sanitation infrastructure opportunities in the private sector. ■ Rising need for sustainability thinking across design, procurement and construction.

Our value creation process *continued*

Our business activities

MINING

MARKET FOCUS

AFRICA, AMERICAS, ASIA-PACIFIC

Global capabilities: underground mining services and material logistics in global metals and minerals markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance
- Operations

POWER, INDUSTRIAL & WATER

MARKET FOCUS

SUB-SAHARAN AFRICA

Regional capabilities: power, industrial and water markets.

- Detailed engineering
- Procurement
- Construction
- Commissioning & maintenance

Business platform reviews PG 34

Our outcomes

Optimising our earnings potential and taking advantage of market opportunities, particularly in mining, will enable us to manage financial constraints, setting us up for **sustainable growth.**

REVENUE (continuing)
R12,5 billion
(2022: R8,8 billion)*

EBIT (continuing)
R91 million
(2022: R82 million) *

NET DEBT
R0,3 billion
(2022: R1,1 billion)

ATTRIBUTABLE LOSS
R3 181 million
(2022: R135 million profit)

DILUTED CONTINUING HEADLINE LOSS PER SHARE
71 cents
(2022: 47 cents)*

ORDER BOOK
R15,4 billion
(2022: R17,6 billion)*

CSI SPEND
R6,9 million

* *Restated for discontinued operations.*

Differentiating ourselves as a contractor, employer and strategic partner, with an emphasis on commercial and project excellence, maintains **sustainable competitiveness.**

1 fatality

32 projects achieved zero recordable cases, in a portfolio of more than 70 projects

LTIFR
0.64

BBBEE
Level 1 in South Africa

EMPLOYEE ENGAGEMENT SCORE*
3.4 out of 5
** Updated employee engagement scoring to be reviewed in FY2024.*

AVOIDABLE TURNOVER
13%
(2022: 11%)

Maintaining stakeholder trust as an ethical, purpose-led multinational corporation aligned to the global advancement of **sustainable human development.**

GROUP ESG PERFORMANCE*
Score of 39.4 out of 100

AVERAGE INDUSTRIALS
Score of 38.2 out of 100
** Updated ESG scoring to be reviewed in FY2024.*

5 443
permanent employees across the Group
(2022: 8 394)

7 720
employees trained

WOMEN REPRESENTATION IN THE WORKFORCE
10%

The quality and depth of Group and platform leadership, the inculcation of the Group's culture (guided by our Values and operationalised by our philosophy of *Engineered Excellence*), and our well-developed governance system and reporting processes, enable us to maintain and enhance **stakeholder trust both in the Group and in our industry.**

Our material issues PG 16

A new base for earnings growth

Our significant, quality order book and project pipeline reflect the competitive positions of our businesses and the pressing global development needs in our markets, providing us with good opportunities for sustainable earnings growth in the medium term.

Despite the consequences of the pandemic in the last year, Murray & Roberts has demonstrated an ability to manage short-term constraints, while focusing on a long-term approach to the allocation of capital. Given our tight liquidity position, we are focused on effective working capital and cost management, and careful capital allocation, to withstand the short-term financial constraints of our debt exposure to project execution and order book growth.

The competitive positions of our platforms in their markets are reflected in a multi-year quality order book and a strong project pipeline. Albeit off the new base set in FY2023, we expect growth in profit from continuing operations in FY2024 and meaningful earnings growth thereafter, enabling us to focus on restoring shareholder value eroded due to the repercussions of the pandemic.

Annual financial results PG 74

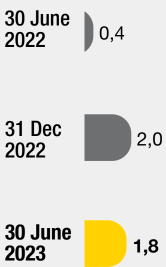
Our outcomes PG 13

Order book analysis

Our quality order book is well diversified over time, region and contractual risk and shows an increasing proportion of orders extending beyond two years, offering stability to our earnings expectations. Our ability to maintain or grow the order book from current levels is, however, subject to risk. A weaker global economy, due to geopolitical factors, could lead to disruption, which could dampen investor confidence and impede the flow of large capital projects coming to market; and our ability to raise project finance could be impeded while we address our debt position.

Mining* (R billion)

Power, Industrial & Water (R billion)



Total (R billion)

** Prior periods order book now excluding RUC.*

R10,6 billion of revenue for the FY2024 has already been secured, FY2024 revenue is expected to exceed R13 billion.

Order book time distribution

Platform	Order book % split: SADC	Order book % split: Int.	Order book Rbn: June 2023	Order book Rbn: June 2022	Order book Rbn FY Time Distribution: 2024	2025	>2025
Mining*	49%	51%	13,6	17,2	8,8	3,0	1,8
Power, Industrial & Water	100%		1,8	0,4	1,8	–	–
	55%	45%	15,4	17,6	10,6	3,0	1,8

** Prior period restated for discontinued operations.*

Order book and near orders (R billion)

Near orders
Preferred bidder status and final award is subject to financial/commercial close – more than a 95% likelihood 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

	Mining	PIW
Near orders	9,1	0
Category 1	19,9	9,0
Category 2	46,4	31,4
Category 3	48,6	3,7

Near orders of R9,1 billion

Category 1 project pipeline of R28,9 billion

Our material issues

The Group is specifically committed to restoring shareholder value, and creating value for our clients, employees and partners. More generally, through the projects we build, we support the economies of the countries where we operate, thereby delivering lasting socioeconomic benefit to local communities.

Framing our material issues are our Purpose and Vision, which remain relevant to the long-term sustainability of the Group, and our revised strategic objectives for the medium term:

- Trade through our current constrained liquidity position, with the support of our financial partners – with working capital and cost management vital to improving our debt position and strengthening our balance sheet.
- Differentiate ourselves as a specialist contractor who adheres to global ESG standards and to our own sector-leading operational standards, defined through our commitment to *Engineered Excellence.*
- Through our purpose-led dedication to sustainable development, regain the trust of financiers and maintain the trust of our other stakeholders.

Material issues are those that substantively affect our ability to create value over the short to long term. Thus, they are those issues that support or inhibit our strategic, financial, and operational performance. How we identify these factors and develop our responses to them, influences stakeholders' assessments of the Group.

This section sets out our management priorities over the next three years. They show what we deem to be most material, and how we intend to meet the risks and opportunities involved.

The Group has undergone material change in the year under review with the loss of Clough Limited ("Clough"). In terms of assets and gross revenue, we are a smaller Group today. Strategically, the opportunity is to refocus the business, to become more cost efficient, and to reinforce our position as a specialist multinational engineering and contracting company focused predominantly on the global mining sector. Given our financial position (and the losses sustained during the year) financial stability is now our principal material issue.

In-depth discussions with leadership (including the chairman to incorporate Board insight) were the primary input in determining our material issues. An executive workshop to finalise them (for Board approval) included the Group chief executive, financial director, risk and HSE director, and the investor relations executive.

We referred to the material issues (set out alongside) in preparing the Group's integrated report and sustainability report, which provide a thorough discussion of, and pertinent performance data for, these issues.

SHORT- TO MEDIUM-TERM

VALUE DRIVERS

01 Financial stability

CONTEXT

- Long-term demand fundamentals in global mining remain strong, driven by rising global population, GDP growth, urbanisation and the energy transition.
- Price outlook for most major commodities (especially 'green metals') remains strong in the medium term.
- Increasing investment in southern African renewable energy and power transmission & distribution.
- Weak macroeconomic outlook in South Africa and government's hesitant posture toward property rights, endemic corruption, privatisation, and other structural reforms, could prolong this outlook.
- Financiers remain risk averse towards the engineering and contracting sector.

02 Contractor of choice

03 Employer of choice

CONTEXT

- Increased HSE scrutiny from clients and regulators; increased socioeconomic development expectations from local communities.
- Leadership quality and depth are critical for financial stability and strategic continuity.
- Companies compete to attract management and technical expertise in highly contested markets, with skills shortages in both the Mining, and the Power, Industrial & Water platforms.
- Lack of critical supervisory and specialised skills in growth markets is a constraint to continued excellence in project delivery.

04 Stakeholder trust

CONTEXT

- Growing relevance of ESG, along with stakeholder (clients, funders, governments) expectations that emphasise safety, business ethics and environmental issues.
- ESG reporting becoming more demanding and technical to meet expectations of transparency, measurability and standardisation from international frameworks and ESG ratings agencies.
- Requirement to employ people from local communities and use their services can create challenges if their skills/resources are not sufficiently matched to project needs.

LONGER-TERM

VALUE OUTCOMES

- Clients remain cash constrained and risk averse, seeking to shift more risk to contractors.
- Renewable energy and transmission contracts in South Africa, typically issued on an EPC lump-sum basis, will need to be carefully managed.
- Geopolitical tensions and inflation constrain trade and investment and disrupt supply chains, extreme weather events could do likewise.
- Shortage of experienced personnel drives up wages.
- Delays and deferrals of projects (caused by some of the above) create uncertainty.

Material issues

- Manage liquidity and improve debt position.
- Ensure operational excellence and order book quality.

Key indicator:

- Balance sheet strength

Optimising our earnings potential and taking advantage of market opportunities, particularly in mining, sets us up for sustainable growth.

- Globally, skilled operators and tradesmen for maintenance are in short supply, with OEMs falling short on appropriate skills to support their clients technically.
- Post-pandemic mental health and morale issues, and job uncertainty.
- Growing expectations from employees on health, safety and wellness support, long-term career paths, and flexible workplace models.
- Expectations from the younger generation that organisations share their values.

Material issues

- Deepen *Engineered Excellence* to support brand differentiation, mitigate project risk and optimise value (for clients and for the Group).
- Maintain leading HSE track record.
- Maintain competitive employee value proposition.
- Intensify talent development to ensure succession depth.

Key indicators:

- Predictable profit margins at project level
- Employee satisfaction survey

Differentiating ourselves as a contractor, employer, and strategic partner, with an emphasis on commercial and project excellence, maintains sustainable competitiveness.

- Growing emphasis on resource efficiency, and responsible waste and pollution management can be costly, but also presents an opportunity for savings.
- Stakeholder trust and reputation management are key to the long-term survival of contractors, given expectations for responsible corporate citizenship.
- Ongoing demand for 'green metals' to support the transition to a lower-carbon economy.

Material issues

- Consistent application of the Group sustainability framework and associated reporting standards.
- Remain responsive to local requirements.

Key indicators:

- Independent ESG benchmarking

Murray & Roberts remains an ethical, purpose-led multinational corporation aligned to the global advancement of sustainable human development.

Material issues and associated management priorities

01 Financial stability

Manage liquidity and improve debt position.

- Develop and implement South African debt deleveraging plan:
  - Recover long-outstanding project claims.
  - Convert onerous contracts to new commercial arrangements to release working capital.
  - Identify and sell non-core assets to improve cash position without compromising business.
  - Consider establishing centralised procurement entity for mining equipment to benefit from economies of scale and improve liquidity through associated funding arrangements.
  - Implement mechanism to accelerate cash transfer (dividends) from Cementation Americas to South Africa.
  - Consider new Group funding structure with international banks.
- Improved capital management:
  - Secure new short-term facilities to support project funding and bonding.
  - Consider alternative working capital financing mechanisms.
- Collaborate with clients to improve working capital:
  - Where possible opt for self-funding projects through adequate advance payment arrangements.
  - More equitable risk sharing commercial arrangements with clients.
- Secure a greater proportion of total income from contract mining to counter market cycles.
- Sustainable cash flow:
  - Resolve commercial issues with clients timeously during the project, and not at project close-out.
  - Improve liquidity through advance payments arrangements and timeous milestone and progress payments.
  - Improve collection of commercial entitlement (project compensation events).
  - Close out Middle East business.
  - Optimise and innovate to grow market share and margins.
  - Optimise cost base.
  - Management performance contracts to include targets for liquidity and cash management.
- Suspend new social initiatives until liquidity position improves.

Ensure operational efficiency and order book quality.

- Strategically reposition the Group with the Mining platform as its core service offering, supplemented by the Power, Industrial & Water platform.
- Respond to longer-term market shifts, positioning the Group for sustainable growth.
- Ensure a diversified order book (by timeframe, region, segment, and contract type).
- Apply the Group's established risk management framework, including lessons learnt and minimum contracting principles.
- Ensure platforms remain aligned to Group purpose, values and culture:
  - Leverage the Group's reputation and ability to optimise capital investment, while meeting global ESG standards.
  - Leverage presence across the engineering and contracting value chain to optimise capital investments in design and execution of projects.
  - Balance Group oversight and control with platform accountability and autonomy (aligned to business model).
- Support platforms in securing the capacity (project finance, specialist and technical skills, and strategic partnerships) to maintain a quality order book and deliver project excellence.
- Optimise value potential from all phases of project life cycle by growing our operations and maintenance services.
- Leverage strategic partnerships, according to specific project scope and requirements.
- Pursue regional expansion with trusted clients and partners (specifically into South American and West African mining markets).
- Growth strategy for Power, Industrial & Water platform to achieve sustainability:
  - Positioning with project developers as a preferred contractor to unlock EPC project opportunities in Sub-Saharan Africa.
  - Pursue renewable energy opportunities (given removal of the self-generation cap in South Africa) and transmission opportunities.
  - Secure annuity-type income through operation and maintenance of wastewater treatment plants.

02 Contractor of choice

Deepen *Engineered Excellence* to support brand differentiation, mitigate project risk and optimise value (for clients and the Group).

- Leverage track record and reputation to build valuable client relationships.
- Reinforce culture of *Engineered Excellence* to grow value for Group and for stakeholders, through leadership commitment, continuous improvement, and consistently delivering safe, well-executed, and profitable projects.
- Ensure strict adherence to systems, processes, principles and practices in commercial, project and ethics management:
  - Mature project governance and management systems in place to manage the risks of commercial and operational challenges on complex projects.
  - Manage complexity of different systems and cultures with joint-venture partners to ensure alignment in values and management systems to manage execution risk.
- Ensure discipline in competitive tender pricing, closing contract negotiations on non-onerous commercial terms, and effective project delivery to achieve outcomes in line with tender expectations.
- Provide service offering for the entire project life cycle:
  - Share and optimise Group resources (leverage centres of excellence) collaborate on common systems and global metrics.
  - Where possible, apply alliance contracting models to deliver shared value with clients.
- Ensure responsiveness to client ESG expectations, through measurable ESG credentials at project and corporate level, and the ability to manage local conditions, constraints, and expectations:
  - Ensure projects meet or exceed expectations for safety and health; local contracting partnerships, employment, and procurement; training and skills development; socioeconomic development of local communities; environmental imperatives of project delivery; and long-term impact of projects.
- Drive *Engineered Excellence* in safety and risk management, supporting continuous improvement through increased management involvement and leadership visibility in the field.
- Management KPIs to align with financial stability and ESG commitments.
- Manage the impact of digital change on productivity and skills redundancy:
  - Reskilling and upskilling initiatives form part of the digitalisation strategy.
  - Cybersecurity framework improved by strengthening security governance processes and technical defences.

Maintain leading HSE track record.

- Strive for Zero Harm to people and the environment across our portfolio of projects:
  - Increase the number of Zero Harm projects.
  - Continue to focus on leading indicators to identify emerging risks and to prevent potential safety incidents from occurring.
  - Continued focus on the Group's Critical Risk Management ("CRM") programme, which identifies high-risk tasks and associated preventative controls, in-field verification of the application of preventative controls, and programme and verification effectiveness assessments by project leadership.
  - Effective change management.
  - Continue to enhance the sharing of lessons learnt to maintain world-class safety performance.
  - Recognition programmes.
- Expand and improve existing employee mental health and wellness support.
- Follow best practice:
  - International standards in social justice, decent work, and human rights; meet local standards.
  - Career advancement opportunities and upskilling; structured performance management- and development-linked incentives.
  - Constructive relationships with employee representatives to support fair wage agreements and minimise labour conflict.
- Ensure the culture and operational systems of the Group are well understood:
  - Onboarding for new hires.
  - Training and development interventions to maintain high-performing core of skilled employees.
- Ensure responsible resourcing despite market and project cycles:
  - Retain core skills through continuous engagement.
  - Digitise employee data for better resource management.
  - Attract required skills timeously through effective people planning to mobilise projects on time and within budget.
  - Maintain a responsible approach to retrenchments during cyclical downturns and demobilising.
  - Continue to focus on diversity and inclusion hires, use onboarding to strengthen Group culture and recruit and train people from local communities.

Material issues and associated management priorities *continued*

03 Employer of choice

Maintain competitive employee value proposition ("EVP"). Intensify talent development to ensure succession depth.

- Aspiration to be an employer of choice.
- EVP centred on integrity, respect, care, accountability, and commitment.
- Market related and competitive remuneration and reward systems.
- Structured career development to ensure retention of top talent.
- Align performance contracts with Group strategic objectives for middle management and above.
- Improve performance management through consultative performance contracting and development plans.
- Recruitment initiatives focused on attracting people with the appropriate technical skills, who support a high-performance culture, and exhibit alignment with our values.
- Leverage our strong training and development success rate, supported by our world-class South African training facility, to bring new people into the industry and refresh our skills base.
- Digitise human capital data to support decision-making on HR management.
- Accelerate leadership and development programmes for succession planning and improved depth/calibre of future leadership.
- Talent Management programme:
  - Implement findings of talent review across senior and middle management, confirming high-potential employees for mentorship and leadership programmes.
- Training and coaching for managers, with specific reference to client needs and enabling delivery of team targets.
- Align business processes to revised management structure to suit a smaller, more streamlined organisation.

04 Stakeholder trust

Consistent application of the Group sustainability framework and associated reporting standards.

- Harmonise ESG imperatives with commercial opportunities, as defined in the Group sustainability framework:
  - Align to relevant international accountability frameworks and ensure ESG meets client expectations.
  - Improve ESG reporting, including for supply chain, climate change, diversity, equity and inclusion, communities, and labour.
  - Publish clear ESG policy positions as they develop.
  - Apply the Group's diversity policy in management and Board appointments.
- Understand the impact of stakeholder ESG requirements on the Group's funding and insurance requirements.
- Support clients in their ESG objectives and assist them in implementing their climate change response plans, including solutions in renewable energy and water.
- Actively engage suppliers to help reduce the carbon footprint of our supply chain.
- Keep pace with changes to the operating landscape due to raised ESG expectations.
- Support stakeholder relationships through the Group's stakeholder engagement model.
- Periodic independent Board assessments to assure independence, diversity and performance, with an appropriate balance across various measures.
- Uphold our reputation by adhering to policy and procedures:
  - Transparent and ethical decision-making.
  - Compliance with policies, laws, codes, and standards across all operations.
  - Compliance and ethics training, including a toll-free anonymous whistle-blower hotline.
  - Group-wide culture frameworks: Values, Code of Conduct, Group sustainability framework.

Remain responsive to local requirements.

- Diversity and localisation policies and practices tailored appropriately for the jurisdiction.
- Engage with and support host communities; manage:
  - Economic and employment expectations, and local requirements and norms.
  - Local partnerships for socioeconomic development, and localised supply chains for services and goods procurement.
- In Mining, maintain Level 1 BBBEE score, including local employment and supplier development targets required by clients in South Africa.
- In Power, Industrial & Water, restore BBBEE credentials and meet diversity aspirations and establish BBBEE partnerships in South Africa.
- Further develop opportunities for the Boipelo joint venture with Amandla TM, a 51% Black-owned mining contracting company in South Africa.
- Joint ventures with First Nations groupings in Canada, as well as with similar groupings in Kazakhstan and Peru.
- Promote inclusivity through the diversity work group at the North American operation.

Chairman's statement

Overview

The financial year to 30 June 2023 has been the most challenging period for Murray & Roberts since the 2008 global financial crisis. The unexpected loss of our ERI platform, in view of its promise of a strong and sustainable earnings contribution, was a shock for the Group and our stakeholders.

SURESH KANA
Chairman

For the Board, it was distressing to witness the 'perfect storm' unfolding, leading to the Group's Australian holding company, Murray & Roberts Pty Ltd ("MRPL"), and one of its subsidiary companies, Clough Ltd ("Clough"), being placed under voluntary administration. As a result, the Group also lost control of RUC Cementation Mining Contractors Pty Ltd ("RUC"), a subsidiary of MRPL and the Australasian operation in the Group's Mining platform.

The Group now delivers projects through its remaining two business platforms: the Mining platform, with two regional businesses in Africa and the Americas (USA and Canada); and PIW, focused on Sub-Saharan Africa. As a provider of multinational, specialist mining services, we are determined to maintain a presence in the Asia-Pacific ("APAC") region, specifically by regaining control of RUC. If we succeed in retaining RUC, it means we preserve a significant mining business operating in all the main mining jurisdictions.

Group chief executive's and financial director's report PG 26

"In the years ahead, our philosophy of Engineered Excellence remains essential. We will continue to ensure that our policy and management interventions improve efficiencies and reduce risks."

Stakeholder trust

Stakeholder trust underpins value. One way we strengthen trust is by being transparent with our stakeholders, in good times and in bad – an ethos of Murray & Roberts. Perhaps it is only superficial comfort, but I can assure our readers that the series of events which caused this loss of value was in no way due to a lapse in governance, ethics, or poor executive decision-making.

The Board's view is that in the unprecedented circumstances of global lockdowns and other knock-on effects such as supply chain disruptions on all projects, which materially and unexpectedly increased working capital requirements beyond the Group's capacity, the loss of the ERI platform could not have been foreseen. Additionally, no one knew how long the pandemic and related restrictions would last, complicating the Board's already intractable trade-offs – for instance, temporarily closing project sites is to deny our employees an income.

On balance, even with the shock of the last year, I hope that through the decisions we have made to endure the crisis, the trust our employees, clients, and partners have in us, remains intact. Moreso, given the leadership team's transparent, forthright, and proactive responses during the pandemic and its aftermath, I have faith in the resilience and prospects of Murray & Roberts, albeit as a much smaller group.

The nature of an engineering and contracting business is such that it requires working capital to build projects, while managing complex risks and uncertainties which could materially impact working capital requirements. Restoring stakeholder trust and financial stability through careful capital management, cost reduction and operational efficiency will be our watchwords going forward.

Lessons in risk sharing

The loss of Clough highlights some inherent weaknesses in our industry, particularly the imbalanced allocation of risk to contractors in large EPC projects, especially during periods of relatively low investment in new infrastructure.

During the years preceding the pandemic, the most common contracting model, and in many instances the only contracting model, used for the procurement of new infrastructure projects, was fixed price EPC lump-sum contracts. Clough was successful in securing key infrastructure projects in both Australia and the USA on this basis. The project tender review process was intense, competent and competitive, with oversight and input from independent third parties – projects were tendered in a rigorous and responsible manner. The Board also regularly convened and discussed the Group's exposure to fixed price lump-sum contracts and how they were being managed, and Clough's reporting to management always met expectations.

However, large-scale fixed price lump-sum projects are inescapably risky. Should one or two projects in a large portfolio experience significant risk, it can be managed within a portfolio, but should the entire portfolio be exposed to significant risk, it becomes almost impossible to withstand. COVID-19 interrupted project progress, global supply chains and travel, and significantly impacted project cash flows. Our clients, also exposed, moved to protect their own liquidity positions and their defensiveness toward COVID-19 related project compensation events and claims intensified. The delays in settling compensation events and claims, and the resulting increase in working capital, ultimately proved to be too heavy a burden for the Group's balance sheet to shoulder, given Clough's record order book (mainly comprising large, multi-year EPC lump sum projects).

However, one reason for optimism about the Group's future is the less onerous contracting models applied in the mining industry, now the sector from which most of the Group's income is derived. Our Mining platform's projects carry significantly lower commercial risk, and our competitive position in the global mining sector and strong client relationships give room for more equitable risk sharing between contractor and client.

In the years ahead, our philosophy of *Engineered Excellence* remains essential. We will continue to ensure that our policy and management interventions improve efficiencies and reduce risks. Our singular focus on operational efficiency and excellence has the broader aim of confirming our brand as a contractor of choice in our markets.

Specialist global mining contractor of choice

The executive team has presented to the Board a plan to substantially reduce financial risks to the business. It will not be an easy road, but the Board is satisfied that the Group will be on firm financial footing within three to four years.

With the loss of the ERI platform, our business is less complex than it was before, with the strategic emphasis on global recognition for our Mining platform. The fundamentals of our business are sound. Our offering as a specialist contractor of choice in global mining is sought after, and the transition to 'green energy' and toward clean technologies will drive increased demand for 'green metals' like copper, nickel and lithium.

In a globalised business environment, and with multinational clients, it is imperative that we trade in key mining markets worldwide to stay relevant. The Board wholeheartedly supports the efforts of the executive team to keep a foothold in the APAC region, especially given Australia's central role in the minerals and metals sector, which will support the world's transition to a lower-carbon future.

PIW platform will play its part in Sub-Saharan Africa through the provision of engineering and contracting services for projects in the renewable energy sector, and transmission line projects in the power sector, among other industrial infrastructure.

Our hope for South Africa is that we build trust between the private and public sectors, such that both parties unite for the sake of the national interest. At this juncture in our socioeconomic development – as the implications of the power and water crises become clearer and more urgent – South Africa's economic turnaround depends on large-scale infrastructure development, which the PIW platform is well placed to contribute toward.

Sustainable development, governance and remuneration

Our commitment to sustainable development, which we take seriously as a multinational corporate citizen, also remains intact. We have the necessary frameworks and governance processes to support close Board oversight of ESG and sustainability risk and opportunity, and to align our business to the expectations of our stakeholders. As our integrated annual reports show, our ESG performance as a Group compares favourably with global peers and major clients.

On the all-important issue of safety, stakeholders will note that our safety performance is well within the limits we set for the year and aligns to the highest global standards. However, early in the financial year, the Group experienced a tragic incident at a mine in Australia, where one of RUC's employees sustained fatal injuries in a fall of ground incident. Together with our client, we initiated a comprehensive investigation into the causes of the incident, but before it could be concluded, the voluntary administration in Australia had begun and the matter was taken out of our hands. On behalf of the Murray & Roberts Group, I once again extend our deepest condolences to the deceased's family, colleagues, and friends.

Limpopo bus accident

On Sunday afternoon, 17 September 2023, a bus transporting Murray & Roberts employees travelling to the Venetia mine in Limpopo was involved in a head-on collision. Tragically, 20 people lost their lives, seventeen of whom were Murray & Roberts Cementation employees. We offer our deepest condolences to the families of those who have lost their lives and those who were injured and impacted by this terrible accident.

"Globally, many engineering and construction companies had to close due to the impact of COVID-19. We are grateful that we have been able to withstand the significant impact on the Group and believe we have the ability, together with the support of our lenders, to see this period through."

With the Group's primary strategic focus having narrowed and considering its reduced size, we rationalised our governance structure and reduced related corporate costs. We combined the social and ethics committee with the health, safety, and environment committee, and the risk committee with the audit committee. We now have four board committees: remuneration; audit and risk; social & ethics (which includes HSE) and nomination & governance.

Executive remuneration is a controversial subject, none more so when investors endure a significant loss in shareholder value. As detailed in the Group's remuneration report, our remuneration policy aligns shareholder interest and management interest, with our executives having suffered commensurate losses. Our Group chief executive Henry Laas was and remains the largest individual shareholder in Murray & Roberts.

Closing remarks

Globally, many engineering and construction companies had to close due to the impact of COVID-19. We are grateful that we have been able to withstand the significant impact on the Group and believe we have the ability, together with the support of our lenders, to see this period through.

I thank my fellow Board members for their counsel and commitment in a challenging year for shareholders and the Group. We enjoy an open and effective working relationship with the executive team, who have endured extreme work pressures throughout this period and continue to fulfil their commitments under demanding conditions. I am gratified by the commitment shown from the members of the Board and executive team, who were often called to meet two or three times a week to deliberate and make tough decisions.

I am proud to be associated with this organisation and I look forward to us restoring confidence and repaying the faith shown by our investors, guided by the Group's Values and commitment to excellence.

Group chief executive's and financial director's report

The financial year to 30 June 2023 has been the most challenging for Murray & Roberts since the period following the 2008 global financial crisis. Murray & Roberts has been badly scathed and left financially constrained. However, our strong position in the global mining sector means this is still a Group with a future.

HENRY LAAS
Group chief executive

DANIËL GROBLER
Group financial director

Over the last 18 months, we weathered the COVID-19 storm, including lockdowns and other restrictions, which severely compromised our ability to make contracted deliverables. But a confluence of consequences in the aftermath of the pandemic proved too much for Murray & Roberts' balance sheet to withstand. The directors of the Group's holding company in Australia, MRPL, and one of our subsidiary companies, Clough, were eventually left with no other choice but to place these companies under voluntary administration. A further ramification of this voluntary administration was that the Group also lost control of RUC, part of the Group's Mining platform, and a subsidiary of MRPL.

We regret the loss of value that our shareholders endured, especially as our growth strategy, carefully implemented since 2014, was coming to fruition. The ERI platform, which traded under the Clough brand, presented the best growth potential for the Group. The loss of this business meant that the Group lost the opportunity to translate a record order book into earnings growth for the benefit of our shareholders. This order book was hard won over a five-year period of repositioning ERI for a burst of infrastructure-led growth in its key markets of Australia and North America.

The Group is today considerably smaller, but we are confident we can grow earnings from a pre-pandemic baseline. It is important to point out that our multinational Mining platform – now our core business – was the main contributor to Group earnings for the last decade. It retains its global position as a mining services provider, and is expected to continue to deliver meaningful earnings as the decarbonisation of the global economy and specifically the energy transition gains pace.

"COVID-19 was the singular event that turned great promise into value destruction for many countries, economies, companies, and people around the world. The pandemic disrupted global supply chains and restricted the movement of people which, in turn, slowed down project progress and extended project timelines. Longer timelines compounded costs and delayed project milestone payments, stretching working capital to a breaking point."

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

Financial performance

In this financial report, MRPL, Clough and RUC have been reported as discontinued operations and deconsolidated from the Group with effect from 5 December 2022. The comparative statement of financial performance for the year ended 30 June 2022 have been restated with MRPL and its subsidiaries, previously reported as continuing operations, now reported as discontinued operations.

Revenue and profit before interest and tax for continuing operations increased to R12,5 billion (FY2022: R8,8 billion) and R91 million (FY2022: R82 million) respectively. Earnings include a contribution from the Group's investment in Bombela of R30 million (FY2022: R193 million), and this investment was disposed of during the second half of the year to Intertoll International Holdings B.V. Diluted continuing headline loss per share was 71 cents (FY2022: 47 cents).

The Group recorded an attributable loss of R3 181 million (FY2022: R135 million profit) after accounting for the losses in Clough and the deconsolidation of MRPL, Clough and RUC. Following the deconsolidation, equity reduced to R1,8 billion (FY2022: R5,7 billion). Net asset value per share was R4 (FY2022: R13).

The Group reported a net debt position of R0,3 billion (FY2022: R1,1 billion), which marks a significant improvement over the prior year. The Group's debt reduced by approximately R1,2 billion, following the application of the proceeds from the disposal of its investment in Bombela in April 2023.

Interest for the reporting period increased to R267 million (FY2022: R186 million) and the tax charge was R106 million (FY2022: R74 million). Interest is expected to reduce by circa R100 million per annum, as debt levels reduced post the disposal of Bombela. The tax charge is high, as a deferred tax asset could not be raised against interest and corporate costs incurred in South Africa.

Platform Financial Performance

In the Mining platform, the past year was characterised by the significant disruption experienced by the Group and the platform as a result of MRPL and Clough being placed under voluntary administration, resulting in RUC being lost to the Mining platform. The multinational Mining platform now comprises two regional businesses in Africa and the Americas (USA and Canada). RUC, which focused on Australasia, was deconsolidated from the Group with effect from 5 December 2022.

Revenue increased to R11,1 billion (FY2022: R7,9 billion) and operating profit increased to R313 million (FY2022: R234 million). The order book reduced to R13,6 billion (FY2022: R17,2 billion), reflecting the exclusion of the Arnot project, after the client entered into business rescue. Near orders decreased to R9,1 billion (FY2022: R14,3 billion).

The Power, Industrial & Water platform provides project services mainly to the power and energy market sectors in Sub-Saharan Africa. The focus for FY2023 was to position this business in the renewable energy sector, to grow a quality order book, and to return to profitability moving into FY2024 and FY2025.

Revenue increased to R1,3 billion (FY2022: R0,8 billion) and the platform recorded a significantly reduced operating loss of R47 million (FY2022: R155 million). As targeted projects from the Renewable Independent Power Producer Programme bid window 5 only reached financial close late in FY2023, secured projects had limited opportunity to accrue sufficient revenue to positively impact profitability for the year under review.

The order book increased to R1,8 billion (FY2022: R0,4 billion) following the award of renewable energy sector contracts to OptiPower Projects ("OptiPower"). Category 1 opportunities amounted to R9 billion (FY2022: R9,1 billion), reflective of opportunities in the renewable energy (solar and wind) and power transmission sectors.

Discontinued operations

MRPL, Clough and RUC

The R2,5 billion loss from these entities comprises an operating loss in Clough of R1,3 billion and a loss of R2,4 billion through the deconsolidation of assets and liabilities. A foreign currency translation reserve profit of R1,2 billion was realised as a result of the deconsolidation.

Middle East operations

Shareholders are referred to the market announcement published on 31 August 2022, containing information on the Group's proposed exit from the Middle East and the agreement entered into for the sale of two of its key companies in the Middle East. This transaction remains subject to regulatory approval and as previously communicated, a foreign currency translation reserve loss of circa R520 million (based on the exchange rate as at 30 June 2023) will be accounted for as part of discontinued operations, as and when this transaction is concluded. This foreign currency translation reserve adjustment is a non-cash item and will not impact the Group's equity nor its net asset value.

The loss incurred for the period under review was R198 million (FY2022: R62 million), which includes an impairment of the only remaining receivable of R170 million, and operating cost of R28 million relating to managing potential contingent liabilities until the sale of the companies is concluded.

Managing black-swan implications

An explanation of what led to our share-price collapse is appropriate; more so, of what we are doing to return the Group to a steady financial footing.

In the wake of the post-2010 Soccer World Cup construction slump in South Africa, we exited the civil construction sector in South Africa and acquired the remaining 37% held by minority shareholders in Clough, in 2013. This acquisition established the Group's oil and gas platform which targeted project opportunities in the global oil and gas sector. Clough contributed R1 billion to Group earnings before interest and tax ("EBIT") in 2014 and investment in the oil and gas sector was supported by a strong oil price which peaked at circa US$115 per barrel in June 2014.

Less than a year later, the oil price crashed to below US$40 per barrel and investment in the oil and gas sector ground to a halt. In response, we repositioned the oil and gas platform for energy, resources and infrastructure opportunities. We sought to take advantage of the significant opportunities for specialist contractors in the infrastructure-led growth promoted by governments by way of economic stimulus. This turned out to be the right strategy at the right time. By FY2019, the ERI platform had garnered a record order book and was strongly positioned for large-scale projects in Australia and North America.

COVID-19 was the singular event that turned great promise into value destruction for many countries, economies, companies, and people around the world. The pandemic disrupted global supply chains and restricted the movement of people which, in turn, slowed down project progress and extended project timelines. Longer timelines compounded costs and delayed project milestone payments, stretching working capital to a breaking point. We managed throughout this period, but the true impact of COVID-19 on the ERI platform was somewhat delayed; its catastrophic effect on the Group only becoming clear in the 2023 financial year.

As most of the ERI platform's contracts were secured on a fixed price lump-sum commercial basis, project risk was heavily weighted towards us as the contractor. In the platform's markets, clients at that time brought new projects to market primarily on a fixed price lump-sum basis. Under such market conditions, contractors mitigate the risk of unequal risk-sharing by having a diverse portfolio of work, which was the case for the ERI platform. In the ordinary course of managing a diverse project portfolio, the risk associated with one or two challenging projects can invariably be balanced by other projects. This is a risk, or the 'win some, lose some' reality, that engineering and contracting companies will always face and are prepared to accept, whilst earning sufficient profit from the total project portfolio over time.

The level of risk assumed in the ERI platform, associated with fixed price lump-sum projects and order book size, was reasonable for the Group in a business-as-usual scenario. But in the midst of an unforeseen global pandemic, with worldwide lockdowns and knock-on impacts affecting the Group's entire project portfolio simultaneously. The risk was ultimately intolerable relative to the Group's balance sheet at the time.

Project diversity made no difference and all projects were negatively impacted. The economic disruption that came with national responses to the pandemic had, in many cases, devastating consequences for businesses in the real-world economy. Especially those, such as our business, that rely on the timeous movement of people, goods and materials at key moments to meet the demands of interdependent and intersecting project work streams.

Contracts for project delivery do provide for events that give entitlement for claims and compensation, but none of our contracts at that time provided for pandemics as a compensation event. We had to rely on contractual terms such as changes in legislation which gave rise to substantial claims which were challenging to substantiate through cause and effect analysis, but the delay in having these claims resolved eventually meant that the working capital requirements became too much for the Group.

In short, the impact of COVID-19 was all-encompassing. Our balance sheet and available funding facilities could not sustain the working capital required for the ERI platform. Furthermore, the Group's funding capacity was undermined as no dividends were received from our investment in the Bombela Concession Company ("BCC"), nor from our international businesses for two years spanning the peak period of the pandemic.

Although the Group's liquidity was under pressure, cash flow forecasts indicated that we could meet our commitments and that we could trade through, albeit with limited financial breathing space. What our forecast did not fully account for was the marked shift in commercial flexibility among clients, facing their own cash constraints because of the COVID-19 impact. Claims were more forcefully contested, in some instances rejected, and in other instances leading to protracted and only partial settlements.

By July 2022, our initial estimation was that Clough's working capital shortfall was approximately AU$50 million: troubling but manageable, and we had a certain solution for providing this support during November 2022. However, by October 2022, after the next round of detailed quarterly project reviews, with updated forecasts for cost and revenue to completion and considering most recent client responses to claims, the projected working capital shortfall had nearly tripled. The escalation was largely attributable to our claim of circa US$90 million on Project Traveler in the United States, which the client was willing to settle at around half of the claimed value, and we had no time to challenge this as we would typically through costly and lengthy arbitration.

As such, the Group had no capacity to provide the cash injection required by Clough in time. As the prospects for a successful capital raise were limited, we commenced a process to sell Clough on an accelerated basis, in parallel with considering the possibility of voluntary administration. We found a potential buyer in the Italian firm, Webuild (formerly Salini Impregilo), who had a history of collaborating with Clough on major projects in Australasia and had shown interest in Clough some months before. However, the sale did not proceed after the parties agreed there was no reasonable prospect of the transaction being finalised.

In parallel to the Webuild negotiations, we began the groundwork to place Clough under voluntary administration ('business rescue' in South African terminology). When the negotiations between the parties were terminated, the directors of Clough and MRPL immediately placed the companies in voluntary administration, on 5 December 2022. From this date, Murray & Roberts lost control of MRPL and Clough, as well as RUC, which was caught up in the voluntary administration of MRPL.

Maintaining a presence in the Asia-Pacific region

As a provider of specialist mining services, it is our intent to maintain a presence in the APAC region, which is the region formerly serviced by RUC. The Group's global expertise in mine design, engineering and construction, and our technical capability in areas like vertical and decline shaft construction means that our services should always be in demand in the APAC region, including Australia. This region is a key part of the global mining sector and it is important for Murray & Roberts to maintain a footprint in the region.

The preferred scenario is for Murray & Roberts to regain control of RUC and to retain this business as part of our multinational Mining platform and efforts in this regard are continuing. Retaining RUC would allow for the full scale and capability of the Group's multinational Mining platform to be reestablished.

However, should the Group not be able to regain control of RUC, Cementation APAC, a company recently established in Australia, will be developed and capacitated to provide engineering and contracting services to mining clients in APAC. The Cementation brand is well known in the global mining sector and the Group will target project opportunities in Australia, leveraging the capabilities of our existing businesses in North America (Cementation Americas) and in Sub-Saharan Africa (Murray & Roberts Cementation).

Stabilising the Group

The loss of the ERI platform (and RUC) has resulted in a smaller Group and has created uncertainty with all our stakeholders regarding the sustainability of the Group, specifically considering our current levels of debt. We are dedicated to addressing this uncertainty by continuing to be transparent in our communication and disclosures, as we deleverage the balance sheet – a requirement of the Group's South African lending banks. We have already significantly reduced our corporate costs and will continue to improve on this, with acute liquidity management and operational efficiency.

Operating in multiple geographic jurisdictions presents unique challenges from a working capital and bonding point of view, requiring the support of our financial stakeholders for the business to perform optimally. It is a primary focus of the executive team to work closely with our financial stakeholders and to rebuild trust following the voluntary administration of MRPL and Clough.

From a strategic perspective, the Mining platform is our core business, while our PIW platform, a much smaller revenue contributor, is poised for profitability. This is also hard earned after weathering several years of losses in a South African market deprived of investment, and repositioning the business to pursue opportunities presented by increased investment in the domestic renewable energy sector.

Notwithstanding the relative business size and potential of the PIW platform, it plays an important role in our commitment to green energy, through the projects the business is delivering in the renewable energy (wind and solar) sector. South Africa's constrained transmission and distribution infrastructure requires urgent investment and through the PIW platform, we are also playing a role in the establishment of new transmission infrastructure, by connecting newly installed power infrastructure to the electricity grid and by expanding the electricity grid to transmit power across the country.

In last years' report we mentioned that stakeholder trust – one of our material issues – is "the currency that underpins all efforts to create sustainable value." This could not be truer as we will be working with our stakeholders to bring stability to our business, by reducing our debt and delivering value from our two platforms.

Closing remarks

In closing, we acknowledge that the next couple of years will be difficult to navigate, but emphasise that Murray & Roberts is a Group with a future, that will continue to deliver work for our existing clients and that will bid, win and build new projects for new clients.

We thank our institutional investors and our employees for showing faith in these challenging times. We also thank the Board and our advisors, for their supportive and productive approach.

We assure our stakeholders that the Board and the executive team are doing everything in their power to create shareholder value from the current low base; and to ensure that Murray & Roberts excels as a top engineering and contracting services provider in global mining and in chosen market sectors in Southern Africa.

Group leadership

Group board

Independent non-executive directors

1

Suresh Kana

CHAIRMAN

Appointed: 01 July 2015
Tenure (Years)*: 8.2

Responsibilities: Oversees Board governance and performance, and stakeholder engagement

Skills & Expertise: Strategic Leadership, Governance, Ethics, Accounting & Finance

Qualifications: BCom (Hons), BCompt, CA(SA), MCom

Experience: PwC Africa: Former Territory Senior Partner

Other Directorships: JSE, Transaction Capital, Anglo American Platinum

Last AGM re-elected: 2020

Committees:

SE REM NG

2

Ralph Havenstein

LEAD INDEPENDENT

Appointed: 01 August 2014
Tenure (Years)*: 9.1

Responsibilities: Addresses shareholders' concerns where regular channels fail to resolve concerns, or where the Chairman may be conflicted

Skills & Expertise: Strategic Leadership, Petrochemical & Mining, Chemical Engineering

Qualifications: MSC (Chemical Engineering), Bcom

Experience: Former CE of Anglo American Platinum & Norisk Nickel International

Other Directorships: Impala Platinum Holdings, Reatile

Last AGM re-elected: 2021

Committees:

REM SE AR NG

3

Jesmane Boggenpoel

Appointed: 01 April 2020
Tenure (Years)*: 3.5

Responsibilities: Provide independent and objective judgement as well as to counsel, challenge and monitor the executive directors' delivery of strategy within the approval framework and risk appetite approved by the Board

Skills & Expertise: Strategic Leadership, Governance, Finance & Investment

Qualifications: CA(SA), MPA

Experience: Former Deal Executive: Brait Private Equity, Former Head of Business Engagement Africa: World Economic Forum

Other Directorships: EOH Holdings, Spur Corporation, ETG Input Holdings, AIH Capital

Last AGM re-elected: 2022

Committees:

AR

4

Alex Maditsi

Appointed: 23 August 2017
Tenure (Years)*: 6

Skills & Expertise: Strategic Leadership, Law, Commercial & Remuneration

Qualifications: Bproc, LLB, LLM

Experience: MD of Copper Moon Trading, Former operations planning & legal director: Coca-Cola Southern & East Africa

Other Directorships: African Rainbow Minerals, Bidvest, Famous Brands, Netcare

Last AGM re-elected: 2020

Committees:

REM SE NG

5

Alexandra Muller

Appointed: 01 July 2022
Tenure (Years)*: 1.2

Skills & Expertise: Strategic Leadership, Accounting, Finance & Governance

Qualifications: CA(SA)

Experience: Former Head of Governance, Risk, and Internal Audit practice at PwC for Financial Services clients

Other Directorships: AVI, Infiniti Insurance

Last AGM elected: 2022

Committees:

AR

6

Clifford Raphiri

Appointed: 05 March 2020
Tenure (Years)*: 3.6

Skills & Expertise: Strategic Leadership, Operations & Human Capital, Engineering, Risk

Qualifications: BScEng (Mechanical), MBA

Experience: Former Executive Director: SAB

Other Directorships: Nampak, Energy Partners Holdings, Growthpoint Properties

Last AGM re-elected: 2021

Committees:

AR

** As at 30 June 2023*

Executive directors

7

Henry Laas
GROUP CHIEF EXECUTIVE

Appointed: 01 July 2011
Tenure (Years)*: 12.2

Responsibilities: Leads the design and delivery of Group Strategy and performance, and reporting

Skills & Expertise: Strategic Leadership, Mining, Engineering, Commercial negotiations

Qualifications: BEng (Mining), MBA

Experience: Former Chairman Murray & Roberts Engineering SADC, Former MD: Murray & Roberts Cementation and various other executive positions within the Group since 2001

Other Directorships: Group related

Last AGM re-elected: 2021

Committees:

SE

8

Daniël Grobler
GROUP FINANCIAL DIRECTOR

Appointed: 01 April 2017
Tenure (Years)*: 6.5

Responsibilities: Leads the delivery of Group financial performance against aspirations, and reporting

Skills & Expertise: Strategic Leadership, Accounting & Finance, Commercial negotiations

Qualifications: CA (SA)

Experience: Former MD: Murray & Roberts Cementation, various Financial Leadership functions within the Group since 2010

Other Directorships: Group related

Last AGM re-elected: 2022

Committees:

SE

Group secretary

9

Bert Kok
GROUP SECRETARY

Appointed: 26 February 2014
Tenure (Years)*: 9.6

Responsibilities: Sound corporate governance and Board Administration

Skills & Expertise: Corporate Governance, Company Secretarial, Administration

Qualifications: FCG (CS), FCIBM

Experience: 20 years listed Company Secretary, former (2010) president of Chartered Governance Institute of Southern Africa

Other Directorships: Group related

Last AGM re-elected: N/A

COMMITTEES

AR Audit & Risk
SE Social & ethics
REM Remuneration
NG Nomination & governance
Committee chair

Group executive

Henry Laas

GROUP CHIEF EXECUTIVE

Tenure*: 16 years

Henry joined the Group in 2001 and was appointed the executive committee in July 2007, and the Board and as Group chief executive in July 2011.

- Sustainable delivery of Group strategy & performance

Committee participation:

AR NG REM SE

Daniël Grobler

GROUP FINANCIAL DIRECTOR

Tenure*: 6 years

Daniël joined the Group in 2010 and was appointed to the executive committee in April 2017. Daniël was the Managing Director of Murray & Roberts Cementation. Prior to that, he fulfilled financial positions such as chief financial officer: Underground Mining business platform and Group Corporate Finance Executive.

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

Committee participation:

AR REM SE

Mike De Costa

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

Tenure*: 5 years

Mike joined the Group and was appointed to the executive committee in 2018. He is the executive director responsible for the Mining business platform, with effect from 1 August 2018.

- Cementation AG
- Cementation Canada & USA
- Merit Consultants International
- Murray & Roberts Cementation
- Terra Nova Technologies (TNT)
- Murray & Roberts United Kingdom

Committee participation:

SE

** As at 30 June 2023*

Steve Harrison

BUSINESS PLATFORM CHIEF EXECUTIVE OFFICER

Tenure*: 8 years

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

- Murray & Roberts Projects
- Murray & Roberts Water
- Optipower

Committee participation:

SE

Thokozani Mdluli

HEALTH, SAFETY & ENVIRONMENT AND RISK EXECUTIVE

Tenure*: 10 years

Thokozani joined the Group in 2010 and was appointed to the executive committee in July 2013. He is responsible for risk and health, wellness, safety and environment.

- Health, safety & environment
- Risk
- Wellness
- BBBEE

Committee participation:

SE AR

COMMITTEES

AR Audit & Risk | SE Social & ethics | REM Remuneration | NG Nomination & governance

Mining

The platform is currently engaged on mining projects in Canada, USA, Chile, Argentina, South Africa and elsewhere in Sub-Saharan Africa. These include work on nine vertical shafts, equipping and rehabilitation projects, eight decline shafts and mine lateral development projects, five production mining projects, 32 support and construction projects and five major ore handling infrastructure construction projects. In addition, 30 raise drilling machines are deployed on projects around the world.

MIKE DA COSTA
Platform CEO

Overview

The past year was characterised by the significant disruption experienced by the Group and the platform as a result of the Group's Australian holding company, MRPL being placed under voluntary administration, along with one of its subsidiary companies, Clough. As a consequence, the platform lost control of its specialist Australian shaft sinking and raise drilling company, RUC, a subsidiary of MRPL. Since the platform was no longer in control of the business, RUC's results were deconsolidated from the Group's continuing operations and reflected as discontinued operations as from 5 December 2022. Up to this point in the year, revenue and earnings were tracking well ahead of the corresponding period in the previous year.

Revenue increased to R11,1 billion (FY2022: R7,9 billion) and operating profit increased to R313 million (FY2022: R234 million). The order book reduced to R13,6 billion (FY2022: R17,2 billion), reflecting the exclusion of the Arnot project, after the client entered into business rescue. Near orders decreased to R9,1 billion (FY2022: R14,3 billion). The improvement in platform earnings is due to strong growth recorded by Cementation Americas (USA and Canada), notwithstanding a reduced contribution from Murray & Roberts Cementation (Sub-Saharan Africa).

The Americas business recovered well in a more normalised post-pandemic business environment, and delivered a significantly better performance compared to the prior year. The business delivered strong growth in revenue and earnings on the back of good growth in the order book. Margins also recovered in its underground mining segment. The growth in earnings was despite losses incurred in the materials handling business, TNT. However, TNT experienced strong order book recovery during the fourth quarter of the financial year, setting the business up for revenue growth and a return to profitability during FY2024.

In South Africa, Murray & Roberts Cementation experienced another difficult year. Although there are several potential projects in the pipeline in South Africa, mine operators seem reluctant to invest in projects given the current economic and sociopolitical climate in the country. As a result, very few projects of any significance have come to market and the order book has decreased during the year. However, the business won two significant projects awards, one in the last month of FY2023 and one just after the close of the financial year, reversing the declining trend.

Notwithstanding the reduced order book, revenue improved compared to the prior year but did not convert to improved earnings. Margins were significantly eroded by operational challenges and cost overruns at the Venetia diamond mine project, which accounts for a large portion of the business' revenue, resulting in the material decrease in earnings. Significant effort, by both our client and the business, has gone into improving the operational and cost performance environment on the project over the past six months, and progress made to date points to a much-improved outcome for FY2024. Better margins and a growing order book will position the business to deliver earnings more in line with historical performance.

In Australia, control of RUC passed to the administrators of MRPL at the beginning of December 2022. Up to that time, the business had been performing very well, with significant growth in revenue and earnings compared to the comparable period in the prior year.

As a provider of specialist mining services, it is our intent to maintain a presence in the APAC region, which is the region formerly serviced by RUC. The Group's global expertise in mine design, engineering and construction, and our technical capability in areas like vertical and decline shaft construction means that our services should always be in demand in the APAC region, including Australia. This region is a key part of the global mining sector and it is important for Murray & Roberts to maintain a footprint in the region.

The preferred scenario is for Murray & Roberts to regain control of RUC and to retain this business as part of our multinational Mining platform and efforts in this regard are continuing.

However, should the Group not be able to regain control of RUC, Cementation APAC, a company recently established in Australia, will be developed and capacitated to provide engineering and contracting services to mining clients in APAC. The Cementation brand is well known in the global mining sector and the Group will target project opportunities in Australia, leveraging the capabilities of our existing businesses in North America (Cementation Americas) and in Sub-Saharan Africa (Murray & Roberts Cementation).

We strive for zero harm in everything we do. We are therefore deeply saddened by the fatal incident that occurred in the raise drilling division of RUC during October 2022. This incident ended five years with no fatalities for the platform. We extend our deepest condolences to the deceased's family, colleagues, and friends. The LTIFR for the period deteriorated to 0.89 (FY2022: 0.76) due to reduced exposure hours following the loss of RUC. The TRCR improved by 21% to 4.00 (FY2022: 5.05).

Opportunity

Commodity prices in general have declined over the past year but remain relatively robust, and many mine owners are maintaining acceptable operating margins. There are, however, several risks developing that create significant uncertainty for mine owners considering capital investments:

- Inflation remains stubbornly high, notwithstanding efforts by central banks to bring it under control.
- Geopolitical instability in various parts of the world.
- The increasing threat of instability in global financial markets and a global recession.
- Supply chains still not fully recovered post-COVID.
- Skills shortages negatively impacting the cost and efficiency of project delivery.

In this uncertainty, mine owners tend to defer riskier investments and invest only in projects with higher certainty and returns, such as brown field replacement projects or expansions. There has also been an increase in merger and acquisition activity, as the major mining companies deem additional and future production as more value accretive and lower risk than exploring for and developing new orebodies. This limits opportunities for growth in the mining contracting and construction market. But despite the headwinds, the mining contracting and construction market is expected to deliver modest growth over the medium term. The need to grow production of 'future facing' commodities (required for the energy transition), as well as for mine owners to replace depleting reserves, will support this growth.

A large proportion of the platform's order book comprises these 'future-facing' commodities, and our intention is to grow our exposure and strengthen our relationships with related clients, particularly the major diversified operators. But while decarbonisation will boost demand for some commodities, others such as thermal coal, will be negatively impacted over time. We continue not to pursue projects in thermal coal, other than in South Africa given its socioeconomic dependence on coal-fired power. We will therefore only mine thermal coal for clients who supply the national power utility, Eskom.

We continue to apply our range of capabilities to support clients in achieving their carbon reduction goals. This includes working with clients to design and build infrastructure that is less carbon intensive, working with clients and OEMs to introduce more carbon and energy efficient equipment and other related project solutions.

Strategy

Within this fast-changing operating environment, the platform's vision is to be the global mining services partner of choice, recognised as a responsible, fully diversified service provider with the best skillset in the industry (designing, developing, constructing and operating mines). This requires that we respond to key shifts in the global mining contracting market.

The prioritisation of ESG issues by various stakeholders is resulting in several shifts in the industry. Mine operators are placing far more emphasis on limiting the negative impact of their operations on the environment and on local communities, and finding means to contribute positively to the areas where they operate. This has seen them broaden their capital allocation priorities to include investments in environmental and social development initiatives.

Mine operators are also working towards less invasive ways to access orebodies. For example, using a vertical shaft to access an underground mine, rather than constructing an open pit that has a large surface footprint and is difficult to rehabilitate at the end of life, minimises the environmental impact of a mine. Clients are also pursuing more efficient and precise means of extracting the orebody for less waste, thereby limiting the need for large tailings facilities on the surface and improving cost efficiencies. Our existing capabilities and our approach to innovation and development of new capabilities positions us well to respond to these shifts in requirements from major operators.

Although commodity prices have declined over the past year and operating margins have moderated, the industry is still in a robust position and demand for skilled and experienced people remains acute. Combined with the retirement from the industry of many skilled people, we have intensified efforts to attract, train and develop young people in our industry.

Data connectivity in underground mines is accelerating and enabling the rapid adoption of digital technologies. These technologies present opportunity for productivity and safety improvement, but also present industry leaders with transformation and change management challenges.

This dynamic environment creates real opportunity for growth, both in terms of a growing market and growing market share. To realise this opportunity, the business must be appropriately positioned; the essence of our strategy is to establish the platform as an integrated multinational organisation, enabling more effective collaboration between the regional entities.

"This dynamic environment creates real opportunity for growth, both in terms of a growing market and growing market share. To realise this opportunity, the business must be appropriately positioned: the essence of our strategy is to establish the platform as an integrated multinational organisation, enabling more effective collaboration between the regional entities."

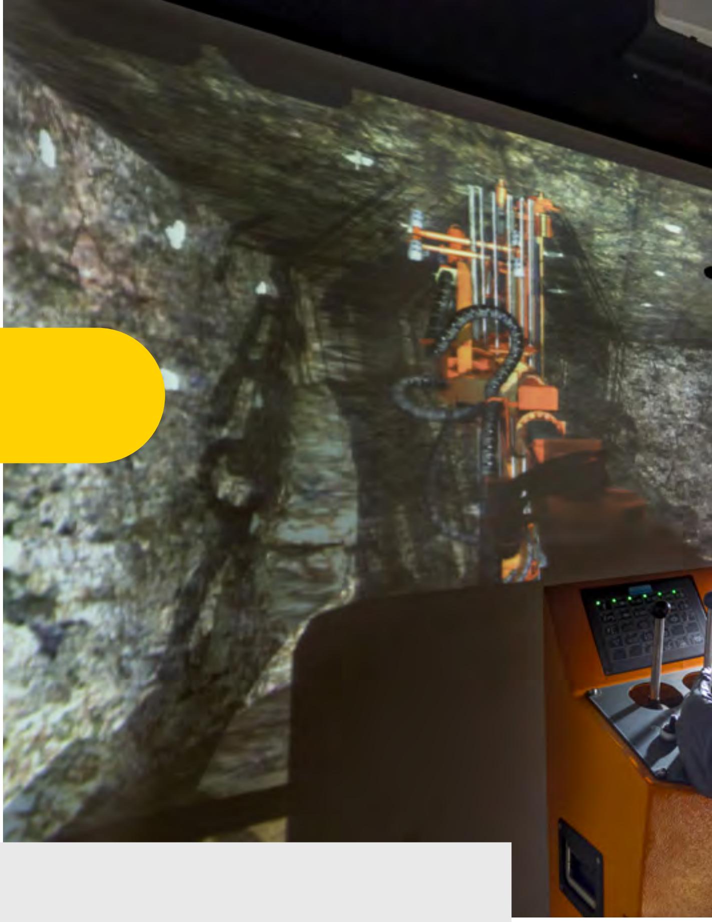
This consolidated multinational organisation, headquartered in Perth, will better enable the regional businesses with particular focus on:

- Uniting the regional entities under a common global brand but preserving their regional identities (global leverage, local knowledge);
- Establishing a new entity to provide a global funding structure to support the regions, provide strategic global procurement services, and establish a common asset management philosophy;
- Establishing centres of excellence to drive innovation and global best practice;
- Leading the digital transformation strategy for the global business;
- Developing processes for talent acquisition and development on a global basis; and
- Developing customer relationships on a global level.

In pursuit of our vision, we aim to be:

- An agile, globally integrated business that continuously expands its core competencies and capabilities;
- An employer of choice, providing an exciting and valuable employment proposition worldwide (global reach, great working environment and innovative work practices);
- Recognised as a disruptor in the global natural resources sector, pioneering new technology and innovative solutions to drive sustainable improvements in performance and productivity; and
- A leader in stakeholder relationships and engagement, creating sustainable shared value through a commitment to positively impact the environments and communities in which we operate.

Significant progress has been made in various aspects of the strategic plan during the first half of FY2023; particularly in the workstreams related to the establishment of a global financing structure and strategic procurement, the digital transformation strategy and the establishment of Centres of Excellence. However, work on the implementation of these plans was halted because of the disruption to the business caused by the voluntary administration.



CONTRACTOR OF CHOICE

Engineered Excellence

Engineered Excellence defines our management approach at every level of the organisation. This leadership philosophy means we thoroughly plan everything we do to achieve excellent outcomes, with nothing left to chance. It challenges us to drive continuous improvement in project risk management and delivery, and in achieving industry leading HSE performance, which is as important to our clients as it is to our employees.

Zero Harm

Our approach to health and safety management centres on continual improvement, founded on effective leadership, a clear understanding of the risks in our business, the controls required to mitigate those risks, accountability, and our extensive operational experience. Clear policies, standards and procedures and the competence and motivation of our employees support our aspiration of Zero Harm.

Fatality prevention

Our fatality prevention efforts are largely focused on safety in design, thorough planning for safe execution, management of critical risks and recognising and managing change in our work environment and processes.

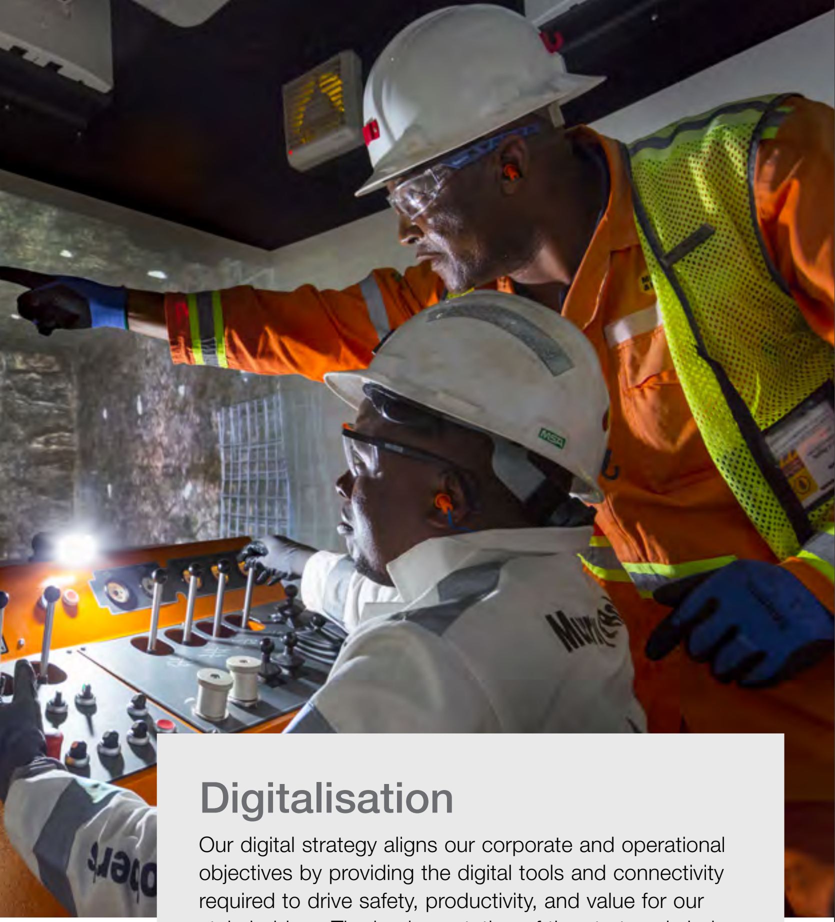
In the year ahead, CRM will be adopted as the programme to manage and respond to critical safety risks across the global business. Cementation Americas has already adopted the CRM programme some time ago and it is now well entrenched in this business. Murray & Roberts Cementation will now adopt CRM and will implement the programme in a phased approach during the year ahead. The programme requires every project team to maintain a risk register for critical tasks along with a set of controls that must be implemented to mitigate the critical risks. To ensure the controls are effective, a control verification process is incorporated. This requires line personnel at various levels of seniority to conduct periodic checks on the status of critical controls. Independent system effectiveness audits are also conducted on a regular basis.

In addition, all our businesses have implemented High Potential Hazards ("HPH") and High Potential Incidents ("HPI") reporting. All HPHs and HPIs are thoroughly investigated, implementation and effectiveness of controls are interrogated, and measures are developed to prevent reoccurrences.

Injury prevention

Our efforts to prevent injuries are supported by:

- **Training** – all employees undergo appropriate training for their roles in one of our world-class training centres, as well as on-the-job coaching and training.
- **Standards and safe work procedures** – we have developed comprehensive standards and procedures that are implemented at all our project sites.
- **Pre-work planning** – before any work commences, our teams are required to plan the work and ensure they understand what must be done, why it must be done, how they are going to do it and that they have the resources to do the work safely and efficiently.
- **Leadership and supervision** – leaders and supervisors are held accountable for delivering safe, quality outcomes – which requires that they spend sufficient time observing, engaging, and coaching work teams. It is their responsibility to ensure that all employees have the means and ability to do the work required of them – and safely.
- **HPH and HPI reporting** – we run onsite reporting programmes that encourage all employees to report potential hazards and incidents. These reports are analysed to proactively address safety risks and ensure that remedial action is implemented where required.
- **Learning and sharing** – we take advantage of the experience of our diverse operations, clients and partners and share lessons learnt to improve safety across our operations.
- **PPE** – all employees are issued with quality personal protective equipment, appropriate for the work they are doing.



Digitalisation

Our digital strategy aligns our corporate and operational objectives by providing the digital tools and connectivity required to drive safety, productivity, and value for our stakeholders. The implementation of the strategy is being advanced within three themes:

Asset maintenance

Encompasses initiatives that manage the life cycle of assets to minimise total cost of ownership through a strategy that maximises availability, whilst balancing maintenance costs and operational risk.

Operational effectiveness

Encompasses initiatives that increase productivity and reduce variation within operations through continuous improvement of processes, feedback/reporting, decision-making, quality control, deployment of resources and waste removal.

Autonomous and remote operations

Encompasses initiatives that utilise automation and remote operation of both fixed and mobile equipment to achieve improved safety and/or labour efficiencies by using multi-machine functionality.

Good progress has been made over the past two years in terms of refining the strategy and driving implementation through Insig, a startup technology company in which Murray & Roberts UK owned a 65% interest. However, with MRPL entering voluntary administration, Murray & Roberts UK was not able to continue funding Insig. The development of the software required to continue with the implementation of the digital strategy and any further digital application development or implementation was put on hold. The strategy as previously envisioned is still very relevant and the benefits are not in doubt, thus implementation will resume as soon as the financial position of the global business has been stabilised.

Project delivery

A robust project delivery governance system based on PMBOK best practice principles provides the basis for successful project outcomes. This system comprises five phases with stage gated approvals required to progress from one to phase to the next:

- **Tender Stage**
- **Project Start-Up**
- **Project Planning**
- **Project Execution**
- **Project Closure**

Each phase has several deliverables that are audited internally and reviewed periodically. Included is a robust risk assessment and management system that ensures that all project risks are well understood and mitigated. The approval process for a project is also determined by the risk ranking, where lowest risk projects are approved at operating company level ranging up to highest risk projects having to be approved by the Murray & Roberts Holdings Board. The planning and execution phases have rigorous requirements for planning, reporting, reviews, risk management, change management and auditing.

One of the major drivers of project risk is the commercial terms of the contracts that we engage on.

As we are able to advance our client engagement strategy and move towards a more partnering and collaborative engagement – where risk is apportioned more appropriately – we foresee that the proportion of cost reimbursable contracts in the portfolio will increase in the medium term.

EMPLOYER OF CHOICE

Best people practices

Leadership continuity is critical to achieving *Engineered Excellence* in all that we do. To this end, each of our businesses have leadership development programmes that provide training and coaching. High-performing individuals are identified through a structured performance management process and those earmarked for succession are included in the Talent Management programme, which incorporates a personal development plan and mentoring relationship with a senior colleague. Their progress is reviewed periodically by a panel of senior executives.

We have an established performance management system. Employees from middle management levels and above enter performance contracts and development plans with their managers at the start of each year – performance is assessed twice per year and linked to performance-based rewards.

Globally, there is a growing skills shortage in the mining sector. The current robust cycle of mining investment in Australia is causing an acute skills shortage. The recovery in mining activity in North America has also accelerated, leading to increased competition for skills in this region. In Sub-Saharan Africa, shaft sinking and mechanised mining skills are especially scarce, as investment in the region increases.

These factors, together with the requirement for mine owners and contractors to recruit and employ from communities near mines, make effective training and development essential. The platform has a strong training and development ethos and its world-class training facility in South Africa has been recognised for its significant contribution to skills development in the region. These centres not only cater for the platform's training needs, but also provide a training service to many of our clients. In South Africa, the centre offers training for learnerships sponsored by the Mining Qualifications Authority. On the job training and development also plays a significant part in fully developing the skills required to deliver the standard of work that we are known for, and we have well-developed systems and processes to ensure that this is achieved in all of the regions of the world where we operate.

Employee relations are sound across all our businesses. In South Africa, where the workforce is unionised, management have professional and constructive relationships with union representatives and officials. No significant strikes or work stoppages occurred at any of our projects during the year.

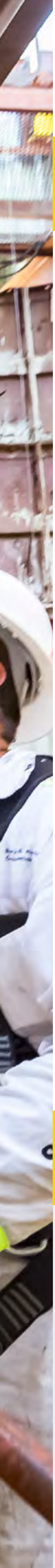
Diversity, equity and inclusion

All our businesses employ diversity policies appropriate to their regions of operation.

In South Africa, Murray & Roberts Cementation met its transformation targets for FY2023, maintaining a Level 1 BBBEE accreditation. This was achieved by ensuring that all major projects:

- Continue to transform the composition of the supervisory and management layers of project teams, by prioritising the development and recruitment of black people;
- Recruit and train people from local communities to be employed on the project; and
- Ensure local suppliers are selected to participate in supplier development programmes and procurement contracts.

Cementation Americas has an established diversity policy. Its diversity task group identifies actions to promote inclusivity.



STAKEHOLDER TRUST

Localisation

We have a good record of recruiting and training people from local communities and providing opportunities for employment on the mines that we build. We look for every opportunity to localise our supply chains and identify local businesses able to supply goods and services to our projects. We also build the capacity of local suppliers where required, to enable them to supply the necessary services required by ourselves or the mine owner.

In 2019, Murray & Roberts Cementation established the Boipelo joint venture with Amandla TM, a Black-owned mining contracting company. Boipelo is 51% owned by Amandla TM and provides contract mining services to the coal mining industry in South Africa. The joint venture performed well during the year and has recently added a further three-year mining contract with Thungela to its order book.

Murray & Roberts Cementation has local partners in other countries in Africa and local opportunities are pursued in joint venture with them.

Cementation Canada has joint ventures with First Nations groupings, which tender for work in the territories where they are resident. The company also works with local partners in Peru and Chile.

Ethical business practices

Senior management and key employees receive regular training on ethical business practices. Twice per year, members of senior management are required to complete a declaration to confirm that they are aware of the Group's anti-corruption and bribery policies and are not aware of any instances where these policies have been breached. For every tender that is submitted, those involved in compiling the tender, together with the managing director of the company, formally declare that there was no unethical behaviour involved in the compilation of the tender.

All our businesses have an anonymous whistle-blower facility that can be used to report incidents of fraud, corruption, or other unethical behaviour. The administrators refer complaints to management, which are thoroughly investigated, with appropriate action taken when required.

Stakeholder engagement

Values-led and ethical conduct underpin our intention to be recognised as a trusted partner to our stakeholders, wherever we work in the world.

Given our global reach and our broad range of capabilities, we aim to shift the way that we engage with strategic clients by developing relationships that are based on partnering and collaboration to achieve the best outcomes for the projects that we deliver for them. To be successful, such relationships require a change to the current typical commercial model to one that is based more on entering into longer-term partnering agreements, based on the contractor's capability to meet the requirements of the client, rather than on the basis of competitive tendering on a project-by-project basis.

Various channels exist within our organisation for engagement with employees and employee representatives. Daily engagements take place between managers and supervisors, and supervisors and their crews at daily line up meetings. Management and executive engagements take place from time to time in the form of town hall meetings. Where formal union structures exist, engagements are taking place regularly within the formal engagement structures.

We strive for shared value through a commitment to positively impact the environments and communities in which we operate, sustainably leaving them in a significantly better state than before we arrived. We achieve this through the development of local businesses by establishing joint ventures with local communities, creating business opportunities for local businesses, investing in community infrastructure development, and recruiting and training people from the local communities for employment on our projects.

PROSPECTS

The global economic outlook remains uncertain, with geopolitical instability persisting and inflation remaining stubbornly high, notwithstanding the sustained efforts of central banks to bring inflation under control. These efforts are driving interest rates to multi-decade highs, resulting in some global financial instability and the prospect of a global recession looming. This, in turn, is resulting in downward pressure on commodity prices and increased risk aversion from mine owners that may result in some investment decisions being postponed.

Notwithstanding these headwinds, the demands placed on the industry to supply the commodities required for the transformation of the world's energy supply, the ever increasing need to replace depleting ore reserves and the fact that the major operators have robust balance sheets means that, at least to some extent, investment into replacement and expanding capacity is almost certain. This will create continued demand for our services and provide opportunity for the growth of our multinational business in the medium term.

The platform result for FY2023 was severely impacted by the disruption to the Group resulting from the voluntary administration of MRPL. However, FY2024 will see a return to stability for the platform, growing the order book and delivering an improved operating and financial performance, to provide a solid foundation for growth. We are confident the platform's true potential will be seen in FY2025 and beyond.

Power, industrial & water

The platform provides services across the project life cycle, from development to engineering, procurement, construction, commissioning, and operations & maintenance. It is focused on the power generation (renewables and gas), power transmission & distribution, wastewater and resources & industrial markets; primarily in South Africa, but also elsewhere in Sub-Saharan Africa. The bulk of its order book and prospects are in the renewable energy (solar and wind) and power transmission sectors.

STEVE HARRISON
Platform CEO

Targeted projects from the Renewable Independent Power Producer Programme bid window 5, only reached financial close in Q2 and Q3 of FY2023. This hindered the platform's return to profitability. Although work commenced on projects during the second half, the opportunity came too late to generate sufficient revenue to record a profit for the year. The platform is, however, well positioned for FY2024 considering its order book and prospects in the renewable energy sector.

Overview

The platform's focus for FY2023 was reorganisation, order book growth and a return to profitability, moving into FY2024 and FY2025. The award of targeted projects in the renewable energy sector of approximately R2 billion was key to this turnaround.

Revenue increased to R1,3 billion (FY2022: R0,8 billion) and the platform recorded a significantly reduced operating loss of R47 million (FY2022: R155 million). As targeted projects from the Renewable Independent Power Producer Programme bid window 5 only reached financial close late in FY2023, secured projects had limited opportunity to accrue sufficient revenue to positively impact profitability for the year under review. The order book increased to R1,8 billion (FY2022: R0,4 billion) following the award of renewable energy sector contracts to OptiPower Projects ("OptiPower"). Category 1 opportunities amounted to R9 billion (FY2022: R9,1 billion), reflective of opportunities in the renewable energy (solar and wind) and power transmission sectors.

OptiPower Projects secured three Wind Energy Facilities and a Main Transmission Substation in REIPPP bid window 5 in FY2023, with strong prospects for further awards in FY2024. Towards year end, the second phase of the MTS (additional 500MvA transformer and feeder bay) was awarded to OptiPower on a limited notice to proceed basis, and financial close and full notice to proceed is expected in September 2023.

OptiPower successfully completed a 132kV transmission line in Botswana for a private Australian mining company and was awarded a new substation contract by an Australian private gas development company in Botswana. A 132kV transmission line is under construction in KwaZulu-Natal for Eskom Distribution and another 132kV overhead line in Eswatini, for the Eswatini Electricity Company.

In FY2023, the Murray & Roberts Power & Energy business was repositioned as Murray & Roberts Projects ("MRP") to undertake engineering, procurement and construction projects and self-execute all structural, mechanical, piping, electrical and instrumentation work. Specific focus and bidding activity for MRP has been in the utility-scale Photovoltaic ("PV") sector, in joint venture with Abengoa Energia of Spain.

MRP reported low revenue due to limited opportunity for structural, mechanical, piping, electrical and instrumentation construction services in the resources and industrial market in FY2023. However, it continued to perform small maintenance and outage works packages at Medupi, and successfully concluded a project for Air Liquide in Mpumalanga. In FY2023 Q3, our scope of work on the Power Programme (Medupi and Kusile boiler works for Mitsubishi Hitachi Power Systems Africa) was completed and an amicable full and final settlement agreement was reached on all outstanding commercial matters. As part of the settlement, MRP agreed to assist MHPSA to close out several technical matters at Medupi and Kusile.

During the year, Murray & Roberts Water commissioned its Organica wastewater treatment plant in the V&A Waterfront in Cape Town. The 10-year Operations and Maintenance contract to supply water commenced in the financial year. Although this is a small wastewater treatment facility, it is significant as it is the first commercialised application of the environmentally friendly Organica technology in South Africa. Due to the lack of funding and structure in the South African wastewater treatment (public) sector, the decision was made to downscale the MRW business to focus only on Organica opportunities in South Africa. We are pursuing several opportunities for the technology with the city of Cape Town and property developers.

On balance, we believe the platform is well positioned for a return to profitability in FY2024 and growth in the subsequent years.

Opportunity

The platform's service offering to the renewable energy market sectors aligns with the global imperative for economies to transition to a more sustainable and environmentally supportive future.

The platform will continue to perform maintenance work on Eskom's ageing coal fleet, as these power stations remain critical to the South African economy. However, we will not pursue opportunities on coal power stations outside of South Africa and have successfully made a strategic shift towards renewable energy projects. The platform's recent successes in securing work in renewable sector electrical balance of plant ("EBOP") for wind energy farms and high voltage ("HV") substations and HV overhead lines, and its progression in joint venture with Abengoa Energia to become an EPC solution provider for utility-scale renewable projects, demonstrate that this strategy is gaining momentum.

The intent to position Wade Walker Solar with a portfolio of small scale (0.5MW to 10MW) commercial and industrial solar PV projects further underlines this strategy. Wade Walker Solar was awarded their second PV solar project for Impala Platinum towards year end, and the business is pursuing a portfolio approach for key industrial clients.

Apart from South Africa's deficit in electricity generation capacity and acceleration of renewable energy projects, the transmission and distribution infrastructure to support additional capacity and the locations of new generation hubs is constrained and requires major and urgent investment. REIPP bid window 6 did not award any wind energy projects due to a lack of grid capacity in a severely constrained transmission and substation network. However, this presents significant medium- to longer-term potential for OptiPower, considering its capability in HV transmission and distribution, as well as substation work.

It is positive to note that Eskom has formally commenced a request for information to establish panels of transmission and substation companies to execute their substantial pipeline of projects. Eskom plans to build over 1500km per year of 400kV overhead lines in South Africa into 2032, and OptiPower is one of a select group of contractors certified to build these overhead lines.

Several REIPP bid window 5 developers are facing challenges to financial close for their projects at the awarded tariffs, and bid window 6 preferred bidders are still heading towards financial close – currently none have closed. Requests for proposals relating to South Africa's Integrated Resource Plan are now heading into bid window 7 of the REIPPP programme, as well as for battery storage and other power generating technologies, including gas, which demonstrates the momentum in our domestic market.

As these renewable projects reach financial close, we expect the EPC landscape in South Africa to change. The Independent Power Producers are predominantly international companies with entrenched relationships with international EPC players, although these players will be required to meet local content obligations. With its Level 1 BBBEE accreditation and Construction Industry Development Board 9ME and 9EP ratings, Murray & Roberts is well positioned to participate in these projects as a local EPC contractor for specific EBOP and grid works, or as a local partner to international EPCs under the Abengoa Energia joint venture.

The wastewater sector in South Africa, in need of critical new infrastructure and maintenance, remains inactive and currently presents limited opportunity. The platform has, as mentioned above, downscaled the MRW business with a focus on the application of the Organica technology to specific opportunities.

The platform is no longer pursuing the limited opportunities in the oil and gas market in Sub-Saharan Africa, as it is largely driven by international oil companies and the development of large production facilities has been limited.

Strategy

Our three-year objective is to ensure the viability of the platform as a sustainable business by reorganising the business and targeting only short- to medium-term opportunities in the renewable energy (solar and wind), battery storage and HV substation and transmission sectors, where there is a high level of confidence that these projects will come to market. Secondary markets include mining processing plant construction, maintenance work and fuel storage terminals. A revised management structure aligned to the adjusted platform strategy was implemented in FY2022 and consolidated in FY2023. Business processes were implemented to better suit a smaller and more streamlined organisation.

CONTRACTOR OF CHOICE

Engineered Excellence

Although our projects involve complex commercial arrangements, we engage proactively with prospective clients to explore alternative contracting models that are more suitable and equitable in dealing with the risks and costs associated with this complexity. Projects are executed in accordance with the Group project management assurance framework, and the executive team reviews project progress at monthly review meetings.

The platform has the capacity to execute projects in a market that has seen significant loss of capacity – a clear competitive advantage. Together with our project experience, this has enabled us to expand our service offering in the renewable energy market.

All businesses in the platform have maintained their ISO 45001, ISO 9001, and ISO 14001 certifications. The platform also maintained the prestigious South African Institute of Welding ISO 3834 accreditation.

Digitalisation

The platform's digital strategy aims to refine and improve business systems, and implement operational information management and software tools that improve performance oversight and reduce administrative burdens.

The platform undertakes work that is traditionally low-tech and labour intensive, with limited opportunity for automation. The opportunity to introduce digitalisation is in the evolution of project reporting systems and the application of current and reliable project data. However, project delivery remains heavily dependent on people to execute the work. Increasingly, we are using biometric reporting technologies, including the maintenance of employee databases, onboarding, management of time and attendance, safety behaviour and operational performance. This allows real-time analysis of the operational health of a project site.

Zero Harm

The PIW platform's safety performance improved in FY2023, with zero LTIs (a leading industry performance), no serious safety incidents and two medical treatment cases which resulted in the TRCR deteriorating to 1.57 (FY2022: 1.35). The LTIFR was 0.0 (FY2022: 0.68). The platform was also the recipient of the Group chief executive "Best Safety Performance at a Business Level" award.

All projects are required to implement the Group's Major Accident Prevention programme to manage high-risk tasks by applying appropriate preventative controls. Key focus areas for FY2024 will be to roll out MAP to operator level and improve MAP self-audits undertaken by leaders. New HSE Standards will be selected for FY2024 and distributed to all projects, with corporate HSE oversight ensuring employee understanding and participation.

Another focus area for FY2024 will be to implement the safety recognition programme that encourages employees to proactively meet and exceed safety standards. The recognition programme will focus on individual, team, and project HSE performance and reward achievers accordingly.

Corporate HSE will closely monitor the reporting of high potential hazards and implement incident preventing plans to ensure zero re-occurrences. Leading indicators, especially hazard observation frequency rates, as well as MAP critical control verifications, have seen a significant improvement trend throughout the platform for FY2023. Although positive results were seen in leading indicators in FY2023, an improvement is needed to ensure continual improvement and the continuation of Zero Harm.

The platform will continue to develop and define its environmental footprint and prioritise the collection of environmental data to make informed and calculated business decisions.

"Our three-year objective is to ensure the viability of the platform as a sustainable business by reorganising the business and targeting only short- to medium-term opportunities in the renewable energy (solar and wind), battery storage and HV substation and transmission sectors, where there is a high level of confidence that these projects will come to market."

EMPLOYER OF CHOICE

Best people practices

Headcount increased from 502 in FY2022 to 849 in FY2023, mainly at project level due to the growth in the order book. Business partners have been engaged to provide support across a broad spectrum of issues impacting people. Time and attendance are managed digitally through facial recognition, allowing for real time reporting and payroll management.

Top talent is identified and reviewed every year through a structured process, including formal performance evaluations. Focused development plans are implemented to allow for career progression and retention of these individuals.

Training spend increased from R1,1 million to R1,6 million, with 457 training interventions compared with 272 interventions in FY2022. Most of the training initiatives are project focused, ensuring that employees can perform their duties safely and productively.

Diversity, equity and inclusion

Due to the increase in headcount, there was an opportunity to improve employment equity metrics, which had declined in the last two financial years due to restructuring. We set a target of 43% black employees at middle management and 75% at junior management for FY2023, and are pleased those targets were exceeded. Overall, the total black employee percentage improved from 80% to 88%, and the total female employee percentage from 15% to 18%. Our focus to recruit and develop black employees will continue, particularly for middle management positions.

STAKEHOLDER TRUST

Localisation

Unskilled, and as many as possible semi-skilled employees are recruited from project host communities, with a focus on women and youth. Recruitment is done through a process agreed with the host communities, facilitated by the client and an elected community liaison officer. Through on-the-job-training, many of the unskilled employees gain skills to become semi-skilled employees, thus becoming more employable for future opportunities.

We continue to excel in preferential procurement by meeting our targets and have implemented several supplier development programmes.

Ethical business practices

Senior management and key employees in specific roles receive regular training on ethical business practices. They are required to sign a declaration that confirms there was no unethical or anticompetitive conduct in the preparation of tenders. A whistle-blower hotline exists for employees to report any unethical behaviour and independent forensic consultants investigate all reported cases thoroughly and findings are actioned.

Stakeholder engagement

The Group's stakeholder engagement framework guides our relationships with clients, employees, the community, and other stakeholders. The platform is accountable for stakeholder inclusion in identifying, understanding, and responding to sustainability issues and concerns in its business environment.

PROSPECTS

OptiPower enjoys the strongest project pipeline, comprising opportunities for transmission line projects and HV substations. The joint venture with Abengoa Energia for utility-scale solar PV projects offers the biggest opportunity pipeline for MRP. This business is also the platform's EPC integrator and structural, mechanical and piping contractor, and it targets maintenance work on power stations and construction work for mines and industrial clients.

As the platform consolidates its market position over the next three years, we are confident that near-term opportunities, specifically in the renewable energy sector, will enable the platform to return to profitability in FY2024. The delay in returning to profitability in FY2023 was disappointing, but projects are now being unlocked as developers reach financial close on their projects.

Risk report

As a multinational engineering and contracting group, we are exposed to complex risks that can negatively affect the achievement of our strategic goals.

The global economy remains beset with challenges ranging from geopolitical tensions, supply chain disruptions, inflationary pressures, and high interest rates, to evolving climate change and sociopolitical challenges amongst others. Our mature risk management programme has been a dependable mitigant to the effects of such risks over many years. However, threats remain, especially those associated with risks that are beyond our control, such as natural disasters and pandemics, where there is limited opportunity to effectively mitigate their impact. All threats and opportunities are monitored, and we have implemented business resilience plans to ensure sustainability of our operations.

In FY2023, the Group was impacted by two 'black-swan' events; namely the extended impacts arising out of the global response to the COVID-19 pandemic and the Russia-Ukraine contagion effects. The pandemic and related events, which are discussed in more detail in the Group chief executive's and financial director's report, caused waves of significant impacts for the Group that were felt most materially in its ERI platform, where its portfolio of large lump-sum projects were impacted by multiple supply chain issues and extreme loss of productivity due to restricted movement of employees, goods and subcontractors, leading to delays in project progress and milestone payments. This, together with high inflationary costs resulted in severe working capital pressure in the Group, and ultimately the placement of our Australian holding company, MRPL, and its subsidiary company Clough, under voluntary administration.

The Group now delivers projects through its remaining two business platforms: the core Mining platform, comprising two regional businesses in Africa and the Americas (USA and Canada); and the PIW platform, which focuses on Sub-Saharan Africa. Reassuringly, the Mining platform carries significantly lower commercial risk, as the mining sector contracts under commercial arrangements which generally allows for more equitable risk sharing with clients.

Our risk management programme remains robust and is embedded at every level of the organisation to manage threats to our business, the environment and host communities, and to facilitate benefits from opportunities. The ultimate responsibility for risk management rests with the Board, which approves the Group's risk appetite and tolerance levels and oversees principal risk exposures and opportunities. The Board is supported by the audit & risk committee, which oversees the overall effectiveness of our risk management programme and internal controls. In addition, operational line management and group functions oversee risk management in their areas of responsibility, with support from compliance and internal audit. This governance structure ensures effective management of risks and opportunities across the organisation.

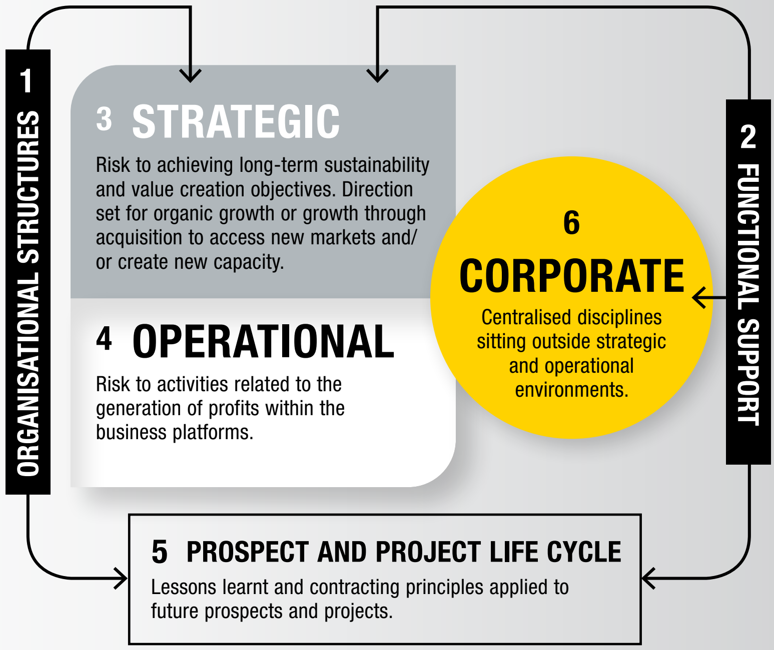
The Group adopted an integrated assurance approach to verify and provide assurance that risks are effectively managed. Risk Management, Regulatory Compliance, and Independent Assurance (internal and external audits) are the three pillars of the Group Integrated Assurance framework, which aims to:

- Align strategy with risk tolerance;
- Improve and streamline decision-making, which improves the Group's risk profile;
- Promote the strategic and coordinated procurement of a quality order book, which contains an identified and anticipated level of risk, and an appropriate level of reward;
- Ensure reasonable commercial terms and conditions are contracted based on a predetermined set of acceptable contracting principles, together with the objective pursuit of commercial entitlement;
- Promote rigorous project reviews, and early responses to projects deviating from planned and tendered expectations;
- Promote continuous improvement through the institutionalisation and application of lessons learnt;
- Reduce operational surprises, improve predictability and build shareholder confidence;
- Build robust organisational risk structures and facilitate timeous interventions to promote long-term sustainable growth; and
- Promote the efficient and proactive pursuit of opportunities.

The Group risk management framework

The Group risk management framework sets clear roles and responsibilities, and provides management teams with a structured and coordinated approach to identify, assess, address, monitor, communicate and report the Group's risks and opportunities. Preventative and mitigative controls are implemented to reduce the likelihood and consequence of identified risks and manage potential impacts.

The Group has defined four discrete risk environments, namely strategic, corporate, operational and project, with organisational structures and functional support in place to guide and set direction.



1 ORGANISATIONAL STRUCTURES

To facilitate effective risk management, organisational structures have been established and tasked with risk governance at various levels within the organisation. In addition to Board committees, the Murray & Roberts Limited audit & risk committee is tasked with risk governance executive management level.

2 FUNCTIONAL SUPPORT

Dedicated risk management support has been created at Group level and within businesses. This includes enterprise-wide risk leadership, risk management monitoring, and risk-based auditing. The Group risk forum, comprising of risk managers from all businesses, facilitates learning and sharing, and adoption of consistent standards and practices across the Group.

3 STRATEGIC RISK MANAGEMENT

Strategic risk is evaluated as a hurdle to achieving the Group's long-term strategy. Management is tasked by the Board to develop, implement, and adapt the Group strategy, considering changes in the business environment and subject to the approved risk appetite and risk tolerance levels. Direction is set for organic and acquisitive growth to access new markets and create new capacity. The corporate centre has the oversight role on these risks, which are periodically reviewed by the executive audit & risk committee and reported to the Board. Reviews include consideration of emerging risks in the business environment and their potential impact on the Group.

4 OPERATIONAL RISK MANAGEMENT

Operational risk is a potential barrier to achieving our business plans. Methodologies for identifying, evaluating, mitigating, monitoring, and communicating risk are applied in the operational business environment. Three-year business plans, which consider threats and opportunities, are developed and performance against these plans is reviewed on a quarterly basis. Operational risk exposures typically relate to major incidents and infringement of laws such as competition, company, and health and safety laws, as well as the commercial, technical, and logistical aspects of projects. Business platforms have governance structures and systems that ensure that these risks are effectively managed.

5 PROJECT RISK MANAGEMENT

Project risk is evaluated as a potential barrier to delivering contracted scope against cost, time, and technical performance targets, while maintaining industry leading ESG performance. Critical to the preparation of tenders and effective project delivery is the application of three standards, which have been formulated considering past project experience and lessons learnt. These standards are regularly updated to include new learnings:

- Group Schedule of Contracting Principles;
- Group Schedule of Lessons Learnt; and
- Minimum Requirements for Contracts.

All bids submitted are tested against these standards to ensure that risks are appropriately addressed, and past failures are not repeated.

A Project Management framework sets the standard for project management and provides internal audit with a consistent set of processes and controls against which the delivery of projects is tested.

6 CORPORATE RISK MANAGEMENT

Corporate risk management relates to a range of portfolios and activities within the corporate office, including risk management standards and procedures, regulatory compliance, integrated assurance, business continuity, tax, insurance, crisis communication and other ESG policies such as the Climate Change Position Statement, Code of Conduct, and Statement of Business Principles. Oversight of the three main elements of ESG lies with the relevant Board committees.

Risk management process

The Group's risks are regularly monitored and managed in accordance with the business priorities. Material risks are escalated to the executive committee and to the Board or its committees. A competent risk management function is in place to guide and support management in managing risks and opportunities across the organisation.

Risk appetite is defined as the type and extent of risk the Group is willing to take in pursuit of its strategic objectives. Several factors are considered in determining the risk appetite in each risk category. The Risk Appetite Statement classifies the Group's appetite for each risk category as low, moderate, high, or extreme according to the following definitions:

LOW

The level of risk will not impede the Group's ability to achieve its strategic objectives.

MODERATE

The level of risk may delay or disrupt the achievement of its strategic objectives.

HIGH

The level of risk will impede its ability to achieve its strategic objectives.

EXTREME

The level of risk will significantly impede its ability to achieve its strategic objectives.

Where applicable, controls are in place to reduce the likelihood or alternatively mitigate the impact of risk events.

Key risk categories

Key risks are those that have a strategic, financial, operational, and reputational impact and include:

Health, safety & environment

The Group has no appetite for health, safety and environment risk and strives for Zero Harm in the workplace. This is supported by the Group HSE framework.

Financial

The Group has a moderate appetite for financial risk and is willing to accept risk to achieve its financial objectives. These risks are managed and mitigated to an acceptable level through several controls, with oversight from Group executive leadership.

Legal and compliance

The Group strives for the highest standards of business integrity, ethics, and governance.
It has zero tolerance for unethical behaviour and has a Code of Conduct and several related procedures in place to address this risk. The Group also complies fully in all jurisdictions with regulated requirements to protect personal information.

Project performance

The Group is prepared to accept a moderate level of risk in the projects it undertakes, to achieve its financial targets. A project management framework, as well as contracting principles and past project lessons learnt schedules, are in place and used to mitigate project delivery risk.

Technology

The Group has a moderate appetite for innovative technology and digitalisation solutions that could add value in meeting its strategic objectives. As the Group implements its digital strategy, an IT security framework is in place to manage the risk of cybercrime and data breaches.

Strategic risks

Strategic risks relate to our purpose and long-term goals and are managed by the Board and executive committee. Strategic risks include;

- Sustainable growth – organic and acquisitive growth;
- New markets and new capabilities;
- Accounting, taxation, banking/bonding and capital allocation; and
- Tracking leading indicators of emerging risks and their likely impact to the Group's long-term prospects.

The Group chief executive and executive committee manage these risks, which are reviewed by the executive audit & risk committee on a quarterly basis and reported to the boards of MRL and MRH.

Operational risks

Project risk is a significant source of operational risk due to the varying complexity, scope, and size of projects undertaken. The Group has well established processes to manage risks from the early stages of opportunity management, which includes tendering, through the project execution phase, and finally project completion and handover. This includes diligent application of our risk procedures and past experiences to better identify, understand, prioritise, and manage project risks.

Project Risk Management

OPPORTUNITY MANAGEMENT			PROJECT EXECUTION		
PRE-TENDER	**TENDER**	**AWARD**	**INITIATE**	**DELIVER**	**CLOSE-OUT**
All opportunities across the Group are captured in the central Opportunity Management System ("OMS") Decision to bid – approval authority lies with operating company managing director Bid considerations include: • Group's Contracting Principles • Group's Lessons Learnt Schedule • Minimum Requirements for Contracts If decided to tender, the opportunity is progressed through the OMS	Risk tolerance filters in OMS; contract value, location, contract law, revenue basis, project type, scope of work, client, consultant, and partner Prospect risk rating (Purple, Red, Amber, Green) determines authority level for tender approval and mandate Risk assessments at tender stage used to identify, develop, and price mitigation plans and allocate project contingencies Independent tender reviews of EPC contracts: (internal & external) MRL audit & risk committee review for Red & Purple prospects	If tender awarded, the final contract commercial terms are negotiated within the set mandate provided by the relevant approval authority • Purple – MRH • Red – MRL • Amber – Platform CEO • Green – Operating company MD Any deviation requires a revised mandate from the relevant approval authority	Formal handover from bid team to project team (key bid considerations: scope, tender allowables, programme, milestones, commercial terms, assumptions, and planned risk mitigation) "Know your contract" training for the implementation team Project team presents readiness presentation at the start of the project	Monthly operating company project performance reviews • HSE performance, financial/cost accounting, schedule, and operational performance, commercial claims, and forecasts to complete Independent in-platform reviews at 20% completion of projects Additional executive interventions initiated for projects showing signs of distress Quarterly platform and Corporate Office project oversight reviews	Residual exposures relating to final accounts and claims, bonds, warrantees and patent and latent defects, are formally closed
Risk governance structure: MRH, Audit & Risk committee, MRL Board (executive committee) and business platforms' executive committees and operating companies			Taking and managing risk responsibly is central to value creation and the long-term resilience, relevance, and sustainability of the Group		

Regulatory compliance

Regulatory compliance is the second pillar of the Group integrated Assurance framework. Application of the Group Regulatory Compliance framework enables the seamless integration of regulatory compliance (with risk management and internal audit) into business planning, execution, and management.

As a multinational organisation, the Group is exposed to extensive legislation in various jurisdictions with varying degrees of complexity. A competent regulatory compliance function is in place to guide businesses towards ensuring that the Group complies, across all jurisdictions, with legal and other requirements that could materially impact its performance and sustainability, whether from a financial, legal, or reputational perspective.

The Group employs a structured approach to evaluate potential compliance failures and ensures adequate responses to prevent, and where necessary, mitigate any negative impact. A regulatory compliance plan is set out in the Group's compliance standard and the Board's social & ethics committee provides oversight through regular reviews of regulatory compliance reports provided by management.

Independent assurance

Independent assurance, the third pillar of the Group Integrated Assurance framework, consists of two complementary parts – internal and external audit. This function provides an independent and objective challenge to the levels of assurance provided by business operations, risk management and regulatory compliance.

The internal audit function, which reports directly to the audit & risk committee, is well resourced with experienced and skilled employees to carry out its mandate. Its role is to support the Group by providing an independent and systematic approach to evaluating and improving the effectiveness of risk management, internal controls, and corporate governance processes. In executing its mandate, internal audit applies a risk-based approach to identify critical risk management controls that management relies on, and which must be tested and evaluated to provide the Board with the risk management and regulatory compliance assurance it requires to meet its governance objectives.

The audit & risk committee considers and approves the risk based internal audit plan and is regularly updated on audits performed, findings and improvement actions. The development of the internal audit plan includes interactions with the Group risk and legal functions, with specific reference to their respective risk and compliance mitigation objectives and plans. The internal audit plan also assesses Group wide corporate governance, financial controls, and risk management procedures, as well as specific areas highlighted by the audit & risk committee, Group executive committee and by executive and operational management.

External audit provides independent assurance that the annual financial statements are free from material misstatements and errors and that it complies with IFRS requirements. The Group also utilises other external assurance providers in areas such as health, safety and environment, sustainability indicator assurance and business management system compliance.

Top risks

The top risks that could materially affect our business are summarised in this section.

1

Vulnerability to macroeconomic factors

STRATEGIC RISK

Changes in the global economy have a direct impact on the markets in which the Group operates. Downside risks to the global economy and therefore to growth prospects in the Group's markets, include low commodity prices, geopolitics and its impact on trade and investments, inflation and high interest rates, climate change and low energy transition amongst others. These changes are likely to lead to fluctuations in the Group's order book and projected earnings.

Potential impact

- Lower demand for the Group's services resulting in reduced earnings
- Increased competition
- Increased resource costs
- Supply chain disruptions
- Liquidity constraints
- Low credit rating

Mitigation

- Strategic focus on the natural resources sector and future facing metals, which is underpinned by positive long-term demand fundamentals.
- Broader strategic scope which includes selected high-growth markets to mitigate the impact of adverse cycles in natural resources.
- Focus on client relationships and maintaining competitive advantage to secure negotiated contracts with reasonable terms and opportunities for early contractor involvement.
- Diversification of services across the project life cycle, which includes an emphasis on front-end engineering, and operations and maintenance.
- Investing in long-term investment opportunities that generate constant income at attractive rates of return, either as a project co-developer or operator.
- Partnership with local companies (JVs & contractors) to win work in geographies where this is a requirement.

2

Group liquidity

STRATEGIC RISK

Outstanding payments of claims, project variations and certificated work, project losses and working capital demands may introduce liquidity stress and constrain the Group's ability to meet its liquidity requirements, or to meet its growth targets.

Potential impact

- Negative impact on growth
- Inability to meet financial commitments
- Breach of banking covenants
- Increased cost of borrowing
- Inability to raise facilities with financial institutions

Mitigation

- Achievement of greater operational efficiency/project performance.
- Budgeting, forecasting and cost discipline.
- Securing advance payments on projects and ensuring that projects remain cash positive.
- Securing payment guarantees to manage client credit risk, where relevant.
- Settlement of outstanding claims on projects.
- Restructuring of debt facilities.
- Selling of non-strategic assets.

3

Health, safety and environmental exposures

OPERATIONAL RISK   ESG RISK

Failure to manage our health, safety and environmental aspects could result in major incidents that may harm our employees, reputation and prospects. Many clients require that the Group meets certain safety criteria to be eligible to bid on contracts and some of the contracts provide for safety performance penalties. Unsafe work conditions and lack of environmental stewardship have the potential to affect our ability to attract and retain talent.

Potential impact

- Loss of life and injuries to personnel and third parties
- Environmental damage
- Operational disruption
- Financial loss
- Reputational damage

Mitigation

- Continuous evolution and diligent application of the Group HSE framework.
- People centric leadership and streamlined systems and processes.
- Diligent application of the CRM programme.
- Ensuring compliance of HSE processes through regular reviews and training interventions to improve effectiveness.
- Implementation of the climate change action plan.

Top risks *continued*

4

Project delivery risks

OPERATIONAL RISK

Some of the Group's projects are technically complex with long durations that increase risk exposures during execution. This subjects us to risks associated with project delays for reasons beyond our control, cost inflation and scope variations for which the financial impact may either not be compensated at all by clients, or compensation may be late, resulting in material financial impact on the business.

Potential impact

- Project schedule and cost overruns
- Penalties
- Loss of profit / earnings
- Reputational damage and inability to win new work
- Reduced cash flow resulting in liquidity challenges
- Erosion of shareholder value

Mitigation

- Strong oversight processes to mitigate the risk associated with project execution.
- Early independent reviews on project status to ensure early identification and remedy of potential issues.
- Comprehensive project assurance and performance management tools applied within the business platforms, based on the experience gained from past project losses.
- Project Executive Dashboards to provide executive management with oversight of key performance indicators on projects.
- Timeous management review, including at Group level, of underperforming projects to revisit and revise recovery plans and programmes.

5

Sustainable future for Murray & Roberts

STRATEGIC RISK

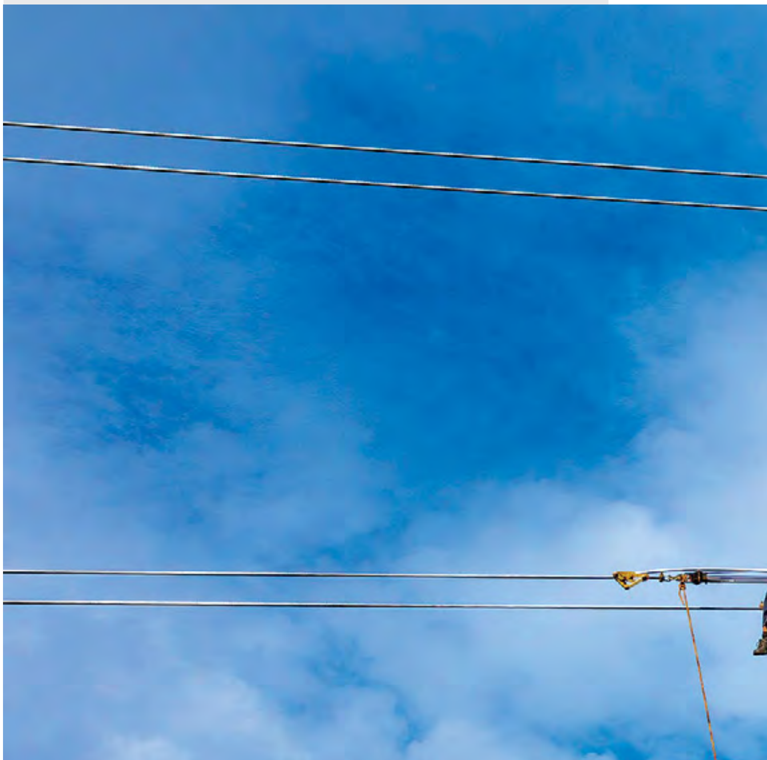
The loss of the ERI platform (and RUC) has reduced the Group's equity and created uncertainty amongst stakeholders. Current liquidity constraints further impede the Group's ability to grow sustainably and retain value for shareholders.

Potential impact

- Loss of support from financial institutions
- Inability to meet project bonding requirements
- Loss of key talent
- Value destruction for shareholders

Mitigation

- Strategic focus on global recognition of the Mining platform.
- Effective project delivery to optimise cash generation.
- Strong focus on cash management.
- Cost reductions across all businesses.
- Disposal of non-core assets.
- Development and implementation of a deleveraging plan.



6

Attracting and retaining key talent

OPERATIONAL RISK

The Group's ability to achieve its objectives depends on attracting and retaining skilled and experienced individuals. A shortage of critical skills may erode our capacity to meet clients' expectations. Changing workplace dynamics post the pandemic have exacerbated the skills shortage with talent preferring flexible working arrangements, and a reluctance to relocate.

Potential impact

- Increased cost of labour and labour turnover
- Failure to deliver projects to clients' specifications

Mitigation

- Leveraging training capacity to develop the required skills.
- Focus on leadership development.
- Targeted recruitment campaign for scarce skills across the resource value chain.
- Drive a culture of diversity, equity and inclusion.
- Competitive remuneration and attractive employee value proposition.

7

Cybersecurity

OPERATIONAL RISK **ESG RISK**

A cyber security breach or incident may significantly disrupt our business and/or breach data privacy, business sensitive information and other protected information in terms of various privacy and security laws.

Potential impact

- Operational disruption
- Breach of data privacy and/or sensitive data/ information
- Claims and/or penalties against the Group
- Financial loss
- Reputational damage

Mitigation

- An established and independently tested IT security framework.
- Application of a cybersecurity standard which prescribes a minimum set of controls required to provide system and data security.
- Training programmes to raise awareness of cybersecurity threats and latest trends.
- Next generation anti-virus solution in place to ensure all end points are protected.
- Backup solutions to recover from system failures or breaches.

Remuneration report

The report outlines our remuneration policy, provides context for the remuneration considerations, and presents an implementation report on the remuneration outcomes based on our policy. The Group's total remuneration consists of fixed (guaranteed pay) and variable (short-term and long-term incentives) components.

The remuneration committee contracted the services of Bowmans Reward Advisory Services for independent external advice and PwC verified the extent to which the performance conditions of incentive schemes were met. During the year, the remuneration committee considered the following key matters:

- Approval of increases to guaranteed pay for general staff;
- Review of executive director and prescribed officer guaranteed pay for FY2024;
- Performance testing and approval of short-term incentive ("STI") payments in respect of FY2023;
- Performance testing and approval of vesting of the 2020 long-term incentive ("LTI") awards;
- Approval of the 2023 LTI awards and underlying performance conditions;
- Review and recommendation of non-executive director fees for FY2024, excluding recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2023 integrated report.

The STI incentivises performance against financial (70%) and non-financial (30%) targets set for each financial year. The financial targets set at the beginning of FY2023 were derived from the budget for the year on conclusion of a comprehensive bottom-up budgeting process, which considered the Group's order book and prevailing market conditions. The financial KPIs for FY2023 were similar to those of the previous year. Following the unfortunate set of events that concluded in the deconsolidation of Murray & Roberts Pty Ltd and its subsidiary companies Clough and RUC, as more fully explained in the Group chief executive's report, the EBIT target for continuing operations decreased to R23 million in FY2023, from R858 million in FY2022, and the diluted headline earnings per share ("HEPS") for continuing operations target decreased to a loss of 72 cents, from 71 cents. Although most of the financial targets were exceeded when compared to the restated budget and targets for continuing operations, the committee resolved that the original budget should be used without any adjustment to the financial targets when calculating performance against financial KPIs. On this basis only the net cash financial target for 30 June 2023 was met but the committee decided that considering the financial impact of the deconsolidation of the companies as mentioned above, that no STI should be awarded for any financial KPI for FY2023, and this decision resulted in a moderation of the STI for financial KPIs. The non-financial targets are equally weighted and measured on leadership, relationship, operational performance, and risk management, and the committee decided to allocate a score of only 3 for the non-financial targets, which also resulted in a moderation of the STI, compared to prior years.

Refer to the FY2023 STI Performance Outcomes for more detail on financial and non-financial performance relative to the targets set. PG 66

"The Group's remuneration policy and implementation report respectively received the support of 94.32% and 95.41% of shareholders who voted at the AGM in November 2022. We believe our remuneration policy is aligned to best practice and that its application is not only fair to participants but also encourages a performance culture in the Group that will lead to sustained shareholder value creation."

Executive directors and prescribed officers' remuneration

Guaranteed pay

Increases are considered for implementation on 1 July every year – no increases were awarded for implementation on 1 July 2023.

STI award

An award equating to 15.6% of the maximum value possible in terms of this scheme has been awarded for FY2023. The STI outcome is reflective of the Group's financial performance relative to the financial targets and the performance against individual non-financial targets that were set at the beginning of the year.

LTI vesting

The performance period for the 2020 Forfeitable Share Plan ("FSP") LTI award ended on 30 June 2023. Based on performance over the three-year performance period, 50% of the 2020 FSP award vested in 2023. 50% of the award was based on EBIT margin performance and 50% on the cash conversion ratio of earnings before interest, tax, depreciation and amortisation ("EBITDA") into cash. The EBIT margin performance over the performance period was below threshold, hence no shares vested for this performance measure. The cash conversion ratio of EBITDA into cash was above the target for maximum vesting of 80%. Consequently, 50% of the shares vested for this performance measure.

Given the shareholder support for the remuneration policy, as well as the policy's general alignment with King IV, no policy changes were introduced during the year. The Group's remuneration policy and implementation report respectively received the support of 94.32% and 95.41% of shareholders who voted at the AGM in November 2022. We believe our remuneration policy is aligned to best practice and that its application is not only fair to participants but also encourages a performance culture in the Group that will lead to sustained shareholder value creation.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM on 2 November 2023, details of which can be found in the AGM notice:

- Binding vote on non-executive directors' fees;
- Advisory vote on the remuneration policy; and
- Advisory vote on the implementation report.

I would like to thank my fellow remuneration committee members for their contribution and support. I am satisfied that the remuneration committee discharged its obligations in a responsible and professional manner.

RALPH HAVENSTEIN
Chairman

Remuneration policy overview

Introduction

The remuneration report has been prepared by the remuneration committee in line with the principles outlined in King IV and has been approved by the Board. The report covers executive director, prescribed officer, and non-executive director remuneration. The remuneration report outlines the remuneration policy that guides the remuneration committee's decisions, and the remuneration outcome from the application of the remuneration policy during FY2023.

Remuneration policy principles

Murray & Roberts believes that employees should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it must support delivery of the Group's business strategy. The remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining key and critical talent.

The Murray & Roberts remuneration policy is aligned to the Group strategy, which aims to deliver shareholder value through growth in profitability and cash flows.

Murray & Roberts' remuneration policy applies to all businesses in the Group to ensure consistency and fairness in remuneration. Some flexibility, however, is allowed to acknowledge differences across businesses with varying market conditions, and external benchmarking per business platform.

Remuneration policy for executive directors and prescribed officers

To give effect to the general remuneration philosophy that executive directors, prescribed officers, and salaried employees should be paid fair, competitive and appropriately structured remuneration in the best interests of the Group and shareholders, the following broad principles are applied:

- Total remuneration consists of fixed and variable components, with emphasis on variable pay at senior levels to encourage performance and shareholder value creation;
- Remuneration structures support the development of a performance culture and achievement of the Group's business strategy;
- Remuneration components are set at a competitive level to motivate key talent and to attract and retain the services of high calibre employees;
- The STI plan aligns the interests of executives with those of shareholders in the short term, as performance incentives are subject to Company key financial performance and individual non-financial key performance indicators; and
- The LTI plan rewards achievement of financial performance measures supporting long-term shareholder value creation.

Components of remuneration

The remuneration committee ensures that the mix of remuneration components supports the Group's strategic objectives. Murray & Roberts has the following remuneration components:

- Guaranteed pay (consisting of salary, benefits and retirement fund contributions);
- Short-term incentives; and
- Long-term incentives.

The Group seeks to position guaranteed pay at the median against appropriate benchmarks; however, for total remuneration the policy is to position at the 75th percentile for executives, senior management and key talent and critical skills, where the 75th percentile is achieved at between "on-target" and "stretch" performance. This policy supports the underlying principle of paying for performance and the focus on variable pay.

The table on the following pages summarises the key components of executive directors' and prescribed officers' remuneration, the link to strategy, how each component operates and the maximum opportunity for each element.

Summary of remuneration components and link to strategy

GUARANTEED PAY is a fixed component, which reflects individual contribution and market value for respective roles, with internal and external equity being cornerstones for setting guaranteed pay.

Operation

- Positioned at market median (per job grade taking into consideration the size and complexity of the role). The remuneration committee considers the impact of any guaranteed pay increase on the total remuneration package.
- Paid monthly in cash net of allocations to retirement fund, insured benefits, and medical aid.
- Guaranteed pay (and other elements of the remuneration package) is paid in different currencies as appropriate to reflect the geographic location of the executive.
- Reviewed annually, taking account of Group performance, individual performance, changes in responsibility, levels of increase in the market and levels of increase for the broader employee base.
- Benchmarking is performed relative to peer companies listed on the JSE for executive directors and for prescribed officers. The Mining Platform CEO is also benchmarked against comparative executive roles in Australia.

Maximum opportunity

- There is no prescribed maximum annual increase. However, increases will normally be in line with the general level of increase in the market against which the executive's salary is benchmarked.
- On occasions a larger increase may be awarded to recognise, for example, development in role or change in responsibility.

BENEFITS are provided at competitive levels to attract and retain suitably qualified and experienced executives.

Operation

Benefits such as travel allowances, insurance policies relating to death-in-service and disability benefits and medical aid are included in guaranteed pay.

Maximum opportunity

- There are no prescribed maximum values. However, reference is made to market practice and benchmarks.
- Company contributions for disability and death benefits in South Africa are based on pensionable salary. The contribution rates are reviewed annually.

RETIREMENT FUND contributions are made to provide competitive post-employment income to attract and retain suitably qualified and experienced executives.

Operation

- Executives in South Africa contribute to the Sanlam Umbrella Pension Fund, which is a defined contribution pension fund.
- In Australia, contributions are made, as part of guaranteed pay, to a superannuation fund structured as a defined contribution fund.

Maximum opportunity

- Maximum company contributions are set according to retirement fund rules.

Summary of remuneration components and link to strategy *continued*

SHORT-TERM INCENTIVES drive Group and team financial performance, as well as individual performance for non-financial measures, to deliver sustained shareholder value. They also provide alignment with shareholders through a deferred component.

Operation

- The STI scheme is designed to be self-funding. Bonus projections for on-target performance are used to ensure affordability. Financial measures such as EBIT are used to calculate the bonus provision and actual profit reported is net of a bonus provisions accrual.
- Awards are based on annual performance against a balanced scorecard of metrics as determined by the remuneration committee from time to time.
- The Group chief executive, Group financial director and business platform CEOs have a 70% weighting in favour of financial targets, while other prescribed officers have a 60% weighting. For the 70% financial target weighting for business platform CEOs, 50% is linked to their platform financial targets and 20% to Group financial targets.
- Individual performance is also assessed against suitable non-financial targets related to leadership, relationship, operational and risk (including safety) targets.
- 70% of the award is delivered in cash and 30% in deferred forfeitable shares or cash under the LTI schemes, which vests equally over three years, subject only to continued employment.
- Financial performance targets are measured against audited annual financial performance, net of bonus accruals. Individual non-financial performance targets are based on a formal performance and development evaluation conducted by the executive's direct manager and by the committee and Board chairman for the Group chief executive.

Maximum opportunity

- The STI disbursement is based on incentive qualification levels as a percentage of guaranteed pay, which is a function of job grade and performance against agreed financial and/or individual targets as per the individual's performance contract, and applied on a sliding scale between threshold, target and stretch performance.
- Performance below threshold attracts no STI payment for the specific component, where the threshold for financial targets is 80% of target.
- The STI disbursement is capped at stretch performance or 120% of target.
- The maximum STI disbursement as a percentage of guaranteed pay is 200% for the Group chief executive, 150% for the Group financial director and between 100% and 150% for prescribed officers depending on their job grade.

Clawback provisions, apply to STI awards made from August 2015. PG 63

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

LONG-TERM INCENTIVES provide general alignment between the executives and shareholders of the Group. They also motivate and reward executives who have contributed to the Group's value creation over the long term and support the retention and attraction of executives.

Operation

- Murray & Roberts operated the following LTI schemes in FY2023: the FSP introduced in October 2012 and the Long-Term Cash Settled Incentive Plan ("LTCSIP") which was introduced in 2017 as a LTI scheme for executives operating outside South Africa.

Forfeitable share plan

- Forfeitable Murray & Roberts shares are awarded subject to continued employment and achievement of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- Settlement of the forfeitable shares can be by way of an acquisition of the required number of shares on the market or the use of shares held in treasury account or an issue of shares. The remuneration committee may approve cash-settled awards, if necessary, in exceptional circumstances.
- In very specific circumstances, and on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and do not form part of the annual awards.

Long-term cash-settled incentive plan

- A cash-settled LTI is awarded to senior executives operating outside South Africa, subject to continued employment and achievement of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant. The performance conditions mirror those used under the FSP.
- Cliff vesting occurs at the end of the three-year period.
- In very specific circumstances, and on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and do not form part of the annual awards.

EXECUTIVE SHARE OWNERSHIP aims to better align the interests of executives with those of shareholders by encouraging executives to build a meaningful shareholding in the Group.

Operation

- Executive share ownership is encouraged through the part deferral of STIs into forfeitable shares, where 30% of the STIs are deferred into forfeitable shares under the FSP.
- In a bid to encourage executives to hold more shares, the Group chief executive is encouraged to build a shareholding, in "unfettered" shares, equivalent to at least 100% of guaranteed pay, other executive directors equivalent to 75% of guaranteed pay, and prescribed officers equivalent to 50% of guaranteed pay over a period of not more than five years.
- Executives are encouraged to retain at least 50% of any vested shares after meeting necessary tax obligations under the LTI schemes.

Maximum opportunity

- Not applicable.

Choice of performance measures

The table below and alongside shows the performance measures set for FY2023, which will also be applied in FY2024.

The weightings presented below are for the executive directors. Targets are set every year following a bottom-up business planning process, taking account of strategic goals and the prevailing market conditions.

STI performance measures

Metric	Weighting for Group chief executive and financial director	Rationale
FINANCIAL PERFORMANCE MEASURES		
Continuing EBIT	20%	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and cost control.
Continuing diluted HEPS	20%	A key indicator of the value add for shareholders.
Net cash	10%	A key indicator of the Group's liquidity and ability to meet its debt requirements.
Free cash flow	10%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCF is an indication of the ability of the Group to pursue opportunities that enhance shareholder value.
ROICE	10%	A key indicator of the effective use of shareholder capital.
INDIVIDUAL PERFORMANCE MEASURES		
Leadership	7.5%	A key indicator of the extent to which strategy implementation, transformation & diversity and leadership succession & development objectives are achieved.
Relationship	7.5%	A key indicator of the extent to which stakeholder engagement and employee relations objectives are achieved.
Operational	7.5%	A key indicator of the extent to which governance, commercial management and project performance objectives are achieved.
Risk	7.5%	A key indicator of the extent to which health, wellness and safety, risk management and environmental objectives are achieved.

LTI performance measures

Performance measures over a three-year vesting period

Metric and weighting	Rationale	Vesting
EBIT margin (earnings before interest and tax for continuing operations divided by revenue from continuing operations) **50%**	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenue and cost control.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 3% EBIT margin and target performance is 5% EBIT margin. Linear vesting will be applied between these points.
Conversion ratio of EBITDA into cash (operating cash flow plus dividends received divided by earnings before interest, tax, depreciation and amortisation) **50%**	A key indicator of the ability of the Group to convert profits into cash, which requires good working capital management.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 60% conversion ratio and target performance is 80% conversion ratio. Linear vesting will be applied between these points.

Clawback of incentives

For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- The participant acting fraudulently, dishonestly or with malice, or being in material breach of their obligations to the Group; or
- Where Murray & Roberts becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

These clawback provisions apply whether awards are made in the form of cash or equity, and whether or not the equity has vested.

Differences in remuneration policy for executives compared to other employees

There are differences in the structure of the remuneration policy for the executive directors, prescribed officers, and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role. Only the most senior executives in the Group participate in the FSP and LTCSIP schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance. As Murray & Roberts believes that all employees should be aligned with key business drivers, participation in the STI also includes middle management, junior management, and general employees, subject to the meeting of individual performance targets.

Executive directors' and prescribed officers' employment contracts and policy on termination of employment

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. The employment contracts include pay in lieu of notice provisions, which may be invoked at the discretion of the Group. Normal retirement of executive directors and senior management is at age 63, however, this is subject to specific legislation in the countries in which Murray & Roberts operates. As previously reported, the Group chief executive's performance contract has been extended to 31 August 2024, when he will retire at age 65.

At 30 June 2023, there was no material liability to the Group with respect to the termination of employment of any executive director or prescribed officer. The contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts, other than as stipulated in the LTI schemes. The only provision in the contract of employment for executive directors and prescribed officers relating to a payment on termination of employment is that, where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual total fixed cost of employment.

Any LTI entitlements awarded to an executive director or prescribed officer under the Group's LTI schemes will be determined based on the relevant plan rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding, will forfeit all unvested LTI awards and deferred STI into LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill health, disability, injury, or the sale of the employer company will be classified as good leavers and a portion of the LTI awards and deferred STI into LTI awards will vest on the date of termination of employment. This portion will reflect the number of months served since the award date, to the date of termination of employment over the total number of months in the vesting period and the extent to which the performance conditions imposed have been met. The remainder of the awards will lapse.

No agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade.

Retention schemes

There are currently no retention schemes in place for executive directors or prescribed officers.

Total remuneration scenarios at different performance levels

The charts below illustrate the total potential remuneration for the executive directors.

Group chief executive (R million)

	Guaranteed pay	8 337 000
STI	Minimum	0
STI	Expected	8 337 000
STI	Maximum	16 674 000
LTI	Minimum	0
LTI	Expected	8 078 553
LTI	Maximum	15 840 300

Group chief financial director (R million)

	Guaranteed pay	6 200 000
STI	Minimum	0
STI	Expected	4 650 000
STI	Maximum	9 300 000
LTI	Minimum	0
LTI	Expected	4 426 800
LTI	Maximum	8 680 000

Assumptions:
Minimum = guaranteed pay only (salary, benefits and retirement fund contributions)

Expected = on-target STI allocation and expected value of LTI award

Maximum = stretch STI allocation and face value of LTI award

Guaranteed pay levels (on which other elements of the package are calculated) are based on those applying on 1 July 2023.

Remuneration policy for non-executive directors

Components of remuneration

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. This fee structure reflects the skill and experience brought to the Group by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance and contribution to Board and committee meetings. The fee structure is reviewed annually.

Fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector. This includes companies in the construction, mining, and industrial sectors. It is the Group's policy to align fees to the upper quartile of the benchmark, in alignment with the total remuneration policy for executives and to ensure that suitably qualified and experienced non-executive directors are attracted to the Group.

Remuneration governance

The remuneration committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration policy with the Group's business strategy. The key focus in this regard is to attract, retain, motivate, and reward directors, senior executives, and employees through the payment of fair, competitive and appropriately structured remuneration, in the best interests of the Group and shareholders. The committee operates under terms of reference reviewed and approved annually by the Board.

Membership

Ralph Havenstein chairs the remuneration & human resources committee. Suresh Kana and Alex Maditsi serve as members of the committee. The Group chief executive and Group financial director attend meetings in an ex officio capacity. The executives who attend meetings in an ex officio capacity do not participate in any discussions or decisions pertaining to their own remuneration. Expert advice is sought from time-to-time.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding guaranteed pay, benefits, short-term incentives, long-term incentives, and related matters pertaining to executive directors of the Group, prescribed officers, all managing directors of the Group's businesses and other senior Group executives. It also considers and approves the remuneration and benefits paid to general employees. It oversees Group pension, provident and other benefit plans.

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

Implementation report

The implementation report details the outcomes of the approved remuneration policy detailed in the previous section.

Single total figure of remuneration

The table below includes the total remuneration for the reported financial year and the previous financial year. The table includes guaranteed pay, the short-term incentive (excluding the 30% deferred STI) paid and the long-term incentives that will vest due to performance in the financial year (including the 30% deferred STI award).

Single total figure of remuneration for period to 30 June 2023

Payment in rand (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Da Costa, Mike (note 1)	**–**	4 875	**–**	1 830	**–**	1 517	**175**	–	**175**	8 222
Grobler, Daniel	**6 061**	5 113	**977**	1 624	**897**	1 675	**–**	–	**7935**	8 412
Harrison, Steve	**3 986**	3 796	**377**	462	**398**	789	**–**	–	**4 761**	5 047
Henstock, Ian (note 2)	**775**	4 650	**–**	2 037	**–**	–	**106**	73	**881**	6 760
Laas, Henry	**8 337**	7 940	**2 501**	4 804	**1 010**	2 063	**118**	118	**11 966**	14 925
Mdluli, Thokozani	**3 842**	3 659	**538**	935	**451**	852	**–**	–	**4 831**	5 446

Payment in AUD (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Da Costa, Mike (note 1)	**833**	–	**96**	–	**71**	–		–	**1 000**	–
Bennett, Peter (note 3)	**417**	957	**–**	194	**–**	220	**–**	–	**417**	1 371

Note 1: Mike Da Costa relocated to Australia with effect from 1 July 2022.
Note 2: Ian Henstock resigned on 12 December 2022.
Note 3: Peter Bennett resigned on 15 December 2022.

The single total figure of remuneration is calculated as set out below.

2023	2022
GUARANTEED PAY	
Guaranteed pay earned for the period including benefits and retirement fund contributions. No remuneration adjustment was made for executive directors and prescribed officers for FY2023 (effective 1 July 2023) (FY2022: 5.0%).	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2022 (effective 1 July 2022) was 5.0% (FY2021: 3.88%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2022 for other salaried employees of 4.51%.
STI	
STI awarded for FY2023 performance. 70% of the award is payable in cash in September 2023, and 30% deferred as an LTI award, which will vest one third each year from FY2024 to FY2026.	STI awarded for FY2022 performance. 70% of the award is payable in cash in September 2022, and 30% deferred as an LTI award, which will vest one third each year from FY2023 to FY2025.
LTI	
The value of LTI awards under the 2020 FSP that vest in 2023, based on performance during the three-year period to 30 June 2023. The value of that award is based on a share price on 30 June 2023 of R0,96. 50% of the 2020 FSP awards lapsed due to the EBIT margin performance measure not being met. The cash conversion ratio of EBITDA into cash exceeded the target for maximum vesting, at 80%. Consequently, 50% of the shares vested for this performance measure.	The value of LTI awards under the 2019 FSP that vest in 2022, based on performance during the three-year period to 30 June 2022. The value of that award is based on a share price on 30 June 2022 of R11,25. 50% of the 2019 FSP awards lapsed due to the EBIT margin performance not being met. The cash conversion ratio of EBITDA into cash was equal to threshold, at 60%. Consequently, 30% of the shares vested for this performance measure.
OTHER	
The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle. The benefit to Ian Henstock represents payment to him to secure private life cover and accrued leave payout.	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle. The benefit to Ian Henstock represents payment to him to secure private life cover.

FY2023 STI performance outcomes

Financial performance is measured against Key Performance Indicators ("KPIs"), based on audited annual financial results, net of STI accruals. Non-financial individual key performance areas ("KPA") are based on a formal performance assessment conducted by the Group chief executive for the executives and by the remuneration committee and Board chairman for the Group chief executive.

Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.

Non-financial individual performance is assessed against suitable KPAs and is rated on a sliding scale from 1 to 5, where a score of 2 represents threshold performance, 3 on-target performance, 4 excellent performance and a score of 5 stretch performance.

Due to the challenges faced by the executive team during the year under review in dealing with the events leading up to and following the voluntary administration of Murray & Roberts Pty Ltd and Clough Ltd, as explained in the Group chief executive's report, the remuneration committee resolved that a "3" score be assigned for FY2023 to all non-financial KPAs for executive directors and prescribed officers. The average scores achieved by executives for both FY2021 and FY2022 were 3.29 and the approach followed in FY2023 resulted in a slight moderation of the outcome.

As far as financial KPIs are concerned, the deconsolidation of the Australian based companies MRPL, Clough and RUC on 5 December 2022 and reporting results from these companies until the date of deconsolidation as part of discontinued operations, made it impossible to achieve the financial targets for the year, as the targets included financial contributions from the now deconsolidated companies. The remuneration committee resolved not to adjust the financial targets due to these developments and performance of financial KPIs was measured against the targets set for the year. Although the "net cash" target for the year was exceeded, the remuneration committee resolved to make no STI payment for this financial KPI which resulted in a further moderation of the STI.

Performance against the FY2023 Group targets are summarised below. The outcome for financial KPIs represents the overall Group performance expressed as a percentage achievement against the specific target. Performance against non-financial KPAs was scored at "3".

	KPI	Outcome	Comments
FINANCIAL			
WEIGHTING 70%	**Profitability – EBIT** (Weighting 20%)	0%	EBIT profit of R91 million achieved relative to target of R858 million for continuing operations.
	Profitability – diluted HEPS (Weighting 20%)	0%	Diluted HEPS from continuing operations of -71 cents achieved relative to target of 62 cents.
	Cash flow – net cash (Weighting 10%)	0%	Net negative cash of R269 million achieved relative to target of negative R1 686 million. Although this target was exceeded the committee resolved to make no STI payment for this KPI.
	Cash flow – free cash flow (Weighting 10%)	0%	Positive Free cash flow of R151 million relative to target of R1 174 million.
	Returns (Weighting 10%)	0%	Performance of less than 80% of WACC compared to target attracts no STI payment for the element.

	KPA	Outcome	Comments
LEADERSHIP			
WEIGHTING 7.5%	**Strategy implementation**	3.0 out of 5	The events prior to and following the voluntary administration of the Group's subsidiary companies in Australia directed management attention to deal with these developments, which were well managed.
	Transformation & diversity		In South Africa, achieved level 1 B-BBEE rating. Diversity and Inclusion policies established across the Group.
	Leadership succession & development		Performance management and succession planning effectively applied across the Group.

	KPA	Outcome	Comments
RELATIONSHIPS			
WEIGHTING 7.5%	**Stakeholder engagement**	3.0 out of 5	Maintained good relationships with all key internal and external stakeholders. Public relations and investor relations continued to be well managed.
	Employee relations		Effective Group communication maintained to all employees.
OPERATIONAL			
WEIGHTING 7.5%	**Good governance**	3.0 out of 5	Group-wide compliance with good governance practices. ESG framework established and applied across the Group. Constructive engagement with South African Banks ongoing to reduce debt levels in South Africa.
	Commercial management		Management of claims and commercial processes on several projects, including the exit from the Middle East, are thorough, proactive and ongoing.
	Project performance		Significant reduction in uncertified revenue due to deconsolidation of subsidiary companies in Australia. Project performance much improved, and good progress made to convert some projects to more favourable commercial arrangements.
RISK			
WEIGHTING 7.5%	**Health, wellness & safety**	3.0 out of 5	One fatal incident recorded during the year. Outstanding LTIFR and TRCR results. 32 Zero Harm projects.
	Risk management		Risk management practices and internal audit are well-established disciplines and no material findings were reported.
	Environment		Environmental management in accordance with standards, and no material environmental incidents were reported.

Implementation report *continued*

The STI breakdown for the Group chief executive for FY2023 is set out below:

	2023	2022
FINANCIAL (70%)	**0**	1 826 200
Diluted HEPS	**0**	873 400
EBIT	**0**	952 800
Net cash	**0**	0
Free cash flow	**0**	0
ROICE	**0**	0
NON-FINANCIAL (30%)	**2 501 100**	2 977 500
Leadership	**625 275**	893 250
Succession	**625 275**	893 250
Relationships	**416 850**	397 000
Operational	**416 850**	397 000
Risk	**416 850**	397 000
TOTAL	**2 501 100**	4 803 700

FY2023 LTI performance outcomes

Vesting of the 2020 FSP award

The three-year performance period for the 2020 FSP award ended on 30 June 2023. The 2020 FSP award comprised 9 424 971 shares, with a total of 2 697 000 shares awarded to the executive directors and prescribed officers. 50% of the award was subject to an EBIT margin performance condition and 50% on the cash conversion ratio of EBITDA into cash. The EBIT margin performance over the performance period was below threshold, hence no shares vested for this performance measure. The cash conversion ratio of EBITDA into cash was 311%. Consequently, 50% of the shares vested for this performance measure.

The below-threshold performance in EBIT margin, and the cash conversion ratio of EBITDA into cash above the target for maximum vesting, resulted in 50% of the 2020 FSP award being forfeited and these shares lapsed on 29 August 2023. The remaining 50% of the 2020 FSP award vested. The calculation of the vesting percentage of these awards were audited by the external auditors.

As reported in FY2020, the Group chief executive received 2 103 500 shares as cash-settled conditional rights on 1 October 2020. This award was necessitated at the time as he has reached the individual limit in terms of the plan rules. The same vesting and performance conditions applied to this award. As a result 1 051 750 cash-settled conditional rights have been forfeited and the balance of 1 051 750 vested.

LTI award 2023

In terms of the FSP scheme rules, the aggregate number of shares at any one time which may be allocated under the FSP may not exceed 5.0% of the number of shares in issue. This represents 22 236 806 shares. As at 30 June 2023, there were 16 379 173 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral.

This limit was set in 2012, when the share price was trading at higher levels and the subsequent reduction in the share price has led to an increase in the number of shares awarded to achieve the award value in terms of the remuneration policy.

As a result of the limit referred to above, it was resolved to award a cash-settled long-term incentive on 1 September 2023, which will vest in 2026. This award is not linked to the share price but rather a fixed rand amount as per the remuneration policy. This will prevent participants from receiving a windfall in the event of a material share price increase from current levels. It also protects the Group against a possible large cash outflow should the share price increase substantially.

A total LTI of R71,9 million was awarded, of which R15,3 million was awarded to executive directors and prescribed officers.

As the Group chief executive has reached normal retirement age, an award has not been made to him in 2023. A final award was made to him in September 2021.

The allocation took job grade, individual performance, and retention risk into consideration. The vesting of the 2023 LTI award is subject to meeting performance conditions for the three-year performance period from 1 July 2023 to 30 June 2026, as shown in the table alongside.

30% of the performance related award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Group's business strategy and the market conditions.

Long-term cash-settled awards were made to executives operating outside South Africa in October 2023 under the LTCSIP. The October 2023 LTCSIP award is the annual allocation of awards to senior executives outside South Africa, and will vest in 2026. The allocation took job grade, individual performance, and retention risk into consideration.

The vesting of these awards is subject to meeting the same performance conditions as set out below, over the three-year performance period from 1 July 2023 to 30 June 2026.

30% of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points.

The Mining Platform CEO has relocated to Australia and was awarded a cash-settled long-term incentive to the value of AU$842 400 on 1 October 2023 (October 2022: AU$842 400).

September 2023 LTI award performance conditions

Criteria	Performance condition	Weighting	Threshold	Target for maximum vesting
EBIT margin	Earnings before interest and tax for continuing operations divided by revenue from continuing operations	50%	3%	**5%**
Conversion ratio of EBITDA into cash	Operating cash flow plus dividends received divided by earnings before interest, tax, depreciation and amortisation	50%	60%	**80%**

Implementation report *continued*

Outstanding long-term incentives

FSP awards and STI deferred into FSP awards

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	**Closing balance**	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Grobler, D	Sep 2019	580 000	–	–	87 000	493 000	**–**	Sep 2022	779	–
	Oct 2020	997 500	–	–	–	–	**997 500**	–	–	479
	Sep 2022	–	805 500	8 683	–	–	**805 500**	–	–	387
	STI 2019	33 366	–	–	33 366	–	**–**	Sep 2022	299	–
	STI 2020	71 246	–	–	35 622	–	**35 624**	Sep 2022	319	34
	STI 2021	82 722	–	–	27 574	–	**55 148**	Sep 2022	247	53
	STI 2022	–	77 167	691	–	–	**77 167**	–	–	74
Harrison, S	Sep 2019	350 000	–	–	52 500	297 500	**–**	Sep 2022	470	–
	Oct 2020	493 000	–	–	–	–	**493 000**	–	–	237
	Sep 2022	–	296 000	3 191	–	–	**296 000**	–	–	142
	STI 2019	7 394	–	–	7 394	–	**–**	Sep 2022	66	–
	STI 2021	13 608	–	–	4 536	–	**9 072**	Sep 2022	41	9
	STI 2022		21 946	196	–	–	**21 946**	–	–	21
Laas, H	Sep 2019	1 072 500	–	–	160 875	911 625	**–**	Sep 2022	1 440	–
	STI 2019	69 912	–	–	69 912		**–**	Sep 2022	626	–
	STI 2020	157 892	–	–	78 945		**78 947**	Sep 2022	707	76
	STI 2021	171 370	–	–	57 123		**114 247**	Sep 2022	511	110
Mdluli, T	Sep 2019	267 000	–	–	40 050	226 950	**–**	Sep 2022	358	–
	Oct 2020	459 000	–	–	–	–	**459 000**	–	–	220
	Sep 2022		321 000	3 460	–	–	**321 000**	–	–	154
	STI 2019	15 225	–	–	15 225	–	**–**	Sep 2022	136	–
	STI 2020	33 651	–	–	16 825	–	**16 826**	Sep 2022	151	16
	STI 2021	38 779	–	–	12 926	–	**25 853**	Sep 2022	116	25
	STI 2022		44 421	398	–	–	**44 421**	–	–	43
Da Costa, M	Sep 2019	434 500	–	–	65 175	369 325	**–**	Sep 2022	583	–
	Oct 2020	747 500	–	–	–	–	**747 500**	–	–	359
	STI 2019	29 331	–	–	29 331	–	**–**	Sep 2022	263	–
	STI 2020	30 340	–	–	15 169	–	**15 171**	Sep 2022	136	15
	STI 2021	64 388	–	–	21 462	–	**42 926**	Sep 2022	192	41
	STI 2022		86 952	778	–	–	**86 952**	–	–	83

Cash Settled Conditional Rights

NAME	Date awarded	Opening balance	Number of rights allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	**Closing balance**	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Laas, H	Sep 2019	150 000	–	–	22 500	127 500	**–**	Sep 2022	201	–
Laas, H	Oct 2020	2 103 500	–	–	–	–	**2 103 500**	–	–	1 010
Laas, H	Sep 2021	–	1 477 500	–	–	–	**1 477 500**	–	–	709
Grobler, D	Sep 2021	–	701 000	–	–	–	**701 000**	–	–	336
Da Costa, M	Sep 2021	–	525 000	–	–	–	**525 000**	–	–	252
Harrison, S	Sep 2021	–	297 500	–	–	–	**297 500**	–	–	143
Mdluli, T	Sep 2021	–	322 500	–	–	–	**322 500**	–	–	155

Long Term Cash Settled Incentive Plan (LTCSIP)

NAME	Date awarded	Opening balance	Value at grant date (AU\$'000)	Settled in the year (AU\$'000)	Forfeited in the year (AU\$'000)	**Closing balance**	Settlement date	Settlement value (AU\$'000)	Estimated value (AU\$'000)
Da Costa, M	Oct 2022	–	842	–	–	**842**	–	–	421

Executives receive dividend payments on the FSP and Conditional Rights allocations held from the award date.

For the FSP, Conditional Rights and the LTCSIP performance conditions, a vesting percentage of 50% has been applied for FY2023 and 50% is applied to calculate the estimated value for the remaining awards.

Remuneration outcomes for non-executive directors

The remuneration policy for the non-executive directors set out in the remuneration policy report was applied in FY2023. The remuneration for non-executive directors for the year ended 30 June 2023 was:

Non-executive directors' remuneration

NAME	Directors' fees R'000	Non-attendance R'000	Special Board R'000	Committee fees R'000	Lead independent fee R'000	Chairman's fees R'000	**Total 2023 R'000**	Total 2022 R'000
JA Boggenpoel	380	–	352	285	–	–	**1 017**	1 082
R Havenstein	–	–	352	–	1 318	–	**1 670**	1 674
SP Kana	–	–	–	–	–	1 868	**1 868**	1 786
NB Langa-Royds[1]	126	–	186	198	–	–	**510**	1 348
AK Maditsi	380	–	352	493	–	–	**1 225**	1 150
B Mawasha[2]	61	–	–	42	–	–	**103**	1 026
A Muller[3]	380	–	352	423	–	–	**1 155**	–
DC Radley[1]	126	–	186	159	–	–	**471**	1 236
CD Raphiri	380	–	352	419	–	–	**1 151**	1 143
Total	1 833	–	2 132	2 019	1 318	1 868	**9 170**	10 445

1 Retired 3 November 2022.
2 Resigned 31 August 2022.
3 Appointed 1 July 2022.

The remuneration of non-executive directors is submitted to the shareholders at the AGM for approval in advance of such payment being made. The chairman's fee includes attendance at committee meetings.

Implementation report *continued*

Fee proposal for 2024

In accordance with King IV, the remuneration committee reviews and recommends fee structures to the Board for approval (excluding recommendation of their own fees) before submitting recommendations for approval by shareholders at the AGM.

No increase is proposed to non-executive directors' fees for 2024. The proposed fees (excluding VAT) are tabled below.

		Previous per annum	Proposed % increase	Proposed per annum
Chairman	Including director and committee fees[1]	R1 890 000	0%	R1 890 000
Lead Independent Director	Including director and relevant committee fees	R1 333 500	0%	R1 333 500
Director	Per annum[2,3,4]	R385 500	0%	R385 500
Committee Fees				
Audit & Risk	Chairman	R354 000	0%	R354 000
	Member	R190 000	0%	R190 000
Nomination & Governance	Member	R84 000	0%	R84 000
Remuneration	Chairman	R257 000	0%	R257 000
	Member	R131 000	0%	R131 000
Social & Ethics	Chairman	R257 000	0%	R257 000
	Member	R131 000	0%	R131 000
AD HOC MEETINGS				
Board	Member	R63 000	–	Refer below
Committee	Member	R32 000	0%	R32 000

Ad-hoc Board meetings

a. Meetings less than 3 hours duration

Ad-hoc Board meetings held via Teams Video conferencing, or in person, payable at a rate of R10,000 (ex VAT) per completed hour of the meeting, plus 1 hour for preparation.

b. Meetings more than 3 hours duration

Any Ad-hoc Board meetings, virtual or in person, continuing for longer than 3 hours, would attract ad-hoc fees of R63,000 (ex VAT).

Fee deductions

1. Includes fees for chairing the nomination & governance committee and attending all Board committees.
2. Calculated on the basis of four meetings per annum.
3. It is proposed that an adjustment deduction of R32 500 (2022: R32 500) per meeting be applied for non-attendance at a scheduled Board meeting.
4. It is also proposed that an adjustment deduction of R13 000 (2022: R13 000) per meeting be applied for non-attendance at a scheduled committee meeting.

In terms of Section 66(8) of the Companies Act, shareholders are referred to special resolution 1 included in the loose insert of the printed report, regarding approval of the proposed non-executive director fee structure for FY2024.

ANNUAL FINANCIAL STATEMENTS

Responsibilities of directors for annual financial statements

for the year ended 30 June 2023

The directors of Murray & Roberts Holdings Limited ("Company" or "Murray & Roberts") are responsible for the preparation of the annual financial statements that fairly present the state of affairs of Murray & Roberts Holdings Limited and its subsidiaries (together the "Group") at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards ("IFRS") and per the requirements of the Companies Act No. 71 of 2008 ("Companies Act"). The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

a) The Murray & Roberts Board of directors ("Board") and management set standards and management implement systems of internal controls, accounting and information systems; and

b) The Audit Committee recommends Group accounting policies and monitors these accounting policies.

The directors are responsible for the systems of internal control. These systems are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements and to prevent and detect material misstatements and loss. The systems (including controls over the security over the Group and Company website and electronic distribution of annual reports and other financial information) are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The directors believe, based on information and explanations from management, that the system of internal control is adequate for ensuring the:

- Reliability and integrity of financial and operating information
- Adequate safeguarding, verification and accountability of assets against unauthorised use or disposition
- Compliance of established systems with policies, procedures, laws and regulations

The internal audit function is led by the Group chief audit executive and comprises both internal employees and external resources when required. It serves management and the Board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The Group continues to address any control weaknesses which are identified, however, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 44. The annual financial statements have been compiled under the supervision of DF Grobler CA(SA), (Group financial director) and the financial statements as set out on pages 94 to 179 have been audited in terms of Section 30(2) of the Companies Act of South Africa.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the external auditors to express an opinion on the Group and Company financial statements. For their unmodified opinion to the shareholders of the Company and Group refer to page 85 to 92.

Approval of annual financial statements

The annual financial statements of the Company and the Group for the year ended 30 June 2023 as set out on pages 77 to 179 were approved by the Board of directors on 30 August 2023 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

Group chief executive and Group financial director responsibility statement on internal financial controls

for the year ended 30 June 2023

Each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 93 to 179, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

HJ Laas
Group chief executive

DF Grobler
Group financial director

Certification by Company secretary

for the year ended 30 June 2023

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2023, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L Kok
Group company secretary
30 August 2023

Audit & Risk Committee Report

for the year ended 30 June 2023

The audit & risk committee ("Committee") assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the Johannesburg Stock Exchange Limited ("JSE"). It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

The Committee chairman reports on Committee deliberations and decisions at the Board meeting immediately following each Committee meeting. The internal and external auditors have unrestricted access to the Committee chairman. The independence of the external auditor is regularly reviewed and non-audit related services are pre-approved and notified.

Governance of risk

The committee fulfils a dual function – as an audit committee and as a risk committee. The committee assists the Board in executing its responsibility for risk governance. The committee regularly assesses the operation of the risk management system, ensuring its effectiveness. A report on risk is shared with the Board on a quarterly basis. Internal audit conducts regular and full assessments of the risk management function and framework, on which it reports to the committee. The committee is satisfied with the effectiveness of its oversight of risk governance in the Group. A detailed report on risk and its management, as recommended in King IV, is contained in our integrated annual report in the Risk Management Report section.

Membership

The Group chairman, Group chief executive, Group financial director, Group risk executive, chief audit executive and the external auditors all attend meetings by invitation.

Terms of reference

The Committee's responsibilities include:

- Reviewing annually the Risk Management Standard, encompassing the Group's risk principles, objectives, framework, organisational structures, functional disciplines and processes, as it applies to the strategic, corporate, business operational, project, prospect, and governance risk environments;
- Making recommendations to the Board concerning acceptable levels of risk tolerance and appetite;
- Ensuring that risk assessments are performed of the risks identified through effective business risk systems and findings, and that Executive Management engages in robust debate, to understand and effectively mitigate significant risk, with a clear assignment of ownership and accountability;
- Monitoring that risks are engaged and managed within the levels of tolerance and appetite approved by the Board;
- Identifying ESG risks and opportunities related to the Group, assessing the impact of such risks on the Company and advising the Board of directors on strategies to manage risks and prudently pursue opportunities;
- Reviewing disclosure in the annual integrated report on the effectiveness of risk management and any material undue, unexpected, or unusual risk exposures;
- Assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls;
- Monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders;
- Making recommendations to the Board to ensure compliance with International Financial Reporting Standards ("IFRS");
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk as they relate to financial reporting;
- Assist the Board to oversee the development and implementation of an IT governance charter, strategy and policies that are integrated with the business strategy process, and which sustain and enhance the Company's strategic objectives, thereby improving the Company's performance and sustainability;
- Oversee the implementation of IT processes and governance mechanisms, IT frameworks, policies, procedures and standards, ensuring IT governance alignment with corporate governance;
- Oversee the information security strategy (including information security, information management and information privacy) and Management's implementation of the strategy;
- Ensure that there are processes in place to enable complete, timely, relevant, accurate and accessible IT reporting, firstly from Management to the Board, and secondly by the Board in the integrated report;
- Receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit & risk committee on behalf of subsidiaries in the Group.

Statutory duties

In addition to the duties set out in the terms of reference, the Committee performed the required statutory functions in terms of Section 94(7) of the Companies Act of South Africa.

Effectiveness of the external audit process

The Committee reviews the quality and effectiveness of the external audit process. In particular, the Committee considers the independence of the external auditor. In this regard, the Committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis.

PricewaterhouseCoopers Inc. ("PwC") served as external auditor for the financial year ended 30 June 2023. The designated auditor is JFM Kotzé. The Committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence.

The Committee is satisfied that the external auditor is independent and has nominated PwC for re-election at the forthcoming annual general meeting of shareholders, with JFM Kotzé as the individual registered auditor. PwC and JFM Kotzé are properly accredited.

Financial director and finance function

The Committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. The Committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources in the finance function as well as the experience of senior members of management responsible for the finance function.

Internal audit

The Group internal audit function was established to assist the Board and Executive Management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes.

The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. A combined assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

The annual plan is based on an assessment of risk areas that internal audit and management identify, as well as focus areas highlighted by the Committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to emerging risks and changes in the business. A comprehensive report on internal audit findings is presented to the Committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found. The internal audit activity has a quality assurance and improvement programme, and is subject to an independent external quality assurance review every five years.

The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the Committee in June 2023 and determined to be appropriate and consistent with the internal audit strategy and mandate. The Committee approved internal audit's risk-based audit plan for financial year 2024, having discussed the scope of work and its relationship to the Group's risks. The Committee met quarterly with the chief audit executive, in the absence of management. Furthermore, the chair of the Committee held regular one-to-one meetings with chief audit executive. This enables further evaluation of the work performed.

The internal audit function reports directly to the Committee and their mandate in relation to the internal audit function is to:

- Approve the appointment and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Receive a summary report of the major findings of all assurance and special investigation internal audits and management's responses. Review and track management's action plans to address results of internal audit assignments;

Audit & Risk Committee Report *continued*

for the year ended 30 June 2023

- Review the expertise, resources and experience of the Group's internal audit function, and disclose the results of the review in the integrated report;
- Review and provide input on the internal audit function's strategic plan, objectives, performance measures and outcomes;
- Review and approve the risk-based internal audit plan and make recommendations concerning internal audit projects. Review the internal audit function's performance relative to its audit plan. Review the coordination between the internal and external auditors and the resourcing and standing within the Group of the internal audit function;
- Monitor and evaluate the performance of the chief audit executive and the internal audit function in terms of agreed goals and objectives in order to provide input to management related to evaluating and recording of the performance in the Group's performance management system;
- Ensure that the internal audit activity has a quality assurance and improvement programme and that the results of these periodic assessments are presented to the Committee on an exception basis;
- Ensure that the internal audit activity has an external quality assurance review every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations;
- Advise the Board about any recommendations for the continuous improvement of the internal audit activity; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the Committee.

An internal audit charter, reviewed by the Committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function. The charter provides the chief audit executive direct access to the Group chief executive, Group financial director, chairman of the Committee and chairman of the Board.

Internal financial controls

With regard to the Responsibility Statement in terms of paragraph 3.84(K) of the Listings Requirements, the Committee noted:

- The Responsibility Statement submitted by the Group chief executive and the Group financial director. The Group chief executive, the Group financial director and the internal auditors, based on the audit scope, reviewed the controls with regards to internal financial reporting and presented the findings to the Committee. The evaluation of controls by the Group chief executive and the Group financial director included:
  - The identification and classification of risks, including the determination of materiality;
  - Testing the design and determining the implementation of controls to address high risk areas;
  - Utilising internal audit to test the operating effectiveness of controls to address the high-risk areas on an annual basis, and other risk areas on a rotational basis; and
  - Obtaining control declarations from divisional and subsidiary management on the operating effectiveness of all key controls at year end.

Based on the above and the Group's system of internal control and risk management in FY2023, which included the design implementation and effectiveness of internal financial controls, a reasonable basis is provided for the preparation of reliable annual financial statements in all material aspects.

Audit and administration

Financial leadership in Murray & Roberts caters for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews throughout the year. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the Committee. There are agreed procedures for the Committee to seek professional independent advice at the Group's expense, if necessary.

Integrated reporting

The Committee recommended the Group's annual financial statements for Board approval and will recommend the annual integrated report for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements. During the year under review, external service providers were appointed to provide assurance on selected sustainability information.

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements provided by the JSE.

Assurance

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King IV™ principles and recommendations, and sustainability assurance. The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

The Group Integrated Assurance Framework governs and coordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

A formal combined assurance model is in place and is being reviewed annually by the Committee. Notwithstanding the output of the combined assurance model, board members form their own opinion on the integrity of the information and reports, and the degree to which an effective control environment has been achieved.

The Committee is satisfied that the Group has optimised the assurance coverage obtained from management and internal and external assurance providers. The Committee is also satisfied that the various external assurances that are obtained and related systems and procedures are effective in achieving the following objectives:

- Enabling an effective internal control environment
- Supporting the integrity of information used for internal decision-making by management, the Board and its committees
- Supporting the integrity of external reports
- Minimising assurance fatigue

Key audit matters

Key audit matters are those that PwC, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Estimation uncertainty involved in accounting for revenue from contracts with customers
- Recognition and recoverability of uncertified revenue balances
- Middle East accounting treatment

The audit report contains an emphasis of matter in respect of material uncertainty related to going concern.

Significant areas of judgement

The Committee assists the Board by performing an oversight role over financial reporting, which includes assessing the appropriateness of significant estimates and judgements specifically covered by the key audit matters and those disclosed in note 43 and note 45.

Group and company financial statements

It is our view that the Group and Company financial statements present fairly, in all material respects the Group and Company financial position of the Company and its subsidiaries as at 30 June 2023 and its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE. The Committee recommended the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS and that the financial statements have been prepared on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

A Muller
Audit & Risk committee chair
30 August 2023

Report of directors
for the year ended 30 June 2023

Nature of business

Murray & Roberts Holdings Limited is an investment holding company with interests in the mining and power, industrial & water markets.

The Company does not trade and its activities are undertaken through subsidiaries and joint operations. Information regarding the Group's major operating subsidiaries appears in Annexure 1 of the consolidated financial statements.

Group financial results

Revenue from continuing operations increased to R12,5 billion (FY2022: R8,8 billion) post restatement of discontinued operations (refer to note 31 and note 32 for further details). The Group reported a profit before interest and tax from continuing operations of R90,6 million (FY2022: R81,9 million restated) and recorded an attributable loss of R3,2 billion (FY2022: R134,8 million earnings), representing a diluted loss per share of 789 cents (FY2022: 33 cents earnings). A diluted headline loss per share of 473 cents was recorded (FY2022: 31 cents earnings).

Full details of the financial position and results of the Group are set out in these Group and Company financial statements. The Group and Company financial statements have been prepared in accordance with IFRS. The accounting policies have been applied consistently compared to the prior year.

Going concern

The loss of the Energy, Resources & Infrastructure platform ("ERI"), the Mining Australia Group (RUC Cementation Mining Limited ("RUC") and Insig Technologies Pty Ltd ("Insig")) and the disposal of our investment in the Bombela Concession Company ("BCC") has resulted in a downsized Group and has created uncertainty with stakeholders as to the sustainability of the Group considering our current, albeit lower debt levels.

Globally, a number of engineering and construction companies have been taken over or liquidated due to the impact of the pandemic. As a core group, Murray & Roberts has been able to withstand the material impact of the pandemic and believes that it will trade through what remains of this challenging period.

As a mature business and working in a sector which contracts under less onerous commercial terms, the Mining platform does not experience the same levels of demand on working capital. It is also operating in a strong performing sector with growth potential.

During the current financial year, the Power, Industrial & Water platform ("PIW") experienced more favourable market conditions and its healthy order book is reflective of opportunities in the renewable energy and transmission market sectors.

The Group is dependent on the utilisation of the overdraft facility to meet its liquidity requirements. Cash flow forecasts for each of the two remaining platforms to the end of the 2024 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 term debt as it falls due, and its ability to continue as a going concern:

- Term Debt Repayment: To settle the term debt, the Group requires dividend payments from its international mining subsidiaries, to Murray & Roberts Limited in South Africa. Based on forecasts, these international mining subsidiaries are performing well, and it is expected that they will generate enough cash inflows to be able to declare sufficient dividends going forward, thereby assisting in the repayment of the South African term debt. The Group is currently renegotiating covenants with the banks of these international mining subsidiaries to enable such dividend payments to be made.
- Banking Facilities: As at 30 June 2023, the Group had the following facilities in place (disclosed in note 38.7):
  - Direct banking facilities in South Africa in place of R1,5 billion, with R0,3 billion of unutilised facilities available.
  - Direct foreign banking facilities in place were R1,3 billion with R1,0 billion of unutilised facilities available.
  - Indirect local banking facilities in place were R1,9 billion with R0,0 billion of unutilised facilities available. Currently, the four South African lending banks are 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 were R1,2 billion with R0,5 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 Requirements: The Group is working closely with the four South African lenders to meet their deleveraging expectations and is assisted by Deloitte as advisors in this regard together with the development of a sustainable capital structure. The implementation of the deleveraging plan is expected to be complete within a 12 to 18 month time period following South African lender approval.

The Group is confident that it would be able to implement the actions outlined above, and any potential financial restructuring that may be required, for it to realise its assets and discharge its liabilities in the normal course of business. The Board is therefore satisfied that the Group and Company financial statements comply with IFRS on a going concern basis. Should, however, these actions not achieve the desired outcome, especially dividends from the international mining companies to repay the term debt, or the South African banks rejecting the deleveraging plan, it will give rise to uncertainty regarding the potential of any further financial restructuring, which may cast significant doubt on the Group and the Company's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

Uncertified revenue

The Group's uncertified revenue decreased to R445 million (FY2022: R1,2 billion), due mainly to the exclusion of previously recognised uncertified revenue through the deconsolidation of Clough.

The recognition of uncertified revenue is common practice for engineering and contracting companies and the Group is confident that revenue recognised as uncertified, will be certified and paid once attendant commercial matters have been resolved.

Segmental disclosure

The Group operated under two strategic platforms as at 30 June 2023. An analysis of the Group's results reflects the financial position and performance of each platform (refer to Annexure 3 of the consolidated financial statements).

1 Authorised and issued share capital

Full details of the authorised and issued capital of the Company at 30 June 2023 are contained in note 11 of the consolidated financial statements.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (FY2022: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2022: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP"), employees were allocated shares during the year by the remuneration committee totalling 7 236 487 shares (FY2022: 450 954). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

2 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 position, the Board resolved not to declare a dividend this year.

3 Discontinued operations

Discontinued operations comprise Murray & Roberts Pty Ltd ("MRPL"), ERI, RUC, together the "MRPL Group", Insig, Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Buildings Platform and the Genrec Operations. Refer to note 32 for further details.

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. At 30 June 2023, the sale and purchase agreement is still pending regulatory approval and the long stop date has therefore been extended to 15 September 2023. 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.

4 Special resolution

During the year under review the following special resolutions were passed by shareholders:

1. Fees payable to Non-Executive Directors
2. Financial assistance to related or inter-related companies.
3. Amendment to the Memorandum of Incorporation.

5 Events after the reporting period

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 member, the Review Application lodged with the Court of Cassation, the highest court in the Emirate, against its previously issued ruling in favour of the client's claim, was unsuccessful. Based on further evidence of misrepresentation that has recently come to light from a related case before the courts, the legal advisors

Report of directors *continued*
for the year ended 30 June 2023

representing MRCAD have recommended that a new application be lodged with the Court of Cassation for it to reconsider its Review Application decision, considering this new evidence. This application is in the process of being prepared.

In the intervening period, a claim has been lodged by a UAE-based bank ("the bank"), and a summons has been issued in South Africa against Murray & Roberts Limited, in relation to the Parent Company Guarantee it issued in favour of the bank for a bond that was issued to the bank on the Al Mafraq Hospital project, which was called by the client. The claim is in relation to a circa AED150 million fully drawn facility (R770 million at year end) and is tied to the legal dispute in Abu Dhabi. In response, a notice of intention to defend has been lodged on behalf of Murray & Roberts Limited. Legal advice is that strong and compelling defences are available and will be formulated in the weeks ahead. The legal process in South Africa is expected to be protracted and will take several years to conclude. The occurrences post year end were not considered to be adjusting events. No liability has been recognised with respect to the Parent Company Guarantee. The drawdown on the bank overdraft continues to be recognised as short term borrowings in liabilities held for sale.

Subsequent to year end, 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 requires 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. The above occurrence is not considered to be an adjusting event.

The directors are not aware of any other matter or circumstance, other than noted above, arising since the end of the financial year not otherwise dealt with in the Group and Company annual financial statements which significantly affects the financial position at 30 June 2023 or the results of its operations or cash flows for the year 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 year results.

6 Interest of directors

The directors of the Company held direct beneficial interests in 2 388 608 ordinary shares of the Company's issued ordinary shares (FY2022: 2 342 338). Details of the ordinary shares held per individual director are listed below and also set out in note 39.3.

Beneficial	Direct	Indirect
30 June 2023		
DF Grobler	**375 456**	**1 970 939**
HJ Laas	**2 013 152**	**193 194**
30 June 2022		
DF Grobler	375 456	1 764 834
HJ Laas	1 816 882	1 471 675
DC Radley	150 000	–

At the date of this report, these interests remain unchanged.

7 Directors

At the date of this report, the directors of the Company were:

Independent non-executive

SP Kana (Chairman); JA Boggenpoel; R Havenstein; AK Maditsi; A Muller*; CD Raphiri.

* *Appointed 1 July 2022*

Executive

HJ Laas (Group chief executive) and DF Grobler (Group financial director).

8 Company secretary

L Kok

The Company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

Business address
Douglas Roberts Centre, 22 Skeen Boulevard
Bedfordview, 2007

9 Auditors

PricewaterhouseCoopers Inc. served as external auditor for the financial year ended 30 June 2023. The designated auditor is JFM Kotzé.

Independent auditor's report

To the Shareholders of Murray & Roberts Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Murray & Roberts Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Murray & Roberts Holdings Limited's consolidated and separate financial statements set out on pages 93 to 178 comprise:

- the consolidated and company statements of financial position as at 30 June 2023;
- the consolidated and company statements of financial performance for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Material uncertainty related to going concern

We draw attention to Note 45 to the consolidated and separate financial statements, which details a number of factors affecting the Group's liquidity position, and which have resulted in project delays and the deferral of milestone payments. These factors include a disruption in supply chains, cross-border restrictions, the need to implement alternative funding mechanisms, and the repatriation of cash resources from group companies. As stated in Note 45, these matters along with others indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

pwc

Our audit approach

Overview

Overall group materiality

- Overall group materiality*:* R112.14 million, which represents 0.9% of consolidated revenue from continuing operations.

Group audit scope

The Group comprises 215 reporting components. Full scope audits were performed in respect of 10 financially significant components, and specified audit procedures were performed on a further 12 components. Analytical review procedures were performed over the remaining components as they were deemed to be financially inconsequential for group scoping purposes.

Key audit matters

- Material uncertainty related to going concern;
- Estimation uncertainty involved in accounting for revenue from contracts with customers;
- Recognition and recoverability of uncertified revenue balances; and
- Middle East accounting treatment.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R 112.14 million*
How we determined it	*0.9% of consolidated revenue from continuing operations*
Rationale for the materiality benchmark applied	*We selected revenue from continuing operations as the benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business.* *We chose 0.9% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply to entities operating within this industry.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 215 reporting components. Our scoping assessment included consideration of financially significant components, based on indicators such as the component's contribution to consolidated assets, consolidated revenue and consolidated profit before taxation as well as risks associated with the component. Based on this assessment we identified 10 financially significant components, for which full scope audits were performed. Specified audit procedures were performed on significant account balances and transactions for a further 12 components as a result of significant account balances and transactions within those components. In order to obtain sufficient and appropriate audit evidence in respect of those components that were considered to be financially inconsequential, the group engagement team performed analytical review procedures in respect of the financial information of these components.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the group engagement team and component auditors from other PwC network firms. When the work was performed by component auditors, we determined the level of involvement we needed to have at those components to enable us to conclude on whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	***How our audit addressed the key audit matter***
Estimation uncertainty involved in accounting for revenue from contracts with customers Refer to the following accounting policies and notes to the consolidated financial statements for the disclosures as it relates to this key audit matter: • Accounting Policy 1.10 Amounts due from/to contract customers, • Accounting Policy 1.17 Provisions and contingencies,	We assessed the appropriateness of the use of the input and output method of accounting for revenue recognition for the different types of contracts entered into by the Group in accordance with IFRS 15 by performing the following procedures for a sample of contracts entered into by the Group: • We assessed the reasonableness of significant assumptions and estimates relating to the estimated total contract cost, estimated total revenue, claims recognised and penalties

pwc

- Accounting Policy 1.22 Revenue,
- Note 8 Amounts due from/to contract customers,
- Note 26 Revenue, and
- Note 43 Critical accounting estimates and judgements.

Revenue generated in the Group, relates mainly to revenue from construction contracts with customers. The Group applies the principles of IFRS 15 - *Revenue from contracts with customers* (IFRS 15) to account for its revenue from contracts with customers.

Revenue from these construction contracts with customers is recognised over time as performance obligations are satisfied, and measured with reference to the transaction price. The transaction price is the consideration to which the entity is expected to be entitled to, in exchange for transferring goods or services to the customer. Variations in contract work, claims and incentive payments are included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Similarly, where contracts contain penalties which could reduce revenue, penalties are deducted from total estimated revenue except to the extent that it is highly probable that penalties won't be levied.

The progress towards complete satisfaction of a performance obligation is measured based on applying either of the following methods:

i. Output method: Recognise revenue on the basis of direct measurement, i.e. performance or milestone completed.
ii. Input method: the group estimates the cost of construction and engineering services provided to date as a proportion of the total estimated cost of these services to be performed.

The inputs and assumptions applied using these methods, represent the basis for the calculation of contract revenue, contracts in progress and amounts due to contract customers. These inputs and assumptions are also used in determining onerous contract provisions in accordance with *IAS 37 - Provisions,* to be recognised in the consolidated financial statements.

We considered the estimation uncertainty involved in accounting for revenue from contracts with customers to be a matter of most significance to our current year audit due to the following:

- significant judgements and estimation applied in establishing profit margins and costs to completion; and
- the magnitude of the contract revenue recognised, the contracts in progress, uncertified claims and variations, over-certified revenue balances and provision for onerous contracts balances in relation to the consolidated financial statements.

recognised, through inspection of relevant contract documentation (such as bill of quantities, tender budgets and forecasts and correspondence between the contractor and client). We concluded that management's assumptions and estimates were reasonable;

- Through inspection of signed contracts, enforceable contract penalties, management's costing per contract and approved variation order documentation we evaluated the accuracy of the total contract revenue. No material exceptions were noted;
- We agreed the life to date costs incurred to relevant underlying documentation including supplier invoices, subcontractor agreements and invoices, payroll information for labour costs and inventory issue notes etc. No material exceptions were noted;
- We compared the estimated progress towards the satisfaction of the performance obligations on each contract to work certified to date by management's contract engineering experts and quantity surveyors. No material exceptions were noted;
- We assessed the competence, capabilities and objectivity of management's legal experts, contract engineering experts and quantity surveyors through inspection of their qualifications, professional memberships and obtaining an understanding of their work. No aspects requiring further consideration were noted;
- We recomputed profit margins from year to year on projects running over multiple years. Deviations in margins were identified and evaluated against explanations from management and relevant documentation including correspondence between clients and the Group, subcontractors and the Group, progress certificates and notices in terms of contracts etc. Based on our work performed we accepted the profit margins as reasonable; and
- We recalculated the revenue per contract based on the input or output method, where applicable. Based on our recalculation, we agreed the adjustments between certified progress revenue and revenue recognised to the work-in-progress, provision for onerous contracts and retentions recognised in the financial statements. No material exceptions were noted.

Recognition and recoverability of uncertified revenue balances Refer to the following accounting policies and notes to the consolidated financial statements for the disclosures as it relates to this key audit matter: • Accounting Policy 1.10 Amounts due from/to contract customers, • Accounting Policy 1.17 Provisions and contingencies, • Accounting Policy 1.22 Revenue, • Note 8 Amounts due from/to contract customers, • Note 26 Revenue, and • Note 43 Critical accounting estimates and judgements. As at 30 June 2023, amounts due from contract customers included uncertified claims and variations receivable amounting to R 388.6 million and contracts in progress of R 1 billion. Variation in contract work, claims and incentive payments are recognised as revenue to the extent that collection is highly probable, and the amounts can be reliably measured. The Group applies significant judgement in assessing whether the extent of collection of variation orders and claims is highly probable. Each variation order or claim is assessed individually to establish entitlement and to conclude on the strength of the claim. The Group utilises legal experts, engineers and quantity surveyors to assess probabilities in determining the amount to be recognised relating to uncertified revenue and in addition considers the customers credit risk in assessing the recoverability of amounts recognised are considered highly probable. We considered the recognition and recoverability of uncertified revenue balances to be a matter of most significance to our current year audit due to the following: • Significant estimates and judgements applied relating to the merits and quantum in determining the probability of recovery of these balances; and • The magnitude of uncertified revenue balances recognised in relation to the consolidated financial statements.	Our work on the recognition and recoverability of uncertified revenue balances entailed the following: • With the assistance of our quantity surveying expertise and inspection of correspondence relating to claims and variation orders, we assessed the reasonableness of the merits and quantum of variation orders and claims recognised in favour of and against the Group. We accepted the merits and quantum of variation orders and claims recognised in favour of and against the Group as reasonable; • We obtained and inspected legal experts' reports, confirmations and opinions and held discussions with the legal experts, to understand the current status and progress on claims and variation orders in the dispute resolution and arbitration process. In doing so, we assessed the legal experts' experience and objectivity by inspecting their qualifications. We did not identify any material exceptions; • We assessed the competence, capabilities and objectivity of management's legal experts, contract engineering experts and quantity surveyors through inspection of their qualifications, professional memberships and obtaining an understanding of their work. No aspects requiring further consideration were noted; • We assessed the reasonableness of judgements, estimates and assumptions made in relation to uncertified revenue balances, through discussion with the directors, engineering experts and quantity surveyors and inspection of relevant documentation such as correspondence between parties, contractual agreements, signed variation orders etc. We accepted the judgements, estimates and assumptions as reasonable; and • For a sample of uncertified revenue balances, we assessed the recoverability of uncertified revenue balances receivable, through testing of receipts subsequent to period end and where receipts remained outstanding, specific client circumstances such as force majeure notifications, industry specific circumstances and publicly available financial information and media reports were considered. Furthermore, we assessed the reasonableness of management's expected credit loss (ECL) allowance on uncertified revenue balances, by independently recomputing the ECL allowance. Our testing did not identify any material exceptions as it impacts on the recoverability of the uncertified revenue balances.
Middle East accounting treatment Refer to the following accounting policies and notes to the consolidated financial statements for the disclosures as it relates to this key audit matter: • Accounting Policy 1.14 Non-current assets held for sale and discontinued operations, • Note 32 Discontinued Operations, Assets and Liabilities Classified as Held for Sale, • Note 42 Events after reporting period, and • Note 43 Critical accounting estimates and judgements.	Our work performed in addressing this key audit matter entailed the following: • We evaluated the reasonableness of management's assessment, supporting the continued classification of the Middle East operations, as a disposal group held for sale, in terms of IFRS 5 through discussions with legal counsel, management, the purchaser's representative and inspection of the Sale and Purchase agreement and related long stop extensions. We found the assessment to be reasonable; • We assessed the reasonableness of estimates and judgements applied in determining the value of assets and liabilities included in the disposal

pwc

During the 2021 financial year, the Group classified assets and liabilities of its Middle East operations as held for sale, in terms of IFRS 5 – *Non Current Assets Held for Sale and Discontinued Operations* (IFRS 5). This continues to remain in effect due to extensions to the long stop date of the sale and purchase agreement. The Middle East disposal group consists mainly of amounts due from contract customers and short-term borrowings. This disposal group held for sale has been measured at the lower of its carrying amount and fair value less cost to sell in accordance with IFRS 5, at 30 June 2023. We considered the accounting treatment of the Middle East operations to be a matter of most significance to our current year audit due to the level of judgement involved: • In the continuing classification of the Middle East operations as a disposal group held for sale in accordance with IFRS 5; and • The assessment of the impact of the claim lodged against the Murray & Roberts Limited (subsidiary) parent company guarantee.	group through discussions with legal counsel and inspection of underlying contract documentation. We found the estimates and judgements to be reasonable; • We evaluated management's assessment of the fair value less cost to sell and the resulting impairment, for accuracy through re-computation and for consistency with the terms of the draft Sale and Purchase agreement. No material exceptions were noted;

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Murray & Roberts Holdings Limited Annual Financial Statements for the year ended 30 June 2023", which includes the Report of directors, the Audit committee report and the Certification by company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Murray & Roberts Annual Integrated Report 2023", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Murray & Roberts Holdings Limited for 4 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: JFM Kotzé
Registered Auditor
Johannesburg, South Africa
30 August 2023

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Consolidated statement of financial position

as at 30 June 2023

All amounts are expressed in millions of Rands	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	**1 571,8**	4 397,4
Goodwill	3	**441,8**	1 371,7
Other intangible assets	4	**311,1**	650,1
Investment in associate companies	5	**–**	1,7
Other investments	6	**1,7**	1 443,8
Deferred taxation assets	20	**92,6**	562,6
Net investment in lease		**–**	1,3
Receivables		**–**	2,1
Total non-current assets		**2 419,0**	8 430,7
Current assets			
Inventories	7	**240,2**	494,8
Amounts due from contract customers	8	**2 965,4**	6 292,4
Trade and other receivables	9	**398,4**	1 768,5
Net investment in lease		**–**	1,6
Taxation assets	35	**36,0**	47,0
Cash and cash equivalents	10	**1 263,5**	2 255,8
Total current assets		**4 903,5**	10 860,1
Assets classified as held for sale	32	**1 064,8**	1 011,9
Total assets		**8 387,3**	20 302,7
EQUITY AND LIABILITIES			
Stated capital	11	**2 693,9**	2 684,8
Reserves	13 & 14	**976,2**	1 658,8
Retained earnings		**(1 862,4)**	1 318,9
Equity attributable to owners of Murray & Roberts Holdings Limited		**1 807,7**	5 662,5
Non-controlling interests	15	**33,3**	50,8
Total equity		**1 841,0**	5 713,3
Non-current liabilities			
Long term loans	17	**706,2**	1 192,6
Retirement benefit obligations	18	**–**	–
Long term provisions	19	**7,9**	24,7
Deferred taxation liabilities	20	**147,2**	89,4
Long term payables	21	**218,9**	82,9
Total non-current liabilities		**1 080,2**	1 389,6
Current liabilities			
Amounts due to contract customers	8	**702,3**	2 514,2
Trade and other payables	23	**2 531,5**	5 891,8
Short term loans	24	**347,5**	623,1
Taxation liabilities	35	**25,4**	186,5
Provisions for obligations	25	**254,0**	214,3
Subcontractor liabilities	22	**145,2**	1 399,3
Bank overdrafts	10	**479,4**	1 525,8
Derivative financial instruments		**–**	–
Total current liabilities		**4 485,3**	12 355,0
Liabilities classified as held for sale	32	**980,8**	844,8
Total liabilities		**6 546,3**	14 589,4
Total equity and liabilities		**8 387,3**	20 302,7

Consolidated statement of financial performance

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	Notes	2023	2022*
Continuing operations			
Revenue	26	12 460,2	8 754,5
Profit before interest, tax, depreciation and amortisation		451,4	482,9
Depreciation		(337,8)	(381,5)
Amortisation of intangible assets		(23,0)	(19,5)
Profit before interest and taxation	27	90,6	81,9
Interest expense	28	(280,2)	(196,5)
Interest income	29	13,7	10,6
Loss before taxation		(175,9)	(104,0)
Taxation expense	30	(106,4)	(73,3)
Loss after taxation		(282,3)	(177,3)
Loss from equity accounted investments		(0,2)	(0,3)
Loss for the year from continuing operations		(282,5)	(177,6)
(Loss)/profit from discontinued operations	32	(2 896,9)	310,7
(Loss)/profit for the year		(3 179,4)	133,1
Attributable to:			
Owners of Murray & Roberts Holdings Limited		(3 181,3)	134,8
Non-controlling interests	15	1,9	(1,7)
		(3 179,4)	133,1

Basic and diluted loss per share were 789 cents (FY2022: 34 cents per share) and 789 cents (FY2022: 33 cents per share) respectively.

Continuing basic and diluted loss per share were 71 cents (FY2022*: 44 cents loss per share) and 71 cents (FY2022*: 44 cents loss per share) respectively.

For further details refer to note 33.

** Restated for discontinued operations. Refer to note 31 and 32 for further details.*

Consolidated statement of comprehensive income

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	Notes	2023	2022
(Loss)/profit for the year		(3 179,4)	133,1
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	13 &15	576,3	483,1
Translation of foreign entities reclassified through profit or loss on derecognition	13	(1 250,1)	–
		(673,8)	483,1
Other comprehensive (loss)/income for the year net of taxation		(673,8)	483,1
Total comprehensive (loss)/income for the year		(3 853,2)	616,2
Total comprehensive (loss)/income attributable to:			
Owners of Murray & Roberts Holdings Limited		(3 854,6)	618,0
Non-controlling interests		1,4	(1,8)
		(3 853,2)	616,2

Consolidated statement of changes in equity

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	Stated capital	Translation reserve	Other capital reserves	Retained earnings	**Attributable to owners of Murray & Roberts Holdings Limited**	Non-controlling interests	**Total equity**
Balance at 01 July 2021	2 559,5	1 117,2	71,1	1 212,8	**4 960,6**	23,9	**4 984,5**
Total comprehensive income/(loss) for the year	–	483,2	–	134,8	**618,0**	(1,8)	**616,2**
Treasury shares disposed	94,3	–	–	–	**94,3**	–	**94,3**
Treasury shares acquired	(5,6)	–	–	–	**(5,6)**	–	**(5,6)**
Utilisation of share-based payment reserve	36,6	–	(36,6)	–	**–**	–	**–**
Recognition of share-based payment	–	–	23,9	–	**23,9**	–	**23,9**
Increase in shareholding of subsidiaries	–	–	–	(28,7)	**(28,7)**	28,7	**–**
Balance at 01 July 2022	2 684,8	1 600,4	58,4	1 318,9	**5 662,5**	50,8	**5 713,3**
Total comprehensive (loss)/income for the year	–	(673,3)	–	(3 181,3)	**(3 854,6)**	1,4	**(3 853,2)**
Treasury shares disposed	58,8	–	–	–	**58,8**	–	**58,8**
Treasury shares acquired	(66,9)	–	–	–	**(66,9)**	–	**(66,9)**
Utilisation of share-based payment reserve	17,2	–	(17,2)	–	**–**	–	**–**
Recognition of share-based payment	–	–	7,9	–	**7,9**	–	**7,9**
Dividends declared and paid	–	–	–	–	**–**	(18,9)	**(18,9)**
Balance at 30 June 2023	2 693,9	927,1	49,1	(1 862,4)	**1 807,7**	33,3	**1 841,0**

Consolidated statement of cash flows

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	Notes	2023	Restated* 2022
Cash flows from operating activities			
Receipts from customers		25 738,2	29 621,2
Payments to suppliers and employees		(25 200,5)	(29 366,7)
Cash generated by operations	34	537,7	254,5
Interest received		19,1	23,4
Interest paid		(316,6)	(223,4)
Taxation paid	35	(186,3)	(253,1)
Taxation refund	35	58,2	23,5
Dividend paid to non-controlling interest		(18,9)	–
Net cash inflow/(outflow) from operating activities		93,2	(175,1)
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		(6,0)	(288,3)
Purchase of intangible assets other than goodwill	4	(5,8)	(113,1)
Purchase of property, plant and equipment	2	(651,6)	(883,5)
– Replacements		(136,1)	(96,7)
– Additions		(766,8)	(1 703,1)
– Acquisition of assets by means of a lease (non-cash)		251,3	916,3
Proceeds on disposal of intangible assets		16,8	9,2
Proceeds on disposal of property, plant and equipment		43,3	81,5
Proceeds on disposal of assets held for sale		127,0	3,1
Proceeds on disposal of investment in BCC (net of transaction costs)	6	1 216,8	–
Dividends received from the Bombela Concession Company	6	255,0	185,0
Cash and cash equivalents in deconsolidated subsidiaries	31	(1 298,4)	–
Other		(1,8)	(3,0)
Net cash outflow from investing activities		(304,7)	(1 009,1)
Cash flows from financing activities			
Net (acquisition)/disposal of treasury shares		(8,1)	88,7
– Acquisition of treasury shares		(66,9)	(5,6)
– Disposal of treasury shares		58,8	94,3
Net movement in borrowings	34	56,4	(630,7)
– Loans raised		1 981,0	634,9
– Loans repaid		(1 800,1)	(844,8)
– Leases repaid		(124,5)	(420,8)
Net movement in bank overdraft*		(904,1)	67,6
– Overdraft drawdowns		1 303,0	1 415,4
– Overdraft repayments		(2 207,1)	(1 347,8)
Net cash outflow from financing activities		(855,8)	(474,4)
Total decrease in net cash and cash equivalents		(1 067,3)	(1 658,6)
Net cash and cash equivalents at beginning of year		2 122,8	3 603,9
Effect of exchange rates		217,0	177,5
Net cash and cash equivalents at end of year^	10	1 272,5	2 122,8
^ Cash and cash equivalents balance comprise:			
– Cash		1 263,5	2 255,8
– Reclassification to held for sale		12,4	12,7
– Overdraft*		(3,4)	(145,7)

* *During the current year, the Group reassessed the classification of bank overdrafts as a component of cash and cash equivalents which resulted in the restatement of the statement of cash flows for the prior year. Please refer to note 41 for further information.*

Accounting policies

for the year ended 30 June 2023

1. Presentation of financial statements

1.1 Basis of preparation

These Group and Company financial statements ("financial statements") have been prepared under the historical cost convention as modified by the revaluation of non-trading financial asset investments and financial assets at fair value through profit or loss. Non-current assets and disposal groups held for sale, where applicable, are stated at the lower of their carrying amount and fair value less cost to sell in accordance with IFRS 5.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards ("IFRS") that have a significant effect on the financial statements, and significant estimates made in the preparation of these Group and Company financial statements are discussed in note 43.

Standards, Interpretations and Amendments to published standards that are not yet effective are discussed in note 44.

The consolidated financial statements have been prepared on a going concern basis. Refer to note 45 for further commentary on going concern.

1.2 Statement of compliance

These Group and Company financial statements are prepared in accordance with IFRS and Interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements issued by the Financial Reporting Standards Council, the requirements of the JSE Limited Listings Requirements and the Companies Act.

1.3 Basis of consolidation

The Group consists of the consolidated financial position and the operating results and cash flow information of Murray & Roberts Holdings Limited ("Company"), its subsidiaries, its interest in joint operations and associates.

Subsidiaries are entities, including structured entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of financial performance from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Intercompany transactions and balances on transactions between group companies are eliminated.

Non-controlling interest loans

Certain shareholders elect to contribute to shareholder loans as opposed to stated capital.

Loans from non-controlling shareholders are classified as equity instruments rather than financial liabilities if both conditions (a) and (b) below, as required by IAS 32: *Financial Instruments: Presentation,* paragraph 16, are met.

(a) Loans from non-controlling shareholders includes no contractual obligations:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the issuer or the Group.

(b) Loans from non-controlling shareholders will not or may not be settled in the issuer's or the Group's own equity instruments.

If the loans from non-controlling shareholders do not meet both conditions (a) and (b) they are classified as financial liabilities.

The raising or repayment of non-controlling interest loans that are classified as equity instruments has no impact on the effective shareholding of the non-controlling shareholder.

1.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depend on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill is recognised as an asset at the acquisition date of a business. Goodwill on the acquisition of a subsidiary is included in intangible assets.

Goodwill is not amortised. Instead, an impairment test is performed annually or more frequently if circumstances indicated that it might be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of business combinations. Any impairment loss of the cash generating unit is first allocated against the goodwill and thereafter against the other assets of the cash generating unit on a pro-rata basis.

Accounting policies *continued*
for the year ended 30 June 2023

Whenever negative goodwill (a gain on bargain purchase) arises, the identification and measurement of acquired identifiable assets, liabilities and contingent liabilities are reassessed. If a gain on bargain purchase still remains, it is recognised in profit or loss immediately.

On disposal of a subsidiary, the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals where there is a change in ownership, in other words, a portion of the goodwill is expensed as part of the cost of disposal. For partial disposals and acquisitions with no change in ownership, goodwill is recognised as a transaction with equity holders.

Loss of control of subsidiary
When the Group loses control over a subsidiary, the carrying amount of the subsidiary's assets and liabilities are derecognised together with any associated non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss.

1.5 Joint arrangements
Joint arrangements are those entities in which the Group has joint control. Under IFRS 11: *Joint Arrangements*, joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations that each investor has in the joint arrangement. The Group's interest in joint arrangements, classified as joint ventures are accounted for using the equity method of accounting and are initially recognised at cost while those classified as joint operations are accounted for by recognising the joint operator's proportionate share of the assets, liabilities, revenue and expenses of the joint operation. The results of joint arrangements are included from the effective dates of acquisition and up to the effective dates of the disposal.

Intercompany transactions, balances and unrealised gains on transactions between the Group and its joint arrangements are eliminated on consolidation. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of joint arrangements have been changed where necessary to ensure consistency with policies adopted by the Group.

1.6 Investments in associate companies
Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, with the exception of service concession investments which are venture capital in nature and measured at fair value through profit or loss. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of financial performance, and its share of post-acquisition movements in reserves is recognised in reserves through other comprehensive income (where applicable). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated annually for impairment. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36: *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.7 Separate Company's financial statements
In the separate financial statements of the Company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

Financial assets such as investments in subsidiaries and amounts due from subsidiary companies, are assessed for impairment at each reporting date. Under IFRS 9, the Company calculates the allowance for credit losses by using the expected credit loss (ECL) model for financial assets.

These financial assets are deemed to be impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the subsidiary;
- Liquidation, voluntary administration, business rescue proceedings or other forms of financial reorganisation are implemented; or
- Any other event where the likelihood of full settlement is remote.

The Company monitors its credit exposure to loans advanced to the subsidiary on an ongoing basis by assessing the subsidiary's financial position at reporting date.

1.8 Foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous audited financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow.

Foreign currency monetary items

Exchange differences arising on translation are recognised in profit or loss except for those arising on equity loans that are denominated in the functional currency of either party involved. In those instances, the exchange differences are taken directly to equity as part of the foreign currency translation reserve.

Foreign operations

The results and financial position of a foreign operation are translated into the presentation currency using the following procedures:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in the statement of other comprehensive income and accumulated as a separate component of equity, being the foreign currency translation reserve.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of financial performance and other comprehensive income as part of the profit or loss on disposals.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in the statement of other comprehensive income and accumulated in the foreign currency translation reserve. On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Accounting policies *continued*

for the year ended 30 June 2023

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.9 Financial instruments

Classification, initial recognition and subsequent measurement

Classification depends on the business model and contractual cash flow characteristics for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets measured at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

The Group classifies financial assets and liabilities into the following categories:

Financial assets at amortised cost

Financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are stated at amortised cost. Amortised cost represents the original amount less principle repayments received, the impact of discounting to net present value and a provision for impairment, where applicable.

Trade and other receivables are initially recognised at fair value, and are subsequently classified and measured at amortised cost using the effective interest rate method.

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified and measured at amortised cost using the effective interest rate method.

Contract receivables and retentions comprise amounts due in respect of certified or approved amounts by the client or consultant at the reporting date for which payment has not been received and amounts held as retentions on certified amounts at the reporting date.

Cash and cash equivalents comprise cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis. For the purpose of the statement of cash flows, cash and cash equivalents are offset against bank overdrafts.

All short term cash investments are invested with major financial institutions in order to manage credit risk.

Financial assets at fair value through profit or loss

Financial assets, other than those held for trade, are classified in this category if the financial assets are managed, and their performance evaluated, on a fair value basis in accordance with a documented investment strategy, and where information about these financial instruments are reported to management on a fair value basis. Under this basis the Group's concession equity investment is the main class of financial instruments so designated. The fair value designation once made is irrevocable.

Measurement is initially at fair value, with transaction costs and subsequent fair value adjustments recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial assets. Fair value is determined in a manner as described in note 6.

Service concession investments are classified and measured at fair value through profit or loss. All other investments are classified as financial assets at amortised cost and accounted for accordingly.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at each reporting date. Under IFRS 9, the Group calculates the allowance for credit losses by using the expected credit loss (ECL) model for financial assets. ECLs are measured at the present value of all cash shortfalls arising from a credit default event, discounted at the original effective interest rate.

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade and other receivables and amounts due from contract customers for the sale of goods and provision of services;
- debt instruments carried at amortised costs; and
- debt investments carried at fair value through other comprehensive income.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, no impairment loss was identified or recognised in the current period.

The IFRS 9 simplified approach was applied in determining the ECL for trade receivables and amounts due from contract customers which uses a lifetime expected loss allowance for all trade receivables and contract assets to be recognised from initial recognition of the receivable. A lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

Financial assets are considered to have low credit risk when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flows in the near term. Impairment losses on trade receivables and contract receivables are presented as impairment losses within operating expenses. Subsequent recoveries of amounts previously written off are presented as a reversal of impairment losses previously recognised within other operating income.

The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer;
- Liquidation, business rescue proceedings or other forms of financial reorganisation are implemented; or
- Any other event where the likelihood of full settlement is remote.

In instances where the Group determines a receivable to be credit-impaired, the receivable is excluded from the portfolio for the purposes of calculating an ECL and a specific credit loss is raised based on an assessment of the individual circumstances relating to the default event.

For the other financial assets, the Group recognises ECLs that reflects changes to the individual credit risk profile of each financial asset at the reporting date.

Expected credit losses are recognised:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that could result from default events that are possible within the next 12 months;
- When the credit risk of financial assets significantly increased and the resultant credit quality is not low risk, then credit losses are provided for over the remaining life of the exposure;
- When financial assets have already become credit impaired (or default events have occurred), a lifetime approach is adopted on the net amount less allowance. These are individually assessed.

A financial asset is considered to be in default when contractual payments are 90 days past due.

Trade and other receivables and amounts due from contract customers, are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan and a failure to make contractual payments for a period of greater than 120 days past due.

The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Refer to note 38.6 (Financial risk management) for additional ECL disclosure.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable

Accounting policies *continued*
for the year ended 30 June 2023

and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Equity instruments and financial liabilities
Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments
Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue cost.

Treasury shares
The cost of an entity's own equity instruments that it has reacquired ("treasury shares") is deducted from equity. A gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the consolidated Group. Consideration paid or received is recognised directly in equity.

Financial liabilities at amortised cost
Non-trading financial liabilities are recognised at amortised cost. Amortised cost represents the original debt less principle payments made, the impact of discounting to net present value and amortisation of related costs.

Trade and other payables are liabilities to pay for goods and services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade and other payables are initially recognised at fair value and are subsequently classified and measured at amortised cost using the effective interest rate method.

Subcontractor liabilities represent the actual unpaid liability owing to subcontractors for work performed including retention monies owed. Subcontractor liabilities are initially recognised at fair value and are subsequently classified and measured at amortised cost using the effective interest rate method.

Loans to/from group companies
These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint operations and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as financial assets measured at fair value initially and subsequently at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Bank overdrafts and borrowings
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy.

1.10 Amounts due from/to contract customers
Contract assets and contract liabilities are determined on a contract by contract basis and represent the Group's progress towards the satisfaction of the performance obligations stipulated in the terms of each of its contracts. To determine the progress towards the satisfaction of performance obligations on each contract, the Group uses either the input or output method as described in accounting policy note 1.22 Revenue.

Amounts due from contract customers
Amounts due from contract customers (a contract asset) comprises contracts in progress, uncertified claims and variations, amounts receivable on contracts (invoiced) and retentions receivable (invoiced).

Contracts in progress is recognised to the extent that the gross amounts of costs incurred on a contract plus recognised profit (less recognised losses) exceeds the amounts invoiced on the contract.

Uncertified claims and variations are recognised to the extent that it is highly probably that the related revenue will not reverse. The Group uses legal experts, engineers and quantity surveyors in determining the amounts to be recognised in respect of these uncertified balances.

Amounts receivable on contracts and retentions receivable relate to amounts which have been certified by the customer and have been invoiced. These amounts are recognised as financial assets and are accounted for in terms of IFRS 9. Refer to accounting policy note 1.9 Financial Instruments in this regard.

Amounts due to contract customers

Amounts due to contract customers (a contract liability) relates to amounts that are received in excess of the work completed. These amounts comprises advance payments received and over-certified balances on work performed.

Over-certified balances are recognised to the extent that the amounts invoiced on the contract exceed the gross amounts of costs incurred on a contract plus recognised profit (less recognised losses).

Advance payments received are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost. Refer to accounting policy note 1.9 Financial Instruments in this regard.

1.11 Intangible assets other than goodwill

An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable, the Group has control over the asset, it is probable that economic benefits will flow to the Group and the cost of the asset can be measured reliably.

Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are capitalised as intangible assets only if it qualifies for recognition. In all other cases these costs are recognised as an expense incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads. Computer software is amortised on a systematic basis over its estimated useful life from the date it becomes available for use.

Patents and other rights, trademarks and customer relationships

Separately acquired patents and other rights, trademarks and customer relationships are recognised at the purchase price and other costs that are directly associated with the acquisition including professional fees, costs of registration and employee benefits. When acquired as part of a business combination, these assets are recognised at fair value on the acquisition date.

With the exception of trademarks, these intangible assets have a finite life and are amortised over its estimated useful life from the date it becomes available for use.

Trademarks with an indefinite useful life are not amortised, but tested annually for impairment.

1.12 Property, plant and equipment

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to be used for more than one period. Property, plant and equipment could be constructed or purchased by the Group. The consumption of property, plant and equipment is reflected through a depreciation charge designated to reduce the asset to its residual value over its useful life. The useful lives of property, plant and equipment are set out in note 2.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Measurement

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and includes transfers from equity of any gains or losses on qualifying cash flow hedges of currency purchases of property, plant and equipment.

Accounting policies *continued*

for the year ended 30 June 2023

Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Day-to-day servicing costs are recognised in profit or loss for the year incurred.

Right-of-use assets

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

Depreciation

Depreciation is calculated on the straight-line or units of production basis at rates considered appropriate to reduce the carrying value of each component of an asset to its residual value over its estimated useful life.

Depreciation commences when the asset is in the location and condition for its intended use by management and ceases when the asset is derecognised or classified as held for sale.

Impairment

Where the carrying value of an asset is greater than its estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying value in line with its recoverable amount.

Dismantling and decommissioning costs

The cost of an item of property, plant and equipment includes the initial estimate of the costs of its dismantlement, removal, or restoration of the site on which it was located.

1.13 Impairment of assets

At each reporting period the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable value of the related asset. Irrespective of whether there is any indication of impairment, goodwill acquired in a business combination is tested for impairment on an annual basis.

When performing impairment testing, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit ("CGU") to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using the post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.14 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell through profit or loss. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.15 Inventories

Inventories comprise raw materials, consumable stores and in the case of manufacturing entities, work-in-progress and finished goods. Consumable stores include minor spare parts and servicing equipment that are either expected to be used over a period less than 12 months or for general servicing purposes. Consumable stores are recognised in profit or loss as consumed.

Inventories are valued at the lower of cost or net realisable value.

The cost of inventories is determined using the following cost formulae:

- Raw materials – First In, First Out ("FIFO") or Weighted Average Cost basis.
- Finished goods and work-in-progress – cost of direct materials and labour including a proportion of factory overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of the business less all estimated costs of completion and costs incurred in marketing, selling and distribution.

1.16 Leases

At inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of the identified asset for a period of time and in exchange for consideration.

The following is assessed to determine if a contract conveys the right to control the use of an identified asset:

- Whether the contract involves the use of an identified asset, which may be specified explicitly or implicitly. The asset must be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the Group does not have the right to use the identified asset
- Whether the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use
- Whether the Group has the right to direct the use of the identified asset throughout the period of use only if:
  - The Group has the right to direct how and for what purpose the asset is used
  - The relevant decisions about how and for what purpose the asset is used is predetermined and the Group has the right to operate the asset without the supplier having the right to change those operating instructions or the Group has designed the asset in a way that predetermined how and for what purpose the asset will be used

The Group as a lessee

At the commencement of the lease term, a right-of-use asset and a lease liability is recognised on the statement of financial position.

The right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is utilised.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in substance fixed payments, less any incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the index or rate as at the commencement date;
- amounts payable under residual value guarantees;
- the exercise price of an option if this is reasonably certain to be exercised; and
- payments of penalties for terminating the lease if this is accounted for in the lease term.

Accounting policies *continued*
for the year ended 30 June 2023

Right-of-use assets are accounted for as property, plant and equipment. They are depreciated using the straight-line or unit of production basis at rates considered appropriate to reduce the carrying value over the estimated useful lives to the estimated residual values. Where it is not certain that an asset will be taken over by the Group at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to the statement of financial performance as they become due. The carrying amount of the lease liability is remeasured to reflect any reassessment, lease modifications or revised in-substance fixed payments. The amount of the remeasurement is recognised as an adjustment to the right-of-use asset and any further reduction required is recognised in profit or loss.

Short-term and low value leases

Leases with a lease term of less than 12 months or leases of assets which are low value in nature are not recognised on the statement of financial position. The lease payments on these leases are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

Finance leases

If a lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, the lease is classified as a finance lease by the Group.

As an intermediate lessor, the Group accounts for its interests in the head lease and the sublease separately. The Group assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Amounts due from lessees are recognised as receivables at the amount of the Group's net investment in the lease. The net investment in the lease is measured at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group as an intermediate lessor utilises the discount rate for the head lease, adjusted for any initial direct costs associated with the sublease, to measure the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease include:

- fixed payments, including in substance fixed payments, less any incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the index or rate as at the commencement date;
- any residual guarantees provided to the Group as lessor by the lessee, a party related to the lessee or a third party unrelated to the Group that financially capable of discharging the obligations under the guarantee;
- the exercise price of an option if this is reasonably certain to be exercised; and
- payments of penalties for terminating the lease if this is accounted for in the lease term.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.17 Provisions and contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it (a constructive obligation). The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately through profit or loss, to the extent that the remaining contract costs are deemed to be unavoidable in terms of IAS 37. Estimating the total contract costs involves a significant level of estimation and judgement. Refer to note 43 for further disclosure in this regard.

1.18 Share-based payments

An expense is recognised where the Group received goods or services in exchange for shares or rights over shares ("equity-settled transactions") or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions").

Employees, including directors, of the Group receive remuneration in the form of share-based transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined independently by using the Binomial Lattice model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which is treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled transactions, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting period.

Where there are any vested share options which have not been exercised by the employees and have expired, the cumulative expense recognised in the share-based payment reserve is reclassified to retained earnings.

1.19 Employee benefits

Defined contribution plans

Under defined contribution plans the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits, is borne by the employee. Such plans include multi-employer or state plans.

Employee and employer contributions to defined contribution plans are recognised as an expense in the year in which incurred.

Defined benefit plans

Under defined benefit plans, the Group has an obligation to provide the agreed benefits to current and former employees. The actuarial and investment risks are borne by the Group. A multi-employer or state plan that is classified as a defined benefit plan, but for which sufficient information is not available to enable defined benefit accounting, is accounted for as a defined contribution plan.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Methods, with actuarial valuations being carried out at each reporting period date.

The current service cost as well as net interest expense in respect of defined benefit plans is recognised as an expense in the year to which it relates. Past service costs are recognised immediately in profit or loss. Experience adjustments, effects of changes in actuarial assumptions and plan

Accounting policies *continued*

for the year ended 30 June 2023

amendments in respect of existing and retired employees are recognised in other comprehensive income as remeasurements in the period in which they arise. Deficits arising on these funds, if any, are recognised immediately in respect of retired employees and over the remaining service lives of current employees.

The defined benefit obligation in the statement of financial position, if any, represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and are reduced by the fair value of planned assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contribution to the plan.

1.20 Taxation

Income taxation expense represents the sum of current and deferred taxation.

Current taxation assets and liabilities

The current taxation asset/liability is based on taxable profit/loss for the year. Taxable profit/loss differs from profit/loss as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's asset/liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities

Deferred taxation is based on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profits, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition, other than in business combinations, of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Deferred taxation liabilities are recognised for the taxable temporary differences arising from investments in subsidiaries, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of a deferred taxation asset is revised at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset or part of the asset to be recovered.

Deferred taxation is calculated at the substantively enacted rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity in which case the deferred taxation is also charged or credited directly to equity.

Deferred taxation assets and liabilities are offset when there is a legal enforceable right to offset deferred taxation assets against liabilities and when the deferred taxation relates to the same fiscal authority.

Uncertain tax positions

Where there is uncertainty over income tax treatments, the Group applies the requirements of IFRIC 23 when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts').

The Group applies the requirements as follows:

- Judgement is applied to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together;
- The assumption is made that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so;
- Tax amounts are determined on a basis that is consistent with the tax treatment included in the Group's income tax filings if the Group concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities; and
- Tax amounts are determined using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where the Group concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

1.21 Related parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operating decisions. The requirements of IAS 24: *Related Party Disclosures* are applied in identifying related parties and related party transactions.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

1.22 Revenue

The Group applies IFRS 15: *Revenue from Contracts with Customers*.

IFRS 15.56 states that variable consideration should only be included in the transaction price, when recognising revenue, to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: *Appendix A*).

Due to the higher threshold required for recognition and measurement purposes, the application of IFRS 15 has resulted in the delayed recognition of variable consideration until such time that it is highly probable that the revenue will not be reversed when the uncertainty is resolved.

The Group principally recognises revenue from construction contracts and rendering of engineering services to the natural resource market sectors.

The Group applies the 5 step approach contained in IFRS 15 for determining when to recognise revenue, the amount that should be recognised and when revenue should be recognised.

a) Construction contracts

Step 1: Identify contracts with customers
The Group's customer base, in terms of revenue contribution, consists mostly of construction contracts with large local and international firms.

Step 2: Identify separate performance obligations
Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

If a construction contract has multiple sub-level performance obligations that are highly integrated with each other, the construction contract is considered a significant integrated service with one performance obligation. This requires judgement and each contract is assessed individually.

Step 3: Determine the transaction price
The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Variations in contract work, claims and incentive payments are included to the extent that collection is highly probable and the amounts can be reliably measured. IFRS 5 defines "highly probable" as "significantly more likely than probable", where "probable" means "more likely than not" (IFRS 5: *Appendix A)*. The assessment as to whether the recoverability of claims are highly probable requires significant judgement. Each claim is assessed individually to confirm entitlement and to conclude on the strength of the claim. The Group utilises legal experts, engineers and quantity surveyors to assess probabilities in determining the amount to be recognised relating to uncertified revenue and that the recoverability of amounts recognised are considered highly probable. The cumulative balance of uncertified revenue taken to book is disclosed as "Uncertified claims and variations less payments received on account" under note 8, and "Amounts due to contract customers" on the statement of financial position.

Step 4: Allocate the transaction price to the performance obligation in the contract
Where the output method (refer to step 5) is used to recognise revenue over time, the transaction price of the contracts are that as per the agreed bill of quantities ("BOQ") finalised during the tender stage. The quantities of the variable components included in the BOQ are updated (measured) during the implementation stage of the contracts.

Where the contract is considered to have one performance obligation and the transaction price as determined in step 3 is allocated to it, the input method (refer to step 5) is used to recognise revenue over time.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Accounting policies *continued*
for the year ended 30 June 2023

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when the performance obligation is satisfied.

Revenue on construction contracts is recognised over time as the delivery of the project enhances an asset controlled by the customer. During the execution of projects, the progress is measured on a monthly basis and reviewed by the client's engineer and approved by the client before invoices are issued.

The progress towards complete satisfaction of a performance obligation is measured based on applying either of the following methods:

(i) Output method: Recognise revenue on the basis of direct measurement, i.e. performance or milestone completed.
(ii) Input method: Recognise revenue on the basis of the total contract cost incurred to date bear to the estimated total contract cost.

For each performance obligation, management applies measurement methods that are consistent for similar performance obligations and circumstances.

The Mining platform mainly applies the output method in measuring revenue over time as the segment provides specialist engineering, construction and mining contracting services in the underground mining environment where the progress of the contract is based on work certified to date which the Group believes depicts the transfer of goods and services as it is based on completed work as agreed by our customers.

The Energy, Resources & Infrastructure ('ERI') platform mainly applies the input method where the progress of satisfying performance obligations is measured by using a percentage of completion assessment which is based on costs incurred to date compared to the total estimated costs at completion. This method best depicts the transfer of control of assets being created or enhanced to the customer, as these projects are evaluated and measured on the basis of how the contract progresses in relation to completion of the contract.

The Power, Industrial & Water ('PIW') platform applies the input method to the power and transmission & distribution segment where the progress of satisfying performance obligations is measured by using a percentage of completion assessment which is based on costs incurred to date compared to the total estimated costs at completion. This method best depicts the transfer of control of assets being created or enhanced to the customer, as these projects are evaluated and measured on the basis of how the contract progresses in relation to completion of the contract. The output method is applied on the other businesses where the progress of the contract is based on work certified to date which the Group believes depicts the transfer of goods and services as it is based on completed work as agreed by our customers.

The shortcoming of input methods is that there may not be a direct relationship between the Group's inputs and the transfer of control in relation to contracts with customers in the ERI and PIW platforms. Therefore, the Group shall exclude from an input method the effects of any inputs that, in accordance with the objective of measuring progress towards the complete satisfaction of the performance obligation, do not depict the Group's performance in transferring control of goods or services to the customer. In certain instances, circumstances such as increases in costs due to inefficiencies, cost escalations, etc. arise in the Group. Such instances result in an adjustment to the measure of progress to address the shortcomings of input methods. On this basis, the input method is deemed to be representative of the relationship between the Group's inputs and the transfer of control of goods or services to the customer.

Cost incurred for which the performance obligation has not been met, are recognised as prepaid costs or plant and equipment. These costs are not included in the total cost incurred to date until they are utilised, which occurs on a systematic basis over the life of the contract. If the costs incurred in fulfilling a contract with a customer is not within the scope of another standard, the Group recognises an asset for these costs when all of the following criteria are met:

a) the costs relate directly to a contract or an anticipated contract that the entity can specifically identify;
b) the costs generate or enhance resources of the entity that will be used in satisfying or continuing to satisfy performance obligations in the future; and
c) the costs are expected to be recovered. These costs are not included in the total cost incurred to date until they are utilised, which occurs on a systematic basis over the life of the contract.

Where the outcome of construction contracts cannot be estimated reliably, contract revenue is recognised to the extent that the recoverability of incurred costs is highly probable.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract assets. A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a client that is not yet unconditional. Contract assets are disclosed as "Contracts-in-progress" and "Uncertified claims and variations less payments received on account" under note 8, and "Amounts due to contract customers" on the statement of financial position.

For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts received in excess of work completed. Contract liabilities are disclosed as "Amounts received in excess of work completed" under note 8, and "Amounts due to contract customers" on the statement of financial position.

Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under amounts due to contract customers, as "Amounts receivable on contracts" and "Retentions receivable".

In limited circumstances, contracts may be materially impacted by a client's actions such that the Group is unable to complete the contracted works at all or in the manner originally forecast. This may include dispute resolution procedures under the relevant contract and/or litigation. In these circumstances the assessment of the project outcome, whilst following the basic principles becomes more judgmental. Refer to note 43 (Critical accounting estimates and judgements) regarding revenue recognition and contract accounting.

b) Rendering of engineering services

Revenue from the rendering of services is recognised over time. The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

c) Sale of goods

The Group recognises revenue when the performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer when the goods are delivered.

d) Other revenue

Other revenue includes the provision of labour, information technology and other services to joint operations.

Revenue is recognised over time as the services are provided as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

1.23 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

1.24 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Committee who make strategic decisions. The basis of segmental reporting is set out in Annexure 3.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between operating segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets used by a segment principally include property, plant and equipment, investments, inventories, contracts-in-progress and receivables, net of allowances. Cash balances and taxation are excluded.

Segmental liabilities

All operating liabilities of a segment principally include accounts payable, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation are excluded.

Notes to the annual financial statements

for the year ended 30 June 2023

2 Property, plant and equipment

All amounts are expressed in millions of Rands	2023 Cost	2023 Accumulated depreciation and impairment	2023 Carrying value	2022 Cost	2022 Accumulated depreciation and impairment	2022 Carrying value
PPE						
Land and buildings	**251,4**	**(127,5)**	**123,9**	533,2	(275,9)	257,3
Plant and machinery	**3 996,8**	**(2 830,4)**	**1 166,4**	7 705,5	(4 689,1)	3 016,4
Other equipment	**387,0**	**(241,4)**	**145,6**	643,4	(205,3)	438,1
Total	**4 635,2**	**(3 199,3)**	**1 435,9**	8 882,1	(5 170,3)	3 711,8

All amounts are expressed in millions of Rands	2023 Cost	2023 Accumulated depreciation and impairment	2023 Carrying value	2022 Cost	2022 Accumulated depreciation and impairment	2022 Carrying value
RIGHT-OF-USE ASSET						
Land and buildings	**211,9**	**(92,6)**	**119,3**	648,8	(188,5)	460,3
Plant and machinery	**120,0**	**(103,4)**	**16,6**	417,1	(195,1)	222,0
Other equipment	**5,9**	**(5,9)**	**–**	9,7	(6,4)	3,3
	337,8	**(201,9)**	**135,9**	1 075,6	(390,0)	685,6
Total	**4 973,0**	**(3 401,2)**	**1 571,8**	9 957,7	(5 560,3)	4 397,4

Reconciliation of property, plant and equipment	Land and buildings	Plant and machinery	Other equipment[@]	Total
At 30 June 2021	205,4	2 023,2	646,9	2 875,5
Additions	1,9	1 179,2	117,3	1 298,4
Acquisition of business	11,7	40,5	0,7	52,9
Disposals	(0,6)	(26,0)	(9,9)	(36,5)
Transfer to assets classified as held for sale	–	(88,0)	–	(88,0)
Transfer to right-of-use asset	–	225,5	–	225,5
Transfers from capital work in progress	38,8	272,9	(311,7)	–
Foreign exchange movements	20,8	116,9	13,5	151,2
Scrapping	–	(5,2)	–	(5,2)
Impairment loss reversed	–	0,9	–	0,9
Depreciation	(20,7)	(723,5)	(18,7)	(762,9)
At 30 June 2022	257,3	3 016,4	438,1	3 711,8
Additions	**1,1**	**627,0**	**176,9**	**805,0**
Disposals	**–**	**(24,8)**	**(0,1)**	**(24,9)**
Loss of control of subsidiaries*	**(139,6)**	**(2 064,5)**	**(429,6)**	**(2 633,7)**
Transfer (to)/from assets classified as held for sale	**–**	**(64,6)**	**6,0**	**(58,6)**
Transfer from right-of-use asset	**–**	**24,1**	**–**	**24,1**
Transfers from capital work in progress	**–**	**45,2**	**(45,2)**	**–**
Foreign exchange movements	**17,3**	**130,6**	**29,1**	**177,0**
Scrapping	**–**	**(0,2)**	**–**	**(0,2)**
Impairment loss	**–**	**–**	**(10,0)**	**(10,0)**
Depreciation	**(12,2)**	**(522,8)**	**(19,6)**	**(554,6)**
At 30 June 2023	**123,9**	**1 166,4**	**145,6**	**1 435,9**

* *The loss of control of subsidiaries relates to the Group placing Murray & Roberts Pty Ltd Group ("MRPL Group") into voluntary administration and the liquidation of Insig Technologies Pty Ltd ("Insig"). Refer to note 31 and note 32 for further details.*

[@] *Included in other equipment (property, plant and equipment) are assets under construction with a carrying value of R121 million (FY2022: R412,9 million) and other assets of R24,6 million (FY2022: R25,2 million).*

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

2 Property, plant and equipment *continued*

Reconciliation of right-of-use asset	Land and buildings	Plant and machinery	Other equipment	Total
At 30 June 2021	173,2	495,6	3,9	672,7
Additions	376,7	122,8	1,9	501,4
Disposals	(25,7)	(4,9)	–	(30,6)
Transfer to property, plant and equipment	–	(225,5)	–	(225,5)
Reclassified	–	0,4	(0,4)	–
Foreign exchange movements	19,3	24,3	–	43,6
Depreciation	(100,1)	(139,3)	(2,1)	(241,5)
Lease modification	24,4	(51,7)	–	(27,3)
Lease reassessment	(7,5)	0,3	–	(7,2)
At 30 June 2022	460,3	222,0	3,3	685,6
Additions	**13,8**	**82,5**	**1,6**	**97,9**
Disposals	**–**	**(1,4)**	**–**	**(1,4)**
Loss of control of subsidiaries*	**(381,6)**	**(230,4)**	**(1,6)**	**(613,6)**
Transfer to property, plant and equipment	**–**	**(24,1)**	**–**	**(24,1)**
Foreign exchange movements	**21,1**	**6,2**	**0,1**	**27,4**
Depreciation	**(83,9)**	**(39,4)**	**(3,4)**	**(126,7)**
Lease modification	**91,6**	**0,1**	**–**	**91,7**
Lease reassessment	**(2,0)**	**1,1**	**–**	**(0,9)**
At 30 June 2023	**119,3**	**16,6**	**–**	**135,9**

* *The loss of control of subsidiaries relates to the Group placing Murray & Roberts Pty Ltd Group ("MRPL Group") into voluntary administration and the liquidation of Insig Technologies Pty Ltd ("Insig"). Refer to note 31 and note 32 for further details.*

The Group considered the impact on property, plant and equipment mainly where project delays were experienced and operations were brought to a halt. Property, plant and equipment was assessed for deterioration as a result of idle time and reduced use. The annual reassessment of useful lives and residual values was performed with no significant amounts recognised. Impairment of property, plant and equipment in the current year reflected an amount of R10 million.

The Group has pledged certain assets as security for certain interest bearing borrowings, refer to note 16.

The following average depreciation periods are used for the depreciation of property, plant and equipment:

– Land	Not depreciated	
– Buildings (including leasehold improvements)	3 to 40 years	on a straight–line basis
– Plant and machinery	3 to 30 years	on a straight–line basis and units of production
– Other equipment	3 to 10 years	on a straight–line basis

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

3 Goodwill

All amounts are expressed in millions of Rands	2023	2022
Goodwill	471,0	1 435,9
Accumulated impairment losses	(29,2)	(64,2)
	441,8	1 371,7
At beginning of year	1 371,7	1 102,2
Acquisition of business^	5,1	110,2
Loss of control of subsidiaries*	(868,3)	–
Foreign exchange movements	59,5	159,3
Impairment loss	(126,2)	–
	441,8	1 371,7

^ *Acquisition of business relates to the acquisition of Turan which was subsequently disposed of as part of the MRPL Group 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 31 and note 32 for further details.*

Goodwill is allocated to the Group's CGUs identified according to the operating platforms that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following CGU:

All amounts are expressed in millions of Rands	2023	2022
Power, Industrial & Water	52,2	52,2
– Wade Walker	52,2	52,2
Mining	389,6	414,0
– Cementation Africa	32,8	32,8
– Mining Australia	–	8,6
– Cementation USA Inc.	309,5	330,9
– Cementation Canada Inc.	47,3	41,7
Energy, Resources & Infrastructure	–	905,5
– Clough Limited	–	465,0
– e2o Pty Ltd	–	66,6
– Booth Welsh Pty Ltd	–	116,7
– Clough USA	–	134,2
– JJ White Inc.	–	123,0
	441,8	1 371,7

3 Goodwill *continued*

Impairment testing

	Growth rate	Pre-tax discount rate	Post-tax discount rate
Summary of growth and post-tax discount rates per cash generating units for FY2023:			
Power, Industrial & Water			
– Wade Walker	**3,5% – 4,5%**	**18,5% – 19,5%**	**15,5% – 16,5%**
Mining			
– Cementation Africa	**3,5% – 4,5%**	**18,5% – 19,5%**	**15% – 16%**
– Cementation USA Inc.	**1,5% – 2,5%**	**24,5% – 26,5%**	**19% – 21%**
– Cementation Canada Inc.	**2,5% – 3,5%**	**16,5% – 17,5%**	**13,5% – 14,5%**
Summary of growth and post-tax discount rates per cash generating units for FY2022:			
Power, Industrial & Water			
– Wade Walker	3,5% – 4,5%	16,5% – 17,5%	14% – 15%
Mining			
– Cementation Africa	3,5% – 4,5%	16,5% – 17,5%	13,5% – 14,5%
– Mining Australia	1,5% – 2,5%	14% – 15%	10,5% – 12%
– Cementation USA Inc.	1,5% – 2,5%	25% – 27%	19% – 21%
– Cementation Canada Inc.	2,5% – 3,5%	16,5% – 17,5%	13,5% – 14,5%
Energy, Resources & Infrastructure			
– Clough Limited	2% – 3%	14% – 15%	10,5% – 12%
– e2o Pty Ltd	1,5% – 2,5%	14% – 15%	10,5% – 12%
– Booth Welsh Pty Ltd	1,5% – 2,5%	14% – 15%	10,5% – 12%
– Clough USA	1,5% – 2,5%	14% – 15%	10,5% – 12%
– JJ White Inc.	1,5% – 2,5%	14% – 15%	10,5% – 12%

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. The cash flow projections are based on multi-year project awards currently secured as well as incorporating a probability weighting with respect to near orders that management expects to be awarded going forward. Management has included potential delays in projects secured, downward adjusted probability weighting of near orders and category 1 opportunities to be secured, and revised commencement timelines for new projects to reflect the current expectations going forward where applicable.

Based on impairment tests performed in the current year, prior to deconsolidation of the MRPL Group (Murray & Roberts Pty Limited ("MRPL"), Clough Limited Group ("Clough") and RUC Cementation Mining Group ("RUC") businesses), an impairment of R126,2 million relating to the Clough USA CGU was recognised. Upon placing the MRPL Group into voluntary administration, the Goodwill relating to the Mining Australia, Clough Limited, e2o Pty Ltd, Booth Welsh Pty Ltd and JJ White Inc., totalling R868,3 million were derecognised.

The growth rates used depend on management's assessment of the sector in which the CGU operates. Factors such as the industry, market conditions and geographical area are also considered when determining the growth rate. These growth rates do not exceed the long term average growth rate for the relevant market. Cash flows beyond the three year period are extrapolated using an estimated growth rate of between 1,5% and 4,5% (FY2022: 1,5% and 4,5%).

In line with market practice, the Group applied a post-tax discount rate of between 13% and 21% (FY2022: between 10% and 21%) to post-tax cash flows for impairment testing. The discount rate applied is dependent on factors such as the weighted average cost of capital, industry, market conditions and geographical area of the relevant CGU. Post-tax rates were applied as returns observable in the capital market on equity investments usually include tax effects.

Goodwill was tested for impairment using a sensitivity analysis by increasing the applicable post-tax discount rate of the CGU by 1%-3% (FY2022: 1%-3%) and decreasing the growth rate by 1%-3% (FY2022: 1%-3%). Further sensitivity analysis was performed by varying the base assumptions which included removing synergies which relate to cross-selling opportunities and cost-savings through reallocation of resources. No changes in key assumptions for the CGUs above that would cause the carrying amount to exceed the recoverable amount were noted.

The only intangible asset with an indefinite useful life relates to a trade name acquired as part of the TNT acquisition (included in the Cementation USA Inc. CGU). The trade name was tested as part of the CGU and no impairment was deemed necessary based on tests performed.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

4 Other intangible assets

All amounts are expressed in millions of Rands	2023 Cost	2023 Accumulated amortisation	2023 Carrying value	2022 Cost	2022 Accumulated amortisation	2022 Carrying value
Patents and other rights	**8,7**	**(8,7)**	**–**	8,7	(8,7)	–
Computer software	**203,6**	**(183,6)**	**20,0**	710,2	(500,7)	209,5
Trade name	**215,4**	**–**	**215,4**	209,6	–	209,6
Customer relationships	**143,8**	**(68,1)**	**75,7**	336,6	(105,6)	231,0
Total	**571,5**	**(260,4)**	**311,1**	1 265,1	(615,0)	650,1

Reconciliation of other intangible assets	Computer software	Trade name	Customer relationships	Total
At 30 June 2021	143,0	163,6	93,6	400,2
Additions	113,1	–	–	113,1
Acquisition of business	–	20,4	144,5	164,9
Disposals	(9,2)	–	–	(9,2)
Foreign exchange movements	25,6	25,6	26,8	78,0
Amortisation	(63,0)	–	(33,9)	(96,9)
At 30 June 2022	209,5	209,6	231,0	650,1
Additions	**5,8**	**–**	**–**	**5,8**
Loss of control of subsidiaries^	**(153,8)**	**(23,5)**	**(154,3)**	**(331,6)**
Disposals	**(16,8)**	**–**	**–**	**(16,8)**
Foreign exchange movements	**2,1**	**29,3**	**22,2**	**53,6**
Amortisation	**(26,8)**	**–**	**(23,2)**	**(50,0)**
At 30 June 2023	**20,0**	**215,4**	**75,7**	**311,1**

^ *The loss of control of subsidiaries relates to the Group placing the MRPL Group into voluntary administration and the liquidation of Insig. Refer to note 31 and note 32 for further details.*

With the exception of the trade name, the intangible assets included above have finite useful lives, over which the assets are amortised. Average amortisation periods are set out below.

The following amortisation periods are used for the amortisation of intangible assets:

– Patents and other rights	5 years	on a straight-line basis
– Computer software	2 to 10 years	on a straight-line basis
– Customer relationships	3 to 10 years	on a straight-line basis

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Refer to note 3 for details on impairment testing performed.

Intangible assets relating to computer software are still required for the day-to-day operations of entities as they are still functioning in the current environment. As a result of this, no impairment was recognised in the current financial year. Customer relationships were assessed for their ability to generate future economic benefits in the current environment and no impairment was recognised. The trade name recognised on the TNT acquisition was tested as part of the CGU and no impairment was deemed necessary.

5 Investment in associate companies

All amounts are expressed in millions of Rands	2023	2022
5.1 Investment in associate companies		
At beginning of year	**1,7**	2,0
Share of post-acquisition loss	**(0,2)**	(0,3)
Impairment	**(1,5)**	–
	–	1,7

Investment in associate companies relates to the investment in Bombela TKC Proprietary Limited which was fully impaired as a result of the associate being loss-making.

5.2 Details of associate companies

Name of associates	Place of incorporation	% of Ownership and votes 2023	2022	Main activity
Bombela TKC Proprietary Limited	South Africa	**45,0**	45,0	Construction

6 Other investments

All amounts are expressed in millions of Rands	2023	2022
6.1 Financial assets at fair value through profit or loss		
Investment in infrastructure service concession		
At beginning of year	**1 442,2**	1 433,7
Realisation of investment	**(255,0)**	(185,0)
Fair value adjustment recognised in the statement of financial performance	**29,6**	193,5
Disposal of investment^	**(1 216,8)**	–
	–	1 442,2

^ The Group completed the transaction relating to the disposal of its investment in the Bombela Concession Company ("BCC") on 03 April 2023.

The financial assets at fair value through profit or loss comprise the Group's interest in the following infrastructure service concession:

	% interest	2023	2022
Bombela Concession Company Proprietary Limited ("BCC")*	–	**–**	1 442,2

** The fair value of the investment in BCC was previously determined using level 3 inputs per IFRS 13: Fair Value Measurement. In the current year, the Group entered into a sale agreement with Intertoll International Holdings B.V (Intertoll). Due to the sale agreement, the Group's investment in BCC has been classified as level 1 in the fair value hierarchy as per IFRS 13 (FY2022: level 3 in the fair value hierarchy) as a quoted market price was accessible to the Group through means of the sale agreement. The purchase price of the investment in BCC per the sale agreement amounted to R1,4 billion. The Group completed the transaction relating to the disposal of its Investment in the BCC on 03 April 2023. The proceeds received were R1,2 billion (net of dividend distribution of R130 million and transaction costs of R44 million). As a consequence of the transaction having been concluded at fair value, no profit or loss on disposal was recognised in the Consolidated statement of financial performance, for the disposal of the shares.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

6 Other investments *continued*

All amounts are expressed in millions of Rands	2023	2022
6.2 Financial assets at amortised cost		
At beginning of year	**1,6**	1,6
Release of provision	**0,1**	–
	1,7	1,6
Total other investments	**1,7**	1 443,8

7 Inventories

All amounts are expressed in millions of Rands	2023	2022
Consumable stores	**137,7**	264,7
Work-in-progress	**–**	171,8
Finished goods	**102,5**	58,3
	240,2	494,8

Inventories are valued at the lower of cost or net realisable value.

The cost of inventories recognised as an expense includes R16,1 million (FY2022: R7 million) in respect of write-downs of inventory to net realisable value and has been reduced by Rnil million (FY2022: Rnil million) in respect of the reversal of such write-downs.

8 Amounts due from/to contract customers

All amounts are expressed in millions of Rands	2023	2022
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	**988,6**	1 742,0
Uncertified claims and variations^	**445,1**	1 159,0
Amounts receivable on contracts (net of impairment provisions)	**1 338,4**	2 655,7
Retentions receivable (net of impairment provisions)	**193,3**	735,7
	2 965,4	6 292,4
Amounts received in excess of work completed (overclaims and advances)^	**(702,3)**	(2 514,2)
	2 263,1	3 778,2
Disclosed as:		
Amounts due from contract customers	**2 965,4**	6 292,4
Amounts due to contract customers	**(702,3)**	(2 514,2)
	2 263,1	3 778,2

^ *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.*

The decrease in amounts due from/to contract customers relates to the Group placing the MRPL Group into voluntary administration. Refer to note 31 and note 32 for further details.

Amounts due from contract customers and amounts due to contract customers are classified as current assets and current liabilities, respectively, as the Group expects to realise the assets and settle the liabilities in its normal operating cycle.

Included in amounts due from contract customers are uncertified claims and variations of R157 million which are expected to be realised in a period greater than 12 months. All other amounts included in amounts due from contract customers are expected to be realised within 12 months. Included in amounts due to contract customers are overclaims and advances of R152 million which are expected to be settled in a period greater than 12 months. All other amounts included in amounts due to contract customers are expected to be settled within 12 months.

9 Trade and other receivables

All amounts are expressed in millions of Rands	2023	2022
Trade receivables	25,5	22,7
Expected credit loss allowance	(7,2)	(4,4)
Amounts owing by joint operations and partners	27,6	1 050,0
Prepayments	142,2	296,5
Sundry loans	81,3	81,9
Deposits	30,2	26,0
Value Added and Withholding Taxation receivable	48,4	71,4
Insurance Claim receivable	1,4	67,7
Other receivables	49,0	156,7
	398,4	1 768,5

Trade and other receivables have been assessed in light of the ECL model. An expected credit loss allowance for trade receivables is reflected above. All other receivables reflected above have been deemed to be recoverable based on assessments performed. The recoverability of sundry loans are based on the assessment of the financial standing of the debtor. The expected credit losses on these loans were deemed to be insignificant.

Details in respect of the Group's credit risk management policies are set out in note 38.6.

The carrying value of trade and other receivables approximates their fair value due to the short term nature of these instruments.

10 Cash and cash equivalents

For purposes of the consolidated statement of financial position, cash and cash equivalents and bank overdraft consist of:

All amounts are expressed in millions of Rands	2023	2022
Bank balances	1 253,1	2 005,9
Restricted cash	10,4	249,9
Cash and cash equivalents	1 263,5	2 255,8
Bank overdrafts	(479,4)	(1 525,8)

The decrease in cash and cash equivalents is mainly as a result of the Group placing MRPL into voluntary administration. Refer to note 31 and 32 for further details.

The reduction in the overdraft is due to the South African overdraft being refinanced and restructured. Refer to note 17 for further details.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of:

All amounts are expressed in millions of Rands	2023	2022
Bank balances	1 253,1	2 005,9
Restricted cash	10,4	249,9
Cash and cash equivalents	1 263,5	2 255,8
Bank overdrafts^	(3,4)	(145,7)
Net cash and cash equivalents	1 260,1	2 110,1

^ *Bank overdrafts have been restated in the prior year as it was deemed that the South African Bank Overdraft did not constitute cash and cash equivalents as it did not fluctuate from being negative to positive in the current and prior year. This amount has therefore been reclassified as part of financing activities in the consolidated statement of cash flows in the current and prior year. Refer to note 41 for further details.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

10 Cash and cash equivalents *continued*

Restricted cash

Cash and cash equivalents relating to restricted cash are mainly as a result of cash held in joint operations.

Restricted cash at the end of the financial year includes bank balances and cash as follows:

All amounts are expressed in millions of Rands	2023	2022
Cash on deposit	–	116,1
Amounts held in foreign entities with restrictive exchange control regulations	–	100,4
Amounts held in joint operations	10,1	30,8
Amounts held in trust accounts	0,3	2,6
	10,4	249,9

11 Stated capital

All amounts are expressed in millions of Rands	2023	2022
11.1 Stated capital		
Authorised		
750 000 000 no par value shares		
Issued and fully paid		
444 736 118 ordinary shares at no par value	3 582,8	3 582,8
Less: Treasury shares at no par value	(888,9)	(898,0)
Net stated capital	2 693,9	2 684,8

Unissued

At 30 June 2023, the number of unissued shares was 305 263 882 (FY2022: 305 263 882).

All amounts are expressed in millions of Rands	2023	2022
11.2 Treasury shares		
Market value of treasury shares		
The Letsema BBBEE trusts and companies	23,9	289,9
Share incentive schemes	15,7	192,7

Reconciliation of issued shares: All amounts are expressed in number of shares	2023	2022
Issued and fully paid	444 736 118	444 736 118
Less: Treasury shares held by the Letsema BBBEE trusts and companies*	(24 909 951)	(25 763 915)
Less: Treasury shares held by share incentive schemes	(16 379 174)	(17 132 174)
Less: Treasury shares held by the subsidiary companies forfeited, not yet sold	–	(2)
Net shares issued to public	403 446 993	401 840 027

** The movement in the shares held by the Letsema BBBEE trusts and companies reflects the sale of shares in the current year.*

12 Share incentive schemes

12.1 Forfeitable share plan

The Murray & Roberts Holdings Limited Forfeitable Share Plan ("FSP") was approved by the shareholders in November 2012. The share plan is an equity-settled scheme.

Plans implemented		Notes	Balance at 30 June 2022	Granted during the year	Surrendered during the year	Transfer to own broker^	Exercised during the year	**Balance at 30 June 2023**	Weighted average share price of options exercised (cents)	Estimated fair value of FSP (cents)
01 September 2019	FSP-STI	1	178 794	–	–	(69 662)	(109 132)	**–**	895	1 250
01 September 2019	FSP	2	6 329 500	–	(5 380 075)	(265 110)	(684 315)	**–**	895	1 250
01 October 2020	FSP-STI	1	384 426	–	–	(99 196)	(138 662)	**146 568**	895	540
01 October 2020	FSP	3	9 788 500	–	(363 529)	–	–	**9 424 971**	–	540
01 September 2021	FSP-STI	1	450 954	–	–	(87 318)	(116 390)	**247 246**	895	991
01 September 2022	FSP	4	–	7 006 000	(676 098)	–	–	**6 329 902**	–	890
01 September 2022	FSP-STI	1	–	230 487	–	–	–	**230 487**	–	890
			17 132 174	7 236 487	(6 419 702)	(521 286)	(1 048 499)	**16 379 174**		

^ This relates to shares vested whereby the tax due is paid by the participant and the shares are transferred to the personal broker account of said participant.

Notes:

1. *A compulsory automatic deferral scheme of part of the STI into forfeitable share awards as a LTI was introduced in September 2013 for selected employees. The LTI allocation has a three year vesting period (1/3 each year) and is not subject to performance conditions, but is subject to continued employment.*
2. *For the September 2019 scheme, the forfeitable shares cliff vested after three years, in September 2022, subject to satisfying certain performance conditions.*
3. *For the October 2020 scheme, the forfeitable shares will cliff vest after three years, in October 2023, subject to satisfying certain performance conditions. The weighted average remaining contractual life is 3 months.*
4. *For the September 2022 scheme, the forfeitable shares will cliff vest after three years, in September 2025, subject to satisfying certain performance conditions. The weighted average remaining contractual life is 26 months.*

   The September 2021 award was not made under the forfeitable share plan due to the overall limit having been reached. Instead a cash-settled conditional rights award was made. The weighted average remaining contractual life is 14 months.

The sub-optimal exercise assumption is not applicable to the FSP since the exercise is assumed to occur on vesting date.

The Group recognised total expenses of R7,9 million (FY2022: R26,7 million) relating to these share options during the year.

On 1 October 2020, 2 103 500 cash-settled conditional awards were granted to Mr. HJ Laas.

On 1 September 2021, 8 637 500 Group cash-settled conditional awards were granted (including the award to Mr. HJ Laas of 1 477 500 awards).

The cash-settled liability balance as at 30 June 2023 is R3,2 million.

Notes to the annual financial statements *continued*
for the year ended 30 June 2023

13 Translation reserve

All amounts are expressed in millions of Rands	2023	2022
Foreign currency translation reserve		
At beginning of year	**1 600,4**	1 117,2
Foreign currency translation movements	**576,8**	483,2
Translation of foreign entities reclassified through profit or loss on derecognition*	**(1 250,1)**	-
	927,1	1 600,4

* *The translation of foreign entities reclassified through profit or loss on derecognition relates to the Group placing the MRPL Group into voluntary administration and the liquidation of Insig. Refer to note 31 and note 32 for further details.*

The foreign currency translation reserve is the result of exchange differences arising from the translation of the Group's foreign subsidiary companies to Rands, being the functional and reporting currency of the holding company.

14 Other capital reserves

All amounts are expressed in millions of Rands	2023	2022
Other reserves		
At the beginning of the year	**58,4**	71,1
Recognition of share-based payment	**7,9**	23,9
Utilisation of reserve	**(17,2)**	(36,6)
	49,1	58,4

Other reserves mainly comprise the share-based payment reserve (R30,7 million), statutory reserve (R28,9 million), capital redemption reserve (R1,1 million), Retirement benefit obligation reserve (R14,6 million) and other non-distributable reserve (R3 million).

The capital redemption reserve fund represents retained earnings transferred to a non-distributable reserve on the redemption of previously issued redeemable preference shares of group companies.

The statutory reserve represents retained earnings of foreign subsidiary companies that are not available for distribution to shareholders in accordance with local laws.

The other non-distributable reserve comprise the fair value of the estimated consideration for acquiring the non-controlling interests in Ocean Flow International LLC from the non-controlling shareholder at the date of acquisition.

The share-based payment reserve represents the total cost recognised for the Group's equity-settled share-based payments. The transfer to retained earnings in the current financial year reflects the value of the share-based payment reserve that was recognised in prior years relating to forfeitable shares that have vested in the current period.

The retirement benefit obligation reserve represents the remeasurement of the Group's retirement benefit obligation, recognised in terms of IAS 19: *Employee Benefits*.

15 Non-controlling interests

The non-controlling interests comprise:

All amounts are expressed in millions of Rands	2023	2022
15.1 Non-controlling interests in reserves		
At the beginning of the year	**50,8**	23,9
Share of attributable profit/(loss)	**1,9**	(1,7)
Dividends declared and paid	**(18,9)**	–
Foreign exchange movements	**(0,5)**	(0,1)
Increase in shareholding of subsidiary	**–**	28,7
	33,3	50,8

16 Secured liabilities

All amounts are expressed in millions of Rands	Notes	2023	2022
Liabilities of the Group are secured as follows:			
Term loan arose in FY2023 and is secured by: – Investments in Murray & Roberts United Kingdom and Murray & Roberts Cementation Africa, with a carrying value of R1,4 billion in the financial records of Murray & Roberts Limited (a subsidiary within the Group). These investments are intercompany in nature and eliminate in the consolidated financial statements of Murray & Roberts Holdings Limited. – Land and Buildings with a carrying value of R12,9 million – Cash and cash equivalents of R99,1 million – Amount due from contract customers with a carrying value of R693,4 million – Other assets with a carrying value of R142,6 million		**352,2**	–
Loan A arose in FY2022 and is secured by: – Murray & Roberts United Kingdom parent company guarantee		**65,9**	80,2
Loan B is secured by: – Property, plant and equipment with a carrying value of R309,5 million – Vehicles with a carrying value of R4,6 million		**84,4**	169,8
Preference share liability was secured by: 17.3% investment in Bombela Concession Company The liability was settled in FY2023		**–**	191,9
Instalment sale loans are secured by: – Property, plant and equipment with a carrying value of R350,6 million – Vehicles with a carrying value of R7,5 million		**355,9**	538,9
Leases		**–**	136,2
		858,4	1 117,0
Reflected in the statement of financial position under:			
Long term loans	17	**575,8**	722,8
Leases	17	**–**	136,2
Short term loans	24	**282,6**	258,0
		858,4	1 117,0

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

17 Long term loans

All amounts are expressed in millions of Rands	Notes	2023	2022
17.1 Interest bearing secured loans			
Payable			
Within 1 year		**282,6**	258,0
Within the 2nd year		**435,5**	299,4
Within 3 to 5 years		**140,3**	423,4
Payable after the 5th year		**–**	–
		858,4	980,8
Less: Current portion	24	**(282,6)**	(258,0)
		575,8	722,8
17.2 Interest bearing unsecured loans			
Payable			
Within 1 year		**39,2**	168,8
Within the 2nd year		**–**	–
Within 3 to 5 years		**–**	–
		39,2	168,8
Less: Current portion	24	**(39,2)**	(168,8)
		–	–
17.3 Non-interest bearing unsecured loans			
Payable			
Within 1 year		**–**	5,6
		–	5,6
Less: Current portion	24	**–**	(5,6)
		–	–
17.4 Leases			
Minimum lease payments			
Within 1 year		**34,3**	199,2
Within the 2nd year		**40,6**	474,4
Within 3 to 5 years		**107,9**	100,2
Payable after the 5th year		**–**	–
		182,8	773,8
Less: Future finance charges		**(26,7)**	(113,3)
Present value of lease obligations		**156,1**	660,5
The present value of lease obligations can be analysed as follows:			
Within 1 year		**25,7**	190,7
Within 2nd year		**34,5**	424,2
Within 3 to 5 years		**95,9**	45,6
Payable after the 5th year		**–**	–
		156,1	660,5
Less: Current portion	24	**(25,7)**	(190,7)
		130,4	469,8
Total long term loans		**706,2**	1 192,6

17 Long term loans *continued*

The Group previously had a short term overdraft facility of R1,675 million in South Africa held at four South African Banks (Standard Bank, Nedbank, RMB and ABSA). Due to increasing liquidity pressure, the Group concluded a debt refinancing and restructuring process with the banks in November 2022. The restructuring of the facility resulted in an overdraft facility of R650 million, which was partially drawn, and a fully drawn term loan of R1,350 million.

In April 2023, R1 billion of the proceeds on the disposal of the investment in the Bombela Concession Company was used to partially settle the term loan. In terms of the agreement with the banks, a remaining R50 million settlement is required by September 2023 and R300 million by August 2024.

At 30 June 2023, the banks had granted a waiver of the covenant measurement at that date. The Group would have been in breach of covenants should measurement have been required. The banks have also requested Group to implement the following:

- Appointment of financial advisors by 31 July 2023
- Renegotiation of covenants by 28 September 2023
- Developing a deleveraging plan by 31 October 2023
- Completing a due diligence exercise by 31 July 2023 in assessing whether any parties have first ranking security interests over certain Canadian subsidiaries.

The Group's current interest bearing unsecured loans are payable on demand whilst the long term secured loans and leases are regulated by contractual repayment terms in excess of 365 days and are supported by cross guarantees per region.

With respect to the above loans, the fair value of these loans are considered to approximate their carrying amounts.

Details of the repayment terms of loans and the related interest rates are set out in Annexure 2. The assets encumbered to secure the loans are detailed in note 16. Details of the Group's interest rate risk management policies are set out in note 38. Details of loan movements are set out in note 34.

18 Retirement benefits

The retirement funds operated by the Group in the Republic of South Africa are registered as provident or pension funds and are accordingly governed by the Pension Fund Act No. 24 of 1956 (as amended).

18.1 Defined contribution plan – pension fund

The Group is a participating employer of the Sanlam Umbrella Pension Fund.

The total cost to the Group in respect of the above fund for the year ended 30 June 2023 was R29,8 million (FY2022: R28,8 million).

18.2 Defined benefit plan – pension scheme

The Group is the principal employer for a defined benefit pension scheme in the United Kingdom, the Multi Construction (UK) Limited Pension Scheme. Membership comprises pensioners and deferred pensioners.

All amounts are expressed in millions of Rands	**2023**	2022
Present value of funded liability	**57,4**	55,1
Fair value of plan assets	**(68,8)**	(63,8)
Present value of surplus*	**(11,4)**	(8,7)
Surplus asset not recognised	**11,4**	8,7
Present value of unfunded liability	**–**	–
Movements in the present value of the funded liability were as follows:		
Opening defined benefit obligation	**55,1**	73,9
Interest costs	**2,1**	1,2
Experience loss/(gain) on defined benefit obligation	**3,5**	(2,3)
Gains from changes to demographics assumptions	**(1,1)**	(0,2)
Gains from changes to financial assumptions	**(8,6)**	(13,8)
Exchange differences on foreign plans	**10,5**	0,7
Benefits paid	**(4,1)**	(4,4)
	57,4	55,1

Notes to the annual financial statements *continued*
for the year ended 30 June 2023

18 Retirement benefits *continued*

All amounts are expressed in millions of Rands	2023	2022
18.2 Defined benefit plan – pension scheme *continued*		
Movements in the fair value of plan assets were as follows:		
Opening fair value of plan assets	**63,8**	71,7
Interest on assets	**2,5**	1,2
Losses on scheme assets	**(10,0)**	(9,3)
Contributions from the employer	**4,3**	4,0
Exchange differences on foreign plans	**12,3**	0,6
Benefits paid	**(4,1)**	(4,4)
	68,8	63,8
The major categories of plan assets at the end of the reporting period for each category were as follows:		
Debt instruments	**58,9**	46,1
Cash	**9,9**	17,7
	68,8	63,8

* *The present value of the unfunded asset has not been recognised by the Group as this is considered to be a contingent asset.*

The most recent actuarial valuations of the plan assets and the present value of the defined obligations were carried out at 30 June 2023 by Barnett Waddingham LLC. The present value of the defined benefit obligation and the related current service costs were measured using the Projected Unit Credit Method.

All amounts are expressed in millions of Rands	2023	2022
Amounts recognised in the statement of financial performance in respect of the defined benefit plan were as follows:		
Net interest cost	**(0,4)**	–
Past service cost	**–**	–
	(0,4)	–
Amounts recognised in other comprehensive income in respect of the defined benefit plan were as follows:		
Losses on scheme assets in excess of interest	**10,0**	9,3
Experience loss/(gain) on defined benefit obligation	**3,5**	(2,3)
Gains from changes to demographics assumptions	**(1,1)**	(0,2)
Gains from changes to financial assumptions	**(8,6)**	(13,8)
Other movements	**(15,2)**	(1,7)
Surplus asset not recognised	**11,4**	8,7
	–	–
The principal assumptions used for the purpose of the actuarial valuation were as follows:		
Discount rate	**5,5%**	3,7%
Rate of increase in pension payments	**3,8%**	3,7%
Rate of increase in pensions in deferment	**2,8%**	2,8%
Rate of inflation	**3,6%**	3,6%

The plan assets do not directly include any significant Group financial instruments, nor any property occupied by, or other assets used by the Group.

The Group expects to contribute R4,3 million to this defined benefit plan in 2024 (FY2023: R4,0 million).

18 Retirement benefits *continued*

18.2 Defined benefit plan – pension scheme *continued*

All amounts are expressed in millions of Rands	Approximate effect on liabilities
Sensitivity analysis	
Adjustment to assumptions	
Discount rate – Plus 0.1% p.a.	(0,4)
Inflation – Less 0.1% p.a.	(0,2)
Mortality – Long term rate of mortality improvement of 0.25% p.a.	0,2

The Scheme exposes the Group to a number of risks:
Investment risk: The scheme holds investments in asset classes, such as corporate bonds, which have volatile market values and, while these assets are expected to provide the real returns over the long term, the short term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk: The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme does not wholly invest in high quality corporate bonds, the value of the assets and liabilities may not move in the same way.

Inflation risk: A significant proportion of the benefits under the scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

Mortality risk: In the event that members live longer than assumed, a deficit will emerge in the scheme.

Concentration risk: A significant proportion of the plan's liabilities are in respect of a single pensioner member. The development of the liabilities over time will therefore depend heavily on the actual experience in respect of this member.

19 Long term provisions

Long term provisions relate to payroll provisions relating to employee benefits mainly in Corporate, Africa and the Americas.

All amounts are expressed in millions of Rands	2023	2022
At beginning of year	24,7	45,2
Loss of control of subsidiaries*	(20,0)	–
Additional raised	11,8	8,6
Utilised during the year	(1,6)	(31,0)
Released during the year	(8,1)	–
Foreign exchange movements	1,1	1,9
	7,9	24,7

* *The loss of control of subsidiaries relates to the Group placing MRPL into voluntary administration. Refer to note 31 and note 32 for further details.*

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

20 Deferred taxation

All amounts are expressed in millions of Rands	2023	2022
20.1 Deferred taxation assets		
Inventory	**5,1**	5,0
Uncertified work and other construction temporary differences	**(192,4)**	(130,2)
Plant	**(86,4)**	(304,3)
Taxation losses	**148,1**	567,9
Receivables	**8,4**	8,8
Provisions and accruals	**114,2**	251,4
Advance payments received net of taxation allowances	**95,9**	49,5
Leases	**5,7**	113,8
Prepayments	**(6,1)**	(10,9)
Other	**0,1**	11,6
	92,6	562,6

Deferred taxation liabilities are offset against deferred taxation assets when there is a legally enforceable right to set off current taxation assets and liabilities and the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority.

	2023	2022
20.2 Reconciliation of deferred taxation assets		
At beginning of year	**562,6**	609,4
Credited to the statement of financial performance	**(105,5)**	(49,8)
Foreign exchange movements	**28,3**	4,6
Change in taxation rates	**–**	(1,6)
Loss of control of subsidiaries*	**(392,8)**	–
	92,6	562,6

** The loss of control of subsidiaries relates to the Group placing MRPL into voluntary administration. Refer to note 31 and note 32 for further details.*

	2023	2022
20.3 Deferred taxation liabilities		
Uncertified work and other construction temporary differences	**35,5**	20,6
Plant	**169,7**	114,0
Taxation losses	**(0,4)**	(0,4)
Receivables	**(0,1)**	(0,1)
Provisions and accruals	**(39,2)**	(37,5)
Advanced payments received net of taxation allowances	**0,4**	0,4
Fair value adjustments	**(3,8)**	(3,4)
Leases	**(0,5)**	(0,5)
Other	**(14,4)**	(3,7)
	147,2	89,4

Deferred taxation assets are offset against deferred taxation liabilities when there is a legally enforceable right to set off current taxation assets and liabilities and the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority.

	2023	2022
20.4 Reconciliation of deferred taxation liabilities		
At beginning of year	**89,4**	110,4
Charged to the statement of financial performance	**48,3**	(60,1)
Acquisition of business	**–**	39,1
Foreign exchange movements	**9,6**	–
Loss of control of subsidiaries*	**(0,1)**	–
Change in taxation rates	**–**	–
	147,2	89,4

** The loss of control of subsidiaries relates to the Group placing MRPL into voluntary administration. Refer to note 31 and note 32 for further details.*

20 Deferred taxation *continued*

20.5 Unused taxation losses

The Group's results include a number of legal statutory entities which fall under a range of taxation jurisdictions. The deferred taxation assets cannot be offset against the deferred taxation liabilities as the Group will not be able to settle on a net basis.

At 30 June 2023, the Group has estimated unused taxation losses of R3,086 million (FY2022: R4,250 million) available for offset against future profits. Deferred taxation assets have been recognised in respect of R550 million (FY2022: R1,945 million) of such losses. No deferred taxation assets have been recognised in respect of the remaining R2,536 million (FY2022: R2,305 million) due to the unpredictability of future profit streams.

The Group performed an assessment based on the current operations and developments including a three year forecast for the financial years 2024 to 2026 which supports the recognition of deferred taxation assets in the statutory entities. Tax losses in South Africa of R2,144 million (FY2022: R2,608 million) have no expiry date so long as the statutory entities continue to trade. In addition to the unused income tax losses, the Group has circa R6 billion capital losses available for future asset sales.

20.6 Withholding tax on dividends

The Group has available retained earnings in foreign subsidiary companies. Should such earnings be distributed to holding companies within the Group, the Group shall be liable for foreign withholding tax levied on dividends at the rate between 0% and 15%. Should the subsidiaries declare all their retained earnings as dividends, the withholding tax payable is estimated to be R185 million (FY2022: R191 million).

21 Long term payables

All amounts are expressed in millions of Rands	2023	2022
Payables	218,9	82,9
	218,9	82,9

Long term payables relate to settlement agreements entered into on historic construction activities in South Africa. The increase in long term payables is as result of a settlement entered into in the current financial year.

22 Subcontractor liabilities

All amounts are expressed in millions of Rands	2023	2022
Current subcontractor liabilities	145,2	1 399,3
	145,2	1 399,3

The decrease in subcontractor liabilities relates to the Group placing the MRPL Group into voluntary administration. Refer to note 31 and note 32 for further details.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

23 Trade and other payables

All amounts are expressed in millions of Rands	2023	2022
Trade payables	903,6	2 448,9
Amounts owing to joint operations and partners	–	656,0
Payroll accruals	512,3	1 162,9
Accruals	840,7	778,9
Value added taxation payable	57,9	141,4
Voluntary Rebuild Programme	26,6	63,8
Other payables	190,4	639,9
	2 531,5	5 891,8

The decrease in trade and other payable relates mainly to the Group placing the MRPL Group into voluntary administration. Refer to note 31 and note 32 for further details.

The accruals in the current year mainly reflect project accruals.

The carrying value of trade and other payables approximates their fair value due to the short term nature of these instruments.

24 Short term loans

All amounts are expressed in millions of Rands	Notes	2023	2022
Current portion of long term loans:			
– Interest bearing secured	17	282,6	258,0
– Interest bearing unsecured	17	39,2	168,8
– Non-interest bearing unsecured	17	–	5,6
Current portion of leases	17	25,7	190,7
		347,5	623,1

25 Provisions for obligations

All amounts are expressed in millions of Rands	2023	2022
At beginning of year	214,3	311,4
Loss of control of subsidiaries	(64,0)	–
Additional raised	292,5	230,4
Released during the year	(61,0)	(80,5)
Utilised during the year	(141,9)	(261,0)
Foreign exchange movements	14,1	14,0
	254,0	214,3
Provisions for obligations comprise the following categories:		
Payroll provisions	135,5	194,6
Other provisions	118,5	19,7
	254,0	214,3

Payroll provisions

The payroll provision comprises amounts owed to employees relating to discretionary bonuses and severance pay or restructuring obligations.

Other provisions

Other provisions relates mainly to provisions raised on onerous contracts. The increase in other provisions relates mainly to a surety provided by a subsidiary in the continuing operations, to complete the works on a project entered into by a subsidiary in the discontinued operations, that was placed into liquidation as a result of the voluntary administration process of the MRPL Group and Insig.

26 Revenue

All amounts are expressed in millions of Rands	2023	2022*
Construction contracts (over time)	11 714,7	8 335,0
Sale of goods (point in time)	450,5	169,4
Rendering of services (over time)	292,3	246,4
Properties (over time)	2,7	3,7
	12 460,2	8 754,5

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

27 Profit before interest and taxation

All amounts are expressed in millions of Rands	Notes	2023	2022*
The items below comprise continuing operations only.			
Profit before interest and taxation is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Fair value gain on investment at fair value through profit or loss	6	29,6	193,5
Income from subleasing land and buildings		–	2,5
Amortisation of intangible assets	4	(23,0)	(19,5)
Auditors' remuneration:			
Fees for audits		(41,8)	(33,7)
Other services		(0,7)	(1,1)
Compensation income from insurance		2,1	–
Depreciation:			
Land and buildings	2	(49,6)	(56,6)
Plant and machinery	2	(269,4)	(306,4)
Other equipment	2	(18,8)	(18,5)
Employee benefit expense:			
Salaries and wages		(5 971,8)	(4 645,0)
Share option expense	12	–	(0,4)
Forfeitable Share Plan expense – equity-settled	12	(7,9)	(23,5)
Forfeitable Share Plan expense – cash-settled		4,1	(3,2)
Pension and provident costs – defined contribution plans	18	(29,8)	(28,8)
Fees paid for:			
Managerial services		(64,6)	(12,1)
Technical services		(63,3)	(12,6)
Administrative services		(2,4)	(18,4)
Secretarial services		(3,0)	(1,0)
Other		(4,7)	(4,0)
Impairment charges/write downs:			
Property, plant and equipment	2	(10,0)	–
Inventory	7	(16,1)	(7,0)
Trade receivables	9	(3,0)	–
Other receivables	9	(23,9)	–
Contract receivables		(17,0)	(3,5)
Investment in associate	6	(1,5)	–
Reversal of impairment loss recognised on trade and contract receivables		28,0	27,2
Reversal of impairment loss recognised on property, plant and equipment		–	0,9

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

27 Profit before interest and taxation *continued*

All amounts are expressed in millions of Rands	Notes	2023	2022*
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**12,4**	12,3
Loss on disposal of property, plant and equipment		**(0,2)**	(0,1)
Foreign exchange gains		**33,8**	29,0
Foreign exchange losses		**(42,7)**	(25,0)
Lease costs:			
Land and buildings		**(16,2)**	(9,1)
Other		**(13,2)**	(9,3)
Lease costs can be analysed as follows:			
Expense relating to short term leases		**(16,3)**	(8,0)
Expense relating to leases of low-value assets		**(7,2)**	(5,7)
Expense relating to variable lease payments not included in the measurement of lease liabilities		**(5,9)**	(4,7)
Computer expenses:			
Software costs		**(10,2)**	(11,2)
Consultation fees		**(35,9)**	(34,7)
Other		**(76,7)**	(68,1)
Direct costs:			
Materials		**(3 881,2)**	(2 193,9)
Subcontractor costs		**(492,2)**	(231,1)
Items by function			
Cost of sales**		**(11 163,3)**	(7 853,9)
Distribution and marketing costs		**(22,2)**	(20,0)
Administration costs		**(1 406,4)**	(1 124,9)
Other operating income		**222,3**	326,2

* *Restated for discontinued operations. Refer to note 31 and note 32 for further details.*
***Cost of sales includes R418,6 million (FY2022: R157 million) relating to the cost of inventories sold during the year.*

Depreciation of R267,4 million is included in cost of sales and R70,4 million in administration costs.

Amortisation of R14,6 million is included in cost of sales and R8,4 million in administration costs.

28 Interest expense

All amounts are expressed in millions of Rands	2023	2022*
Bank overdrafts	**99,9**	116,5
Present value expense	**8,0**	8,6
Leases	**12,7**	20,6
Loans and other liabilities	**159,6**	50,8
	280,2	196,5

* *Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

29 Interest income

All amounts are expressed in millions of Rands	2023	2022*
Bank balances and cash	**10,8**	2,7
Leases	**–**	0,6
Unlisted loan investment and other receivables	**2,9**	7,3
	13,7	10,6

* *Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

30 Taxation expense

All amounts are expressed in millions of Rands	2023	2022*
Major components of the taxation expense		
South African taxation		
Normal taxation – current year	7,5	2,8
Normal taxation – prior year	–	–
Deferred taxation – current year	(17,3)	28,9
Deferred taxation – prior year	(0,1)	1,0
Deferred taxation – change in tax rate	–	1,6
Foreign taxation		
Normal income taxation and withholding taxation – current year	53,2	117,2
Normal income taxation and withholding taxation – prior year	(2,6)	(0,3)
Deferred taxation – current year	62,3	(76,4)
Deferred taxation – prior year	3,4	(1,5)
	106,4	73,3

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

South African income tax is calculated at 27% (FY2022: 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The tax rates excluding state and federal taxes currently applicable to USA, Canada and Australia are 24%, 28% and 30% respectively.

Reconciliation of the standard rate of taxation to the effective rate of taxation	2023 %	2022* %
South African standard rate of taxation**	27,0	28,0
Increase in rate of taxation due to:		
Corporate activities	(5,6)	(2,3)
Share incentive scheme costs	(4,0)	(1,5)
Goodwill and capital losses	(32,2)	1,9
Donations	(0,2)	(0,5)
Non-deductible expenditure	(0,3)	(4,5)
Loss on sale of investment	(10,0)	–
Preference shares	–	(3,7)
Non-deductible accounting costs	(1,2)	(1,5)
Taxation rate differentials on foreign companies		
– Africa	(0,1)	–
– Oceania	–	(0,1)
Current year's losses not recognised	(42,1)	(131,9)
Foreign withholding taxation	(6,1)	(14,0)
Imputed foreign income	(0,2)	(3,4)
Change in tax rate	–	(2,3)
Prior year adjustments	(10,3)	0,6
	(85,3)	(135,2)
Reduction in rate of taxation due to:		
Dividends received	–	50,0
Fair value gains	–	2,7
Taxation rate differentials on foreign companies		
– Africa	–	2,9
– Americas	6,4	1,6
Capital profits and non-taxable items	7,6	2,6
Non-taxable accounting revenue	0,7	–
Other taxation allowances and incentives	3,9	4,0
Taxation losses utilised	6,2	0,9
Effective rate of taxation	**(60,5)**	(70,5)

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

*** The South African taxation rate is used for the reconciliation as the Company is a South African resident and the tax rates of its major operations outside South Africa, namely Canada has similar tax rates to that of South Africa.*

The prior year adjustments are mainly a result of further expenditure considered to be non-deductible or related to greater tax allowances claimable when finalising tax submissions.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

31 Loss of control of subsidiaries

As a result of delays in numerous milestone payments and slower than anticipated close out of disputes, cash flow pressures in the ERI business resulted in it needing a capital injection to realise its full potential value. As the Group was not able to provide the capital injection, it commenced a process to sell Clough. When the transaction terminated at a late stage, cash requirements that hinged on the sale did not materialise and Clough went into voluntary administration on 5 December 2022.

Clough held a loan receivable from MRPL, the Group's Australian holding company, which also held the shares in RUC. As the receivable could be called by Clough and MRPL could not settle the receivable on demand, MRPL also went into voluntary administration. The Group lost effective control over MRPL and its Australian subsidiaries through this development.

Subsequently, Insig which formed part of Mining Australia (RUC and Insig), went into liquidation on 16 June 2023 as it required further investment to support its growth trajectory, which the Group was not able to provide.

In the Group accounts, the MRPL Group (MRPL, Clough and RUC businesses) has been deconsolidated with effect from 5 December 2022 and Insig has been deconsolidated with effect from 16 June 2023. The financial results of these four companies, and the impact of the deconsolidation, are reported under discontinued operations as from the start of the comparative period for statement of financial performance and the statement of cash flows up to 5 December 2022 and 16 June 2023 respectively.

Included in the disposal group are the assets and liabilities of the MRPL Group and its subsidiaries, Clough and RUC as well as Insig. The carrying amounts of these assets and liabilities on deconsolidation were as follows:

All amounts are expressed in millions of Rands	Mining Australia	Clough	Other	Total
Non-current assets				
Property, plant and equipment	897,4	2 360,1	(10,2)	**3 247,3**
Goodwill	14,4	853,9	–	**868,3**
Other intangible assets	9,5	322,1	–	**331,6**
Deferred taxation asset	–	–	392,8	**392,8**
Non-current receivables	–	2,0	–	**2,0**
Total	921,3	3 538,1	382,6	**4 842,0**
Current assets				
Inventories	160,6	178,1	–	**338,7**
Amounts due from contract customers	651,6	4 401,3	–	**5 052,9**
Trade and other receivables	483,0	1 226,8	(32,0)	**1 677,8**
Bank balances and cash	341,7	998,1	8,0	**1 347,8**
Total	1 636,9	6 804,3	(24,0)	**8 417,2**
Assets classified as held-for-sale	21,4	–	–	**21,4**
Total assets	2 579,6	10 342,4	358,6	**13 280,6**
Non-current liabilities				
Long term loans	286,8	382,3	(117,3)	**551,8**
Long term provisions	–	20,0	–	**20,0**
Deferred taxation liability	0,1	–	–	**0,1**
Total	286,9	402,3	(117,3)	**571,9**
Current liabilities				
Amounts due to contract customers	158,2	2 097,5	–	**2 255,7**
Trade and other payables	671,8	5 860,8	59,0	**6 591,6**
Short term loans	332,7	224,1	124,2	**681,0**
Subcontractor liabilities	–	593,7	–	**593,7**
Provisions for obligations	6,8	51,2	6,0	**64,0**
Current taxation liabilities	43,8	22,5	–	**66,3**
Bank overdrafts	–	49,4	–	**49,4**
Total	1 213,3	8 899,2	189,2	**10 301,7**
Liabilities directly associated with a disposal group held-for-sale	–	–	–	**–**
Total liabilities	1 500,2	9 301,5	71,9	**10 873,6**
Net assets	1 079,4	1 040,9	286,7	**2 407,0**
Consideration received	–	–	–	**–**
	1 079,4	1 040,9	286,7	**2 407,0**
Translation of foreign entities reclassified through profit or loss on derecognition				**(1 250,1)**
Loss on loss of control of subsidiaries	1 079,4	1 040,9	286,7	**1 156,9**

32 Discontinued operations, assets and liabilities classified as held for sale

32.1 (Loss)/profit for the year from discontinued operations

The 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", the Middle East Operations, the Southern Africa Infrastructure & Buildings Platform and Genrec.

MRPL Group and Insig

On 5 December 2022 Clough Limited and MRPL were placed in voluntary administration. As a result of this, the Group lost control of MRPL and its subsidiaries, RUC and Clough, and the MRPL Group was deconsolidated on 5 December 2022. Subsequent to this, on 16 June 2023, Insig, which predominantly serviced RUC, was placed in voluntary liquidation, as a result of the Group being unable to provide the necessary investment required to support Insig's growth trajectory.

Clough formed the entire Energy, Resources and Infrastructure Platform within the Group which was seen as a separate major line of business. RUC and Insig, formed the entire Mining Australia business and together was seen as a separate major line of business. The voluntary administration process of the MRPL Group has effectively resulted in the entire Australasian geographical area of operations being disposed of. As the MRPL Group and Insig formed separate major lines of businesses and a separate geographical area of operations that was disposed of in the year, these businesses met the criteria in terms of IFRS 5 – Non-current assets held for sale and discontinued operations (IFRS 5), to be classified as discontinued operations.

The financial results of the MRPL Group are reported under discontinued operations in the statement of financial performance from the start of the financial period until 5 December 2022. The financial results of Insig are reported under discontinued operations in the statement of financial performance from the start of the financial period until 16 June 2023.

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. Refer to note 31 for further detail. 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 R155 million.

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 30 June 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 September 2023. 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.

Subsequent to year-end, a claim has been lodged by a UAE-based bank ("the bank"), and a summons has been issued in South Africa against Murray & Roberts Limited (a subsidiary in the Group), in relation to the parent company guarantee it issued in favour of the bank. The bank had issued a bond on the Al Mafraq Hospital project, on behalf of the Middle East Operations, which was called on by the client. As a result of the bank paying out on the call of the bond, the overdraft account of the Middle East Operations was drawn down on. The claim lodged by the bank in relation to the parent company guarantee, is to recover the pay out on the call of the bond made by the client. Refer to note 42 for further details.

Included in the current year loss from discontinued operations are operating costs of R28 million incurred mainly on legal fees and an impairment of a joint operation partner receivable of R170 million relating to the Middle East Operations.

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.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

32 Discontinued operations, assets and liabilities classified as held for sale *continued*

32.1 (Loss)/profit for the year from discontinued operations *continued*

All amounts are expressed in millions of Rands	2023	2022*
The (loss)/profit from discontinued operations is analysed as follows:		
Revenue		
Construction contracts	11 321,4	20 381,2
Rendering of services	29,4	3,0
Other revenue	612,7	729,9
	11 963,5	21 114,1
(Loss)/profit after taxation for the year is analysed as follows:		
(Loss)/profit before depreciation, amortisation, interest and taxation	(1 104,3)	1 210,5
Depreciation	(343,5)	(622,9)
Amortisation of intangible assets	(27,0)	(77,4)
(Loss)/profit before interest and taxation	(1 474,8)	510,2
Interest expense	(37,3)	(27,9)
Interest income	10,0	12,8
(Loss)/profit before taxation	(1 502,1)	495,1
Taxation expense	(82,9)	(184,4)
(Loss)/profit after taxation	(1 585,0)	310,7
Loss from equity accounted investments	–	–
(Loss)/profit from discontinued operations	(1 585,0)	310,7
Loss on loss of control of MRPL Group and Insig	(1 156,9)	–
Derecognition of net asset value	(2 407,0)	–
Translation of foreign entities reclassified through profit or loss on derecognition	1 250,1	–
Related costs of voluntary administration	(155,0)	–
(Loss)/profit from discontinued operations per the statement of financial performance	(2 896,9)	310,7
Attributable to:		
Owners of Murray & Roberts Holdings Limited	(2 896,9)	310,7
Non-controlling interests	–	–
	(2 896,9)	310,7
Cash flows from discontinued operations		
Cash flows from operating activities	(359,0)	(163,0)
Cash flows from investing activities	(1 554,0)	(1 096,0)
Cash flows from financing activities	381,0	(358,0)
Net decrease in cash and cash equivalents	(1 532,0)	(1 617,0)

** Restated for discontinued operations.*

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

32 Discontinued operations, assets and liabilities classified as held for sale *continued*

32.1 (Loss)/profit for the year from discontinued operations *continued*

All amounts are expressed in millions of Rands	Notes	2023	2022*
(Loss)/profit before interest and taxation is arrived at after taking into account:			
Items by nature			
Investment income other than interest:			
Income from subleasing land and buildings		**3,2**	14,8
Amortisation of intangible assets	4	**(27,0)**	(77,4)
Auditors' remuneration:			
Fees for audits		**(4,4)**	(15,4)
Other services		**(2,4)**	(2,4)
Depreciation:			
Land and buildings	2	**(46,5)**	(64,2)
Plant and machinery	2	**(292,8)**	(556,4)
Other equipment	2	**(4,2)**	(2,3)
Employee benefit expense:			
Salaries and wages		**(6 184,7)**	(8 292,1)
Fees paid for:			
Administrative services		**–**	(0,1)
Other		**(30,6)**	(7,1)
Impairment charges:			
Goodwill	3	**(126,2)**	–
Other receivables		**(170,5)**	–
Profit or loss on disposals:			
Profit on disposal of property, plant and equipment		**4,8**	2,7
Loss on disposal of property, plant and equipment		**–**	(0,5)
Foreign exchange gains		**13,4**	20,0
Foreign exchange losses		**(13,5)**	(19,6)
Lease costs:			
Land and buildings		**(13,0)**	(54,0)
Other		**(0,2)**	(0,2)
Lease costs can be analysed as follows:			
Expense relating to short term leases		**(2,0)**	(2,4)
Expense relating to variable lease payments not included in the measurement of lease liabilities		**(11,2)**	(51,8)
Computer expenses:			
Software costs		**(57,3)**	(136,6)
Other		**(3,0)**	(4,5)
Direct costs:			
Materials		**(5 963,6)**	(10 168,1)
Subcontractor costs		**(20,5)**	(19,2)
Items by function			
Cost of sales		**(12 457,4)**	(19 184,9)
Distribution and marketing costs		**(4,9)**	(15,7)
Administration costs		**(1 005,4)**	(1 518,6)
Other operating income		**29,4**	115,3

** Restated for discontinued operations.*

Depreciation of R287,1 million is included in cost of sales and R56,4 million in administration costs.

Amortisation of R0,6 million is included in cost of sales and R26,4 million in administration costs.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

32 Discontinued operations, assets and liabilities classified as held for sale *continued*

32.2 Assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale below relate mainly to the Middle East Operation as per note 32.1 as well as Cementation Africa where property, plant and equipment has been classified as held for sale after meeting the requirements of IFRS 5.

All amounts are expressed in millions of Rands	2023	2022
Major classes of assets comprising the assets held for sale		
Property, plant and equipment	67,7	114,3
Other receivables	5,5	3,4
Investment in joint ventures	–	32,5
Amounts due from contract customers	979,2	849,0
Cash and cash equivalents	12,4	12,7
	1 064,8	1 011,9
Major classes of liabilities comprising the liabilities held for sale		
Trade and other payables	154,6	143,4
Subcontractor liabilities	7,8	17,9
Short term borrowings	818,4	683,5
	980,8	844,8

33 Earnings/(loss) and headline earnings/(loss) per share

33.1 Weighted average number of shares

Number of shares ('000)	2023	2022
Weighted average number of shares in issue	444 736	444 736
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(25 055)	(28 922)
Less: Weighted average number of shares held by share incentive schemes	(16 566)	(17 671)
Weighted average number of shares in issue used in the determination of basic per share figures	403 115	398 143
Add: Dilutive adjustment	5 299	7 416
Weighted average number of shares in issue used in the determination of diluted per share figures	408 414	405 559

33.2 Earnings/(loss) per share

All amounts are expressed in millions of Rands	2023	2022*
Reconciliation of earnings/(loss)		
(Loss)/earnings attributable to owners of Murray & Roberts Holdings Limited	(3 181,3)	134,8
Adjustments for discontinued operations		
Loss/(earnings) from discontinued operations	2 896,9	(310,7)
Non-controlling interests	–	–
Loss for the purposes of basic and diluted earnings per share from continuing operations	(284,4)	(175,9)
(Loss)/earnings per share from continuing and discontinued operations (cents)		
– Diluted	(789)	33
– Basic	(789)	34
Loss per share from continuing operations (cents)		
– Diluted	(71)	(44)
– Basic	(71)	(44)
(Loss)/earnings per share from discontinued operations (cents)		
– Diluted	(718)	77
– Basic	(718)	78

** Restated for discontinued operations.*

33 Earnings/(loss) and headline earnings/(loss) per share *continued*

33.3 Headline earnings/(loss)

	2023		2022*	
Reconciliation of headline earnings/(loss)	**Gross pre-tax & non-controlling interests**	**Net**	Gross pre-tax & non-controlling interests	Net
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(2 992,0)**	**(3 181,3)**	392,5	134,8
Profit on disposal of property, plant and equipment	**(17,2)**	**(13,5)**	(15,0)	(10,9)
Loss on disposal of property, plant and equipment	**0,2**	**0,2**	0,6	0,5
Impairment of associate	**1,5**	**1,5**	–	–
Impairment of Goodwill	**126,2**	**126,2**	–	–
Impairment/(impairment reversal) of property, plant and equipment	**10,0**	**7,2**	(0,9)	(0,7)
Compensation income from insurance	**(2,1)**	**(2,1)**	–	–
Loss on loss of control of subsidiaries	**2 407,0**	**2 407,0**	–	–
Translation of foreign entities reclassified through profit or loss on derecognition	**(1 250,1)**	**(1 250,1)**	–	–
Headline (loss)/earnings	**(1 716,5)**	**(1 904,9)**	377,2	123,7
Adjustments for discontinued operations:				
Loss/(profit) from discontinued operations	**1 502,1**	**2 896,9**	(495,1)	(310,7)
Profit on disposal of property, plant and equipment	**4,8**	**3,5**	2,7	1,9
Loss on disposal of property, plant and equipment	**–**	**–**	(0,5)	(0,4)
Impairment of Goodwill	**(126,2)**	**(126,2)**	–	–
Loss on loss of control of subsidiaries	**(2 407,0)**	**(2 407,0)**	–	–
Translation of foreign entities reclassified through profit or loss on derecognition	**1 250,1**	**1 250,1**	–	–
Headline loss from continuing operations	**(1 492,7)**	**(287,6)**	(115,7)	(185,5)

	2023	2022*
Headline (loss)/earnings per share from continuing and discontinued operations (cents):		
– Diluted	**(473)**	31
– Basic	**(473)**	31
Headline loss per share from continuing operations (cents):		
– Diluted	**(71)**	(47)
– Basic	**(71)**	(47)
Headline (loss)/earnings per share from discontinued operations (cents):		
– Diluted	**(402)**	78
– Basic	**(402)**	78

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

34 Cash generated from operations

All amounts are expressed in millions of Rands	Notes	2023	2022
(Loss)/profit before interest and taxation (continuing and discontinued operations*)		**(2 696,1)**	592,1
Adjustments for non-cash items:			
Amortisation of intangible assets	4	**50,0**	96,9
Depreciation	2	**681,3**	1 004,4
Fair value gain on investments at fair value through profit or loss	6	**(29,6)**	(193,5)
Long term provisions raised and released	19	**3,7**	8,6
Provisions for obligations raised and released	25	**231,5**	149,9
Profit on disposal of property, plant and equipment		**(17,2)**	(15,0)
Loss on disposal of property, plant and equipment		**0,2**	0,6
Share-based payment expense		**3,8**	27,1
Impairment of assets		**240,5**	10,5
Impairment of goodwill		**126,2**	–
Impairment of associate		**1,5**	–
Reversal of impairments of assets		**(28,0)**	(28,1)
Lease reassessment		**(2,0)**	(22,0)
Loss of control of subsidiaries^		**1 156,9**	–
Foreign exchange and other non-cash items		**116,0**	(24,0)
Changes in working capital:		**699,0**	(1 353,0)
Inventories		**(100,0)**	(94,0)
Contracts-in-progress, contract receivables and trade and other receivables		**(2 353,0)**	(91,0)
Trade and other payables		**5 499,0**	(103,0)
Subcontractor liabilities and amounts due to contract customers		**(2 347,0)**	(1 065,0)
		537,7	254,5

* *The loss before interest and taxation from discontinued operations includes the loss on loss of control of MRPL Group and Insig and the related costs of voluntary administration.*

Net cash/debt reconciliation	Net cash and cash equivalents*	Borrowings (including leases)*	Total
Net cash/(debt) at 30 June 2021	3 603,9	(2 894,5)	709,4
Total decrease in cash and cash equivalents	(1 658,6)	–	(1 658,6)
Loans raised	–	(634,9)	(634,9)
Loans repaid	–	844,8	844,8
Leases repaid	–	420,8	420,8
Leases raised (non-cash)	–	(501,4)	(501,4)
Asset based finance raised	–	(414,9)	(414,9)
Lease reassessment and modification	–	55,8	55,8
Overdraft drawdowns	–	(1 415,4)	(1 415,4)
Overdraft repayments	–	1 347,8	1 347,8
Foreign exchange movements	177,5	(72,0)	105,5
Other	–	68,1	68,1
Net cash/(debt) at 30 June 2022	2 122,8	(3 195,8)	(1 073,0)
Total increase in cash and cash equivalents	**231,1**	**–**	**231,1**
Loans raised	**–**	**(1 981,0)**	**(1 981,0)**
Loans repaid	**–**	**1 800,1**	**1 800,1**
Leases repaid	**–**	**124,5**	**124,5**
Leases raised (non-cash)	**–**	**(105,5)**	**(105,5)**
Asset based finance raised	**–**	**(145,8)**	**(145,8)**
Lease reassessment and modification	**–**	**(89,0)**	**(89,0)**
Overdraft drawdowns	**–**	**(1 303,0)**	**(1 303,0)**
Overdraft repayments	**–**	**2 207,1**	**2 207,1**
Loss of control of subsidiaries^	**(1 298,4)**	**1 232,8**	**(65,6)**
Foreign exchange movements	**217,0**	**(79,8)**	**137,2**
Other	**–**	**5,7**	**5,7**
Net cash/(debt) at 30 June 2023	**1 272,5**	**(1 529,7)**	**(257,2)**

* *During the current year, the Group reassessed the classification of bank overdrafts as a component of cash and cash equivalents and identified that 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 are now presented as cash flows from financing activities. The statement of cash flows is therefore restated for the prior year. Please refer to note 41 for further information.*

^ *Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

35 Taxation paid

All amounts are expressed in millions of Rands	2023	2022
Taxation receivable at the beginning of year	(139,5)	(90,4)
Foreign exchange movements	(5,3)	(12,5)
Taxation charged to the statement of financial performance, excluding deferred taxation	(40,1)	(266,4)
Acquisition of business	–	0,2
Loss of control of subsidiaries*	67,4	–
Taxation unpaid at the end of the year	(10,6)	139,5
	(128,1)	(229,6)
Taxation unpaid at the end of the year comprise:		
Current taxation assets	(36,0)	(47,0)
Current taxation liabilities	25,4	186,5
	(10,6)	139,5

* *Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

36 Joint operations

These are joint arrangements where the joint operators have rights to the assets and obligations for the liabilities relating to the arrangement.

36.1 Details of significant joint operations

	Nature of Activities	Principal place of business and country of incorporation	2023 % Shareholding	2022 % Shareholding
The Group has the following significant joint operations:				
Mining				
Boipelo Mining Contractors	Coal Mining	South Africa	49,0	49,0
Consorcio TNT Vial y Vivies – DSD Chile Ltda	EPC – Spence SGO and SRR project	Chile	50,0	50,0
Constructora SK-TNT Ltda^	EPC – Centinela DMC project	Chile	51,0	51,0

^ *Threshold not met in current year but joint operation reflected as the entity's operations are expected to increase going forward.*

The criteria used to determine significant joint operations include contribution to revenue or the Group's share of obligations. A monetary threshold of R100 million has been used to determine significant joint operations for the current year.

37 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). The decrease in financial institution guarantees is mainly attributable to the Group placing the MRPL Group into voluntary administration as well as a reduction in local facilities.

All amounts are expressed in millions of Rands	2023	2022
Contingent liabilities	3 004,5	5 334,1
Financial institution guarantees given to third parties	2 522,1	8 517,7
Contingent liabilities and guarantees given to third parties arising from interests in joint operations included above amounted to^:	1 389,8	2 916,1

^ *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.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

38 Financial risk management

38.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern (further detail provided in note 45) whilst maximising the return to stakeholders through optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in note 17 and note 24 and equity attributable to owners of Murray & Roberts Holdings Limited, comprising issued reserves and retained earnings as disclosed.

The Group has a target gearing ratio of 30%-45% determined on the proportion of debt to equity. The gearing ratio for the current financial year is 55% (excluding the impact of previously recognised operating leases and project specific asset-based finance) due to the reduction in equity as a result of the deconsolidation of the MRPL Group and Insig.

The deconsolidation of the MRPL Group had an impact on covenant triggers and cash flows for the period ended 30 June 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 30 June 2023. A covenant measurement waiver was therefore obtained for the measurement period of 30 June 2023. It was also agreed that the covenants would be renegotiated, considering the current Group structure.

Covenants in Cementation Canada Inc. were met at 30 June 2023.

Details of all debt covenants in the Group have been reflected in the table below:

Facility	Toronto Dominion Bank Facility – Cementation Canada Inc.	SA Lenders – SA Group
Covenant Trigger and Proximity to being breached	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.	1) Interest Cover: Requirement – equals or exceeds 1.65x; Actual – [-0.6x] 2) Debt to EBITDA: Requirement – does not exceed 7.5x; Actual – [-8.75x] 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 – Rnil 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 30 June 2023.

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.

38 Financial risk management *continued*

38.2 Financial instruments

The Group does not trade in financial instruments but, in the normal course of operations, is exposed to currency, credit, interest and liquidity risk.

In order to manage these risks, the Group may enter into transactions that make use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable and interest bearing borrowings.

All amounts are expressed in millions of Rands	Notes	2023	2022
Categories of financial instruments			
Financial assets			
Financial assets at fair value through profit or loss (level 3)	6	–	1 442,2
Financial assets measured at amortised cost		2 981,1	7 035,9
Financial assets measured at amortised cost – held-for-sale	32	991,6	861,7
Financial liabilities			
Financial liabilities measured at amortised cost		4 046,9	9 427,4
Financial liabilities measured at amortised cost – held-for-sale	32	980,8	844,8

The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair values:

Level 1 – quoted prices for similar instruments
Level 2 – directly observable market inputs other than Level 1 inputs
Level 3 – inputs not based on observable market data

38.3 Market risk

The Group operates in various countries and is exposed to the market risk evident in each specific country. The primary market risks identified relate to foreign currency fluctuations and interest rate fluctuations. The sensitivities relating to these market risks are detailed in notes 38.4 and 38.5.

38.4 Foreign currency and translation risk management

The Group has major operating entities in Canada and America and hence has an exposure to fluctuations in exchange rates. The Group does not have operating entities in Australia as at 30 June 2023 due to the voluntary administration of MRPL and its subsidiaries and Insig. The Group may, from time-to-time, hedge its foreign currency exposure for either purchase or sale transactions through the use of foreign currency forward exchange contracts although no such significant transactions occurred in the current financial year.

Foreign currency and translation sensitivity

The Group is mainly exposed to the currencies of Canada and the United States of America. The following table details the Group's major foreign currencies and the sensitivity of a 1% decrease in the Rand against the relevant currencies. A 1% increase in the Rand would have an inverse, proportionate impact. The sensitivity includes only foreign currency denominated monetary items and adjusts their translation at the period end for a change in foreign currency rates. A positive number indicates an increase in profit and equity where the Rand weakens against the relevant currencies.

	Assets		Liabilities	
All amounts are expressed in millions of Rands	**2023**	2022	**2023**	2022
Canadian Dollar	12,5	11,0	(3,8)	(2,7)
US Dollar	9,4	22,3	(3,7)	(10,4)

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

38 Financial risk management *continued*

38.4 Foreign currency and translation risk management *continued*

The carrying amount of the significant financial assets are denominated in the following currencies (amounts shown are in Rand equivalent):

All amounts are expressed in millions of Rands	2023	2022
Cash and cash equivalents		
Australian Dollar	**3,7**	849,5
Botswana Pula	**8,6**	8,0
British Pound	**0,9**	8,2
Canadian Dollar	**753,0**	356,7
Mexican Peso	**–**	1,4
Chile Pesos	**24,0**	160,4
European Euro	**–**	31,0
Ghanaian New Cedi	**5,4**	3,7
Hong Kong Dollar	**–**	2,8
Indonesian Rupiah	**–**	96,4
Malawian Kwacha	**0,1**	0,5
Malaysian Ringgit	**1,8**	1,8
Mongolian Tugrik	**–**	19,3
Mozambican Metical	**0,3**	0,3
Namibian Dollar	**12,4**	12,7
Omani Rial	**0,3**	1,2
Papua New Guinea Kina	**–**	21,6
Singapore Dollar	**–**	5,3
South African Rand	**123,2**	49,6
South Korean Won	**–**	1,0
Swaziland Lilangeni	**–**	9,8
Tanzanian Shilling	**0,1**	3,9
Thai Baht	**–**	1,3
UAE Dirham	**4,5**	4,2
US Dollar	**301,4**	596,3
West African Franc	**23,2**	6,0
Zambian Kwacha	**0,5**	1,9
Other	**0,1**	1,0
	1 263,5	2 255,8

38 Financial risk management *continued*

38.4 Foreign currency and translation risk management *continued*

All amounts are expressed in millions of Rands	2023	2022
Trade and net contract receivables		
Australian Dollar	5,3	519,5
Botswana Pula	5,6	1,9
British Pound	–	86,2
Canadian Dollar	494,7	739,2
Chile Pesos	42,7	16,0
Ghanaian New Cedi	3,1	–
Indonesian Rupiah	–	16,9
Mongolian Tugrik	–	41,5
Namibian Dollar	0,1	2,7
Omani Rial	43,0	37,3
Papua New Guinea Kina	–	48,9
South African Rand	383,1	307,1
US Dollar	638,1	1 635,9
West African Franc	6,7	5,9
Zambian Kwacha	8,5	4,6
Other	–	6,4
Gross receivables	1 630,9	3 470,0
Contract receivables provisions	(38,2)	(55,9)
	1 592,7	3 414,1

The carrying amounts of the significant financial liabilities are denominated in the following currencies (amounts are shown in Rand equivalent):

All amounts are expressed in millions of Rands	2023	2022
Bank overdrafts		
South African Rand	475,9	1 516,7
UAE Dirham	2,8	–
Other	0,7	9,1
	479,4	1 525,8
Trade payables and subcontractor liabilities		
Australian Dollar	47,0	1 794,3
Botswana Pula	16,0	14,3
British Pound	–	1,7
Canadian Dollar	372,9	271,4
Chile Pesos	72,0	61,9
European Euro	–	323,5
Indonesian Rupiah	–	0,4
Malawian Kwatcha	0,5	0,4
Malaysian Ringgit	1,2	1,3
Mongolian Tugrik	–	11,5
Namibian Dollar	0,2	5,3
Omani Rial	96,2	85,1
Papua New Guinea Kina	–	135,5
Singapore Dollar	–	–
South African Rand	284,5	268,4
Thai Baht	–	0,7
US Dollar	157,8	870,6
Zambian Kwacha	–	0,4
Other	0,5	1,5
Gross liabilities	1 048,8	3 848,2

Notes to the annual financial statements *continued*
for the year ended 30 June 2023

38 Financial risk management *continued*

38.4 Foreign currency and translation risk management *continued*

All amounts are expressed in millions of Rands	2023	2022
Interest bearing liabilities		
Australian Dollar	**66,0**	263,5
British Pound	**24,6**	82,5
Canadian Dollar	**8,9**	–
Mongolian Tugrik	**–**	6,0
Namibian Dollar	**11,4**	126,8
South African Rand	**578,9**	501,0
US Dollar	**207,8**	169,8
	897,6	1 149,6
Non-interest bearing liabilities		
Australian Dollar	**–**	5,6
	–	5,6

38.5 Interest rate risk management

Interest rate sensitivity

The Group is exposed to interest rate risk through its global operations in different geographical regions whereby interest rates vary in response to prevailing market rates. Furthermore, the Group utilises various forms of financing including significant usage of variable interest rate debt which increases its exposure to interest rate risk. The Group manages the impact of adverse interest rate movements through the use of interest rate management hedges should the need arise. There has been no use of interest rate hedges in the previous five years, however, the Group policy does make provision for this. Negotiation of borrowing facilities are managed through the Corporate Office in South Africa and through the platform financial executives for offshore entities. Interest rate management including debt servicing is optimised and reviewed continually.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at reporting date as well as changes to interest rates in both local and foreign markets. It assumes the stipulated change takes place at the beginning of the financial year and is held constant throughout the reporting period in the case of instruments that have floating rates.

The table below illustrates the Group's sensitivity on profits had the interest rates been 100 basis points higher and all other variables were held constant. A positive number indicates an increase in profit and other equity (in Rands) as a consequence of change in interest rates which are based on the prime interest rates of the countries listed below:

All amounts are expressed in millions of Rands	2023	2022
South Africa		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**(9,4)**	(19,9)
Canada		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**7,4**	3,6
United States of America		
Basis points increase	**100,0**	100,0
Effect on profit or loss	**0,9**	4,0

38 Financial risk management *continued*

38.6 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Potential areas of credit risk consist of cash and cash equivalents, trade and other receivables (net of provisions) and contract receivables (net of provisions).

Credit quality

Cash and cash equivalents: The Group only deposits its money with large reputable financial institutions. Below are the credit ratings in relation to the financial institutions the Group holds cash and cash equivalents with:

Financial Institution	Rating Agency	Rating
Standard Bank	Fitch	BB-
ABSA	Fitch	BB-
Nedbank	Standard & Poors	BB-
Rand Merchant Bank	Standard & Poors	BB-
Toronto Dominium Bank	Standard & Poors	AA-
Bank of America	Fitch	AA-
Scotia Bank	Fitch	A+
Banco Itau	Fitch	AA-

Trade and other receivables: Trade and other receivables subject to credit risk consist mostly of amounts owing by joint operations and partners and other receivables.

Amounts owing by joint arrangements and partners: These receivables are governed by joint arrangement agreements that set out the rights and obligations of each partner. Joint arrangement partners are subject to financial reviews before a partnership is entered into and the risk relating to the partner is constantly monitored to assess any risks as they arise. The current financial year amount decreased significantly due to the loss of control of MRPL and its subsidiaries. The ECL assessment has been performed (evaluating all factors as outlined under contract receivables) resulting in an insignificant credit loss. All amounts have been evaluated on an entity specific basis and the credit risk has been deemed low based on the assessment performed.

Other receivables: Relates mostly to the rendering of services to the same customer base as described under contract receivables. Other receivables is assessed with the contract receivables when assessing credit risk. The ECL allowance assessment performed in the current financial year resulted in an insignificant credit loss.

Amounts due from contract customers: Over the last five financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R35 million per year on an average revenue of R16,8 billion and contract and trade receivables balance of R2,8 billion.

The Group's client base across the Group are mainly entities with a large market capitalisation and US parastatals.

Each operating platform assesses the project risk (including credit risk) before a decision is made to tender. Higher risk projects are presented to the Group Audit & Risk Committee and the Group's Board to obtain approval to tender. Often approval will be granted subject to reducing the identified risk to an acceptable level. For clients where the credit risk is considered higher than normal, payment guarantees and/or property liens (Americas) would be obtained.

Certain projects (specifically in the mining sector) are lender financed and are indirectly controlled by such lenders. Lenders may, for example, include a requirement that a reputable contractor be used to execute the project or certain sections thereof. Lender financed projects reduce the overall credit risk on a project as the client would have been required to illustrate the financial viability of the project as well as the ability to repay the debt to the relevant financial institution, whilst being subject to debt covenants over the repayment period of the debt.

During the execution of projects, the work performed is certified and is therefore liquid and executable, which enables the Group to use the necessary commercial rights to its disposal to recover amounts receivable once they become due.

Receivables relating to uncertified claims and variations (i.e. uncertified revenue) are assessed in terms of IFRS 15. The Group utilises experts to assess probabilities (of revenue not reversing) in determining the amount to be recognised as uncertified revenue. An ECL allowance assessment was thereafter performed on uncertified claims and revenue balances and was noted to be insignificant. The factors outlined below (both macroeconomic and forward-looking information) were taken into account by adjusting the loss given default rate in arriving at this conclusion. The ECL allowance for uncertified claims and variations was performed on a customer specific basis for all customers (the client base mainly reflecting large listed customers with a large capitalisation and strong balance sheets). Factors outlined below indicated that there no significant increase in credit risk compared to the prior financial year.

ECLs are assessed on a customer specific basis, taking into account macroeconomic factors and forward-looking information impacting the customer.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

38 Financial risk management *continued*

38.6 Credit risk management *continued*

Macroeconomic information considered for each customer, in assessing ECLs, includes the following:

- The industry and trading conditions in the relevant domestic markets in which the customer operates;
- Commodity prices impacting the customer's revenue;
- The political environment and geographical location impacting the customer's industry;
- Economic growth and inflationary outlook in the short term, relevant to the customer.

The following customer specific forward-looking information is considered in the ECL assessments:

- Macroeconomic forecasts relevant to the customer as mentioned above;
- External credit ratings for customers;
- Outlook information on customers published;
- Forecast financial information where available.

The above forward-looking and macroeconomic information is evaluated and the loss given default rate applied to the balances are adjusted to take the above factors into account in determining an appropriate ECL allowance.

The COVID-19 impact was considered in our estimation of the ECL allowance by assessing the amounts due from contract customers balances and the expectation of recovery taking into account the COVID-19 impacts experienced. This included assessing whether receipts were delayed as a result of COVID-19 and whether collection plans were agreed in order to provide immediate relief to debtors where required. In the current financial year, no receipts were delayed nor collection plans revised as a result of COVID-19.

Furthermore, the Group's international scope includes market sectors with robust fixed capital investment fundamentals. These market sectors are expected to benefit from substantial stimulus earmarked for post COVID-19 infrastructure-led economic recovery, that also seeks to sustainably meet the needs of a growing and urbanising global population. The Mining platform did well with most mines fully functional in the current financial year. The Americas region experienced a prolonged period of COVID-19 impact which created uncertainty and slowed down investment decisions of mining companies, but new awards are evidence of new mining investments. Recovery of the world economy, fuelled by stimulus programmes of major governments, has resulted in significantly increased demand for commodities. Commodity prices are projected to continue their upward trend. The limited investment opportunity in the PIW platform was pre-COVID and no further COVID-19 risks have arisen in this platform in the current year.

Based on the assessment performed, the recoverability of amounts outstanding were not deemed to be at any further risk in terms of COVID-19.

No credit impaired assets contain any significant payment guarantees and collateral held as security.

The Group applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivable. At year end management believed that there was not considered to be a significant increase in credit risk relating to the respective assets outlined above.

The following represents the Group's maximum exposure, at reporting date to credit risk and after allowance for impairment and netting where appropriate.

38 Financial risk management *continued*

38.6 Credit risk management *continued*

All amounts are expressed in millions of Rands	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2023						
Cash and cash equivalents	11,9	57,6	1 184,4	–	9,6	1 263,5
Trade and other receivables (net of provisions)	0,6	71,2	70,2	–	42,3	184,3
Contract receivables (net of provisions)	43,0	37,9	1 450,8	–	–	1 531,7
Assets held-for-sale	991,6	–	–	–	–	991,6
Total assets subject to credit risk	1 047,1	166,7	2 705,4	–	51,9	3 971,1
Assets not subject to credit risk	89,2	684,1	3 572,3	–	70,6	4 416,2
Total assets	1 136,3	850,8	6 277,7	–	122,5	8 387,3
2022						
Cash and cash equivalents	21,3	33,0	1 028,9	1 144,4	28,2	2 255,8
Trade and other receivables (net of provisions)	171,5	66,4	109,7	1 016,2	21,1	1 384,9
Contract receivables (net of provisions)	37,3	62,1	1 708,6	1 583,4	–	3 391,4
Non-current receivables	–	–	–	2,1	–	2,1
Total assets subject to credit risk	230,1	161,5	2 847,2	3 746,1	49,3	7 034,2
Assets not subject to credit risk	2 361,8	520,4	4 142,9	5 620,5	622,9	13 268,5
Total assets	2 591,9	681,9	6 990,1	9 366,6	672,2	20 302,7
Financial assets subject to credit risk*						
2023						
Not past due	1 174,5	72,9	2 432,1	–	13,4	3 692,9
Past due	43,1	103,8	321,9	–	41,9	510,7
Provisions for impairments	(170,5)	(10,0)	(48,6)	–	(3,4)	(232,5)
Carrying value of financial assets	1 047,1	166,7	2 705,4	–	51,9	3 971,1
2022						
Not past due	179,4	100,5	2 537,9	2 162,6	46,4	5 026,8
Past due	50,7	72,0	355,7	1 583,5	5,7	2 067,6
Provisions for impairments	–	(11,0)	(46,4)	–	(2,8)	(60,2)
Carrying value of financial assets	230,1	161,5	2 847,2	3 746,1	49,3	7 034,2

** Not past due relates to invoices not past the expected payment date for trade receivables, contract receivables and other receivables. Included in not past due is also cash and cash equivalents.*

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

38 Financial risk management *continued*

38.6 Credit risk management *continued*

Financial assets that are past due, but not impaired

These are assets where contractual payments are past due, but where the Group does not expect a credit loss or future impairment as there has not been a significant change in credit quality and the amounts are still considered to be recoverable.

Over the last five financial years the impairment and/or write-off of contract and trade receivables from continuing operations has been below R35 million per year on an average revenue of R16,8 billion and contract and trade receivables balance of R2,8 billion.

An impairment of R20,1 million was recognised on trade and contract receivables, mainly due to a customer entering the business rescue process.

An amount of R3,3 million is considered to be past due, but not impaired for trade receivables whilst an amount of R241,6 million is considered past due, but not impaired for contract debtors. Per the table below, the financial assets past due, but not impaired have decreased mainly due to the loss of control of MRPL and its subsidiaries as well as Insig.

The credit quality of this category of financial assets that are neither passed due nor impaired ("not passed due") are considered appropriate.

The age of receivables that are past due but not impaired is:

All amounts are expressed in millions of Rands	< Three months	Three to six months	Six to twelve months	> Twelve months	Total
2023					
Trade receivables	**2,3**	**0,5**	**0,5**	**–**	**3,3**
Contract receivables	**145,9**	**58,7**	**20,4**	**108,0**	**333,0**
Other receivables	**74,5**	**11,8**	**31,7**	**56,4**	**174,4**
	222,7	**71,0**	**52,6**	**164,4**	**510,7**
2022					
Trade receivables	0,3	0,2	–	–	0,5
Contract receivables	1 585,0	41,4	72,6	203,7	1 902,7
Other receivables	48,1	4,8	25,0	86,5	164,4
	1 633,4	46,4	97,6	290,2	2 067,6

Loss allowance per segment

The Group decided to apply the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivable. At year end management believed that any material credit risk exposure was covered by ECL provisions.

All amounts are expressed in millions of Rands	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2023						
Trade receivables	**170,5**	**–**	**27,6**	**–**	**3,4**	**201,5**
Contract receivables	**–**	**10,0**	**21,0**	**–**	**–**	**31,0**
	170,5	**10,0**	**48,6**	**–**	**3,4**	**232,5**
2022						
Trade receivables	–	1,0	0,6	–	2,8	4,4
Contract receivables	–	10,0	45,8	–	–	55,8
	–	11,0	46,4	–	2,8	60,2

OUR BUSINESS
MATERIAL ISSUES
CHAIRMAN'S STATEMENT
CEOs/FDs REPORT
GROUP LEADERSHIP
MINING PLATFORM
PIW PLATFORM
RISK REPORT
REMUNERATION REPORT
ANNUAL FINANCIAL STATEMENTS
SHAREHOLDERS' INFORMATION

38 Financial risk management *continued*

38.6 Credit risk management *continued*

Reconciliation of loss allowance

All amounts are expressed in millions of Rands	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2023						
Balance at the beginning of the year	–	11,0	46,4	–	2,8	60,2
Raised during the year	170,5	–	43,9	–	–	214,4
Utilised during the year	–	(1,0)	(17,9)	–	–	(18,9)
Released during the year	–	–	(28,0)	–	–	(28,0)
Foreign exchange movements	–	–	4,2	–	0,6	4,8
	170,5	10,0	48,6	–	3,4	232,5

The ECL allowances raised in the current year, mainly relates to the provision raised in the Middle East due to the negative litigation appeal outcome, and a portion of a non-refundable contract obligation. The release of the ECL allowance in the current year relates mainly to a favourable arbitration ruling.

All amounts are expressed in millions of Rands	Bombela & Middle East	Power, Industrial & Water	Mining	Energy, Resources & Infrastructure	Corporate & Properties	Group
2022						
Balance at the beginning of the year	–	13,2	66,4	–	–	79,6
Raised during the year	–	–	–	–	3,5	3,5
Utilised during the year	–	(1,7)	–	–	–	(1,7)
Released during the year	–	(0,5)	(26,0)	–	(0,7)	(27,2)
Foreign exchange movements	–	–	6,0	–	–	6,0
	–	11,0	46,4	–	2,8	60,2

Notes to the annual financial statements *continued*
for the year ended 30 June 2023

38 Financial risk management *continued*

38.7 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors. The Group's liquidity risk management involves maintaining sufficient cash and available funding through borrowing facilities to meet obligations when due. Management monitors rolling cash flow forecasts of the Group's liquidity reserves comprising debt, undrawn borrowing facilities and cash and cash equivalents based on expected cash flows. Cash flow forecasts are compiled by each business unit in accordance with the requirements set by the Group. Additional borrowing facilities that the Group has at its disposal to reduce liquidity risk are listed in the table below. Certain financial institution borrowing facilities restrict the movement of cash internationally between related group entities, before obtaining approval. The Group manages these restrictions by ensuring that the appropriate level of facilities are in place within different operating regions. Currently, the four South African lending banks are 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.

Borrowing capacity

The Company's borrowing capacity is unlimited in terms of its Memorandum of Incorporation.

	Local			Foreign		
All amounts are expressed in millions of Rands	**Utilised**	**Available**	**Total**	**Utilised**	**Available**	**Total**
Borrowing facilities						
2023						
Direct Facilities						
Long term funding	**350,0**	**–**	**350,0**	**150,3**	**853,9**	**1 004,2**
Short term funding (overdraft facility)	**476,0**	**174,1**	**650,1**	**24,6**	**–**	**24,6**
Short term funding (cash management facility)	**–**	**74,4**	**74,4**	**–**	**–**	**–**
Asset based finance	**443,8**	**3,6**	**447,4**	**132,2**	**133,5**	**265,7**
Letters of credit	**–**	**5,5**	**5,5**	**–**	**–**	**–**
Other	**–**	**–**	**–**	**–**	**–**	**–**
	1 269,8	**257,6**	**1 527,4**	**307,1**	**987,4**	**1 294,5**
Indirect Facilities						
Guarantees	**1 862,9**	**–**	**1 862,9**	**659,2**	**517,2**	**1 176,4**
Foreign Exchange Contracts	**–**	**5,0**	**5,0**	**–**	**–**	**–**
Derivatives	**52,1**	**1,9**	**54,0**	**–**	**–**	**–**
	1 915,0	**6,9**	**1 921,9**	**659,2**	**517,2**	**1 176,4**
Total	**3 184,8**	**264,5**	**3 449,3**	**966,3**	**1 504,6**	**2 470,9**
2022						
Direct Facilities						
Long term funding	195,8	–	195,8	280,0	780,8	1 060,8
Short term funding (overdraft facility)	1 516,5	258,5	1 775,0	229,2	382,6	611,8
Short term funding (cash management facility)	–	11,0	11,0	–	–	–
Asset based finance	813,0	99,4	912,4	131,5	1 073,4	1 204,9
Letters of credit	59,3	15,7	75,0	–	35,6	35,6
Other	37,8	132,2	170,0	13,1	32,5	45,6
	2 622,4	516,8	3 139,2	653,8	2 304,9	2 958,7
Indirect Facilities						
Guarantees	2 263,4	968,8	3 232,2	6 393,5	3 151,4	9 544,9
Foreign Exchange Contracts	2,2	93,1	95,3	–	–	–
Derivatives	–	13,0	13,0	–	–	–
	2 265,6	1 074,9	3 340,5	6 393,5	3 151,4	9 544,9
Total	4 888,0	1 591,7	6 479,7	7 047,3	5 456,3	12 503,6

38 Financial risk management *continued*

38.8 Maturity profile of financial instruments

The maturity profile of the recognised financial instruments are summarised as follows. These profiles represent the undiscounted cash flows that are expected to occur in the future.

All amounts are expressed in millions of Rands	Notes	Within 1 year	Within the 2nd year	Within 3 to 5 years	Payable after the 5th year	Total
2023						
Financial liabilities						
Bank overdrafts	10 & 41	479,4	–	–	–	479,4
Interest bearing liabilities*	17	321,8	448,3	148,2	–	918,3
Non-interest bearing liabilities	17	–	–	–	–	–
Trade and other payables	23	2 305,8	–	–	–	2 305,8
Subcontractor liabilities	22	145,2	–	–	–	145,2
Long term payables	21	–	121,3	106,4	–	227,7
Financial liabilities held for sale		980,8	–	–	–	980,8

The current maturity of the recognised financial instruments are as follows:

All amounts are expressed in millions of Rands	Notes		< Three months	Three to six months	Six to twelve months	Total
2023						
Financial liabilities						
Bank overdrafts	10 & 41		3,4	176,0	300,0	479,4
Interest bearing liabilities*	17		124,4	58,2	139,2	321,8
Non-interest bearing liabilities	17		–	–	–	–
Trade and other payables	23		1 859,9	365,3	80,6	2 305,8
Subcontractor liabilities	22		35,0	2,0	108,2	145,2
Long term payables	21		–	–	–	–
Financial liabilities held for sale			–	–	980,8	980,8
2022						
Financial liabilities						
Bank overdrafts	10 & 41	1 525,8	–	–	–	1 525,8
Interest bearing liabilities*	17	426,8	311,8	435,8	–	1 174,4
Non-interest bearing liabilities	17	5,6	–	–	–	5,6
Trade and other payables	23	5 264,2	–	–	–	5 264,2
Subcontractor liabilities	22	1 399,3	–	–	–	1 399,3
Other payables		21,3	21,3	63,9	63,5	170,0
Financial liabilities held for sale		844,8	–	–	–	844,8

* *Excludes leases*

Notes to the annual financial statements *continued*
for the year ended 30 June 2023

39 Related party transactions, directors' emoluments and interest

39.1 Identity of related parties

The Group has a related party relationship with its subsidiary companies (Annexure 1), joint operations (note 36), retirement and other benefit plans (note 18) and with its directors, prescribed officers and key management personnel.

39.2 Related party transactions and balances

During the year the Company and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.

Balances between the Company and the subsidiaries have been eliminated on consolidation and are not disclosed in this note.

No significant disclosable transactions with related parties other than key management remuneration were entered into during the year.

39.3 Transactions with key management personnel

The key management personnel compensation, excluding the directors and prescribed officers are:

All amounts are expressed in millions of Rands	2023	2022
Salaries	18,4	29,2
Retirement fund contributions	1,2	2,4
Allowances	0,1	0,4
Other benefits	0,1	3,1
Total guaranteed remuneration	19,8	35,1
Gain on Forfeitable Share Awards	1,3	1,9
Performance related	8,9	12,0
	30,0	49,0

Executive Directors
The remuneration of executive directors for the year ended 30 June 2023 was as follows:

	Total guaranteed remuneration R'000	Performance related* R'000	Gain on Forfeitable Share Awards R'000	Other** R'000	Total R'000
2023					
DF Grobler	6 061	1 395	1 643	–	9 099
HJ Laas	8 337	2 501	3 283	118	14 239
	14 398	3 896	4 926	118	23 338
2022					
DF Grobler	5 113	2 320	2 878	–	10 311
HJ Laas	7 940	4 804	6 095	118	18 957
	13 053	7 124	8 973	118	29 268

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (FY2022: 30%) of the performance bonus was deferred into forfeitable share awards.*

** *Fringe benefit on company vehicle in FY2023 and FY2022.*

39 Related party transactions, directors' emoluments and interest *continued*

39.3 Transactions with key management personnel *continued*

The remuneration of executive directors and key management personnel is determined by the Remuneration and Human Resources Committee having regard to the performance of individuals and market trends.

Prescribed officers

	Total guaranteed remuneration R'000	Performance related* R'000	Other** R'000	Gain on Forfeitable Share Awards R'000	Total R'000
2023					
M Da Costa	**–**	**–**	**175**	**1 174**	**1 349**
S Harrison	**3 986**	**538**	**–**	**577**	**5 101**
IW Henstock (Resigned 12 December 2022)	**775**	**–**	**1 462**	**–**	**2 237**
T Mdluli	**3 842**	**768**	**–**	**761**	**5 371**
2022					
M Da Costa	4 875	2 614	–	1 870	9 359
S Harrison	3 796	660	–	1 400	5 856
IW Henstock	4 650	2 037	73	–	6 760
T Mdluli	3 659	1 336	–	1 298	6 293

	Total guaranteed remuneration AUD'000	Performance related AUD'000	Other** AUD'000	Gain on Forfeitable Share Awards AUD'000	Total AUD'000
2023					
M Da Costa	**833**	**138**	**–**	**–**	**971**
P Bennett (Resigned 15 December 2022)	**417**	**–**	**–**	**–**	**417**
2022					
P Bennett	957	725	–	–	1 682

* *Performance bonuses are accounted for on an accrual basis to match the amount payable to the applicable financial year end. 30% (FY2022: 30%) of the performance bonus was deferred into forfeitable share awards.*

** *Payment to purchase private life cover for 2 months, leave payout and 3.5 months consultancy fees.*

Non-Executive Directors

The level of fees for services as directors, additional fees for service on the Board committees and the chairman's fee are reviewed annually.

The remuneration of non-executive directors for the year ended 30 June 2023 excluding Independent Board Fees was:

	Directors fees R'000	Special board R'000	Committee fees R'000	Lead Independent fee R'000	Chairman's fee R'000	Total 2023 R'000	Total 2022 R'000
JA Boggenpoel	380	352	285	–	–	**1 017**	–
R Havenstein	–	352	–	1 318	–	**1 670**	1 674
SP Kana	–	–	–	–	1 868	**1 868**	1 786
NB Langa-Royds[1]	126	186	198	–	–	**510**	1 348
AK Maditsi	380	352	493	–	–	**1 225**	1 150
B Mawasha[2]	61	–	42	–	–	**103**	1 026
A Muller[3]	380	352	423	–	–	**1 155**	–
DC Radley[1]	126	186	159	–	–	**471**	1 236
CD Raphiri	380	352	419	–	–	**1 151**	1 143
	1 833	2 132	2 019	1 318	1 868	**9 170**	9 363

[1] *Retired 3 November 2022.*

[2] *Resigned 31 August 2022.*

[3] *Appointed 1 July 2022.*

The remuneration of non-executive directors is submitted to the annual general meeting for approval in advance of such payment being made.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

39 Related party transactions, directors' emoluments and interest *continued*

39.3 Transactions with key management personnel *continued*

Share option: The movements in share options of executive directors during the year ended 30 June 2023 are:

Executive directors and prescribed officers

Cash-settled Conditional Rights

Name	Date	Opening Balance	Number of rights allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance
HJ Laas	Sep 19	150 000	–	–	(22 500)	(127 500)	–
HJ Laas	Oct 20	2 103 500	–	–	–	–	2 103 500
HJ Laas	Sep 21	1 477 500	–	–	–	–	1 477 500
D Grobler	Sep 21	701 000	–	–	–	–	701 000
T Mdluli	Sep 21	322 500	–	–	–	–	322 500
S Harrison	Sep 21	297 500	–	–	–	–	297 500
M Da Costa	Sep 21	525 000	–	–	–	–	525 000

Executive directors and prescribed officers

The movements in FSP shares of directors and prescribed officers during the year ended 30 June 2023 are:

	Balance at 1 July 2022	Granted during the year	Vested	Forfeited	**Balance at 30 June 2023**
M Da Costa	1 182 000	–	(65 175)	(369 325)	**747 500**
DF Grobler	1 577 500	805 500	(87 000)	(493 000)	**1 803 000**
S Harrison	843 000	296 000	(52 500)	(297 500)	**789 000**
HJ Laas	1 072 500	–	(160 875)	(911 625)	**–**
T Mdluli	726 000	321 000	(40 050)	(226 950)	**780 000**

The movements in FSP STI shares of directors during the year ended 30 June 2023 are:

	Balance at 1 July 2022	Granted during the year	Vested	Forfeited	**Balance at 30 June 2023**
M Da Costa	124 059	86 952	(65 962)	–	**145 049**
DF Grobler	187 334	77 167	(96 562)	–	**167 939**
S Harrison	21 002	21 946	(11 930)	–	**31 018**
HJ Laas	399 175	–	(205 981)	–	**193 194**
T Mdluli	87 655	44 421	(44 976)	–	**87 100**

Interest of directors in contracts

A register detailing directors' interests in the Company is available for inspection at the Company's registered office.

Directors' service contracts

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. Normal retirement of executive directors and senior management is at age 63, however this is subject to specific legislation in the countries within which Murray & Roberts operates.

40 Capital commitments

All amounts are expressed in millions of Rands	2023	2022
Approved by the directors, contracted and not provided in the statement of financial position	13,6	93,7
Approved by the directors, not yet contracted for	246,4	1 421,3
	260,0	1 515,0

41 Prior period restatement

During the current 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 should not have 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 Statement of Cash Flows, Note 10 and Note 34 being restated as per below:

Consolidated Statement of Cash Flows

All amounts are expressed in millions of Rands	Previously reported	Adjustment	Restated
Cash flows from operating activities	(175,1)	–	(175,1)
Cash flows from investing activities	(1 009,1)	–	(1 009,1)
Cash flows from financing activities	(542,0)	67,6	(474,4)
Net disposal/(acquisition) of treasury shares	88,7	–	88,7
Net movement in borrowings	(630,7)	–	(630,7)
Net movement in bank overdraft	–	67,6	67,6
– Overdraft drawdowns	–	1 415,4	1 415,4
– Overdraft repayments	–	(1 347,8)	(1 347,8)
Total (decrease)/increase in net cash and cash equivalents	(1 726,2)	67,6	(1 658,6)
Net cash and cash equivalents at beginning of year	2 291,4	1 312,5	3 603,9
Effect of exchange rates	177,5	–	177,5
Net cash and cash equivalents at end of year^	742,7	1 380,1	2 122,8
^ Cash and cash equivalents balance comprise:			
– Cash	*2 255,8*	–	*2 255,8*
– Reclassification to held for sale	*12,7*	–	*12,7*
– Overdraft	*(1 525,8)*	*1 380,1*	*(145,7)*

Extract of notes to the annual financial statements

Note 10. Net cash and cash equivalents

Net cash and cash equivalents included in the statement of cash flows comprise the following amounts:

All amounts are expressed in millions of Rands	Previously reported	Adjustment	Restated
Bank balances	2 005,9	–	2 005,9
Restricted cash	249,9	–	249,9
Cash and cash equivalents	2 255,8	–	2 255,8
Bank overdrafts	(1 525,8)	1 380,1	(145,7)
	730,0	1 380,1	2 110,1

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

41 Prior period restatement *continued*

Consolidated Statement of Cash Flows *continued*

Extract of notes to the annual financial statements *continued*

Note 34. Cash generated from operations

All amounts are expressed in millions of Rands	Previously reported	Adjustment	Restated
NET CASH/DEBT RECONCILIATION			
Net cash/(debt) at 30 June 2021	709,4	–	**709,4**
Total decrease in cash and cash equivalents	(1 726,2)	67,6	**(1 658,6)**
Loans raised	(634,9)	–	**(634,9)**
Loans repaid	844,8	–	**844,8**
Leases repaid	420,8	–	**420,8**
Leases raised (non-cash)	(501,4)	–	**(501,4)**
Asset based finance raised	(414,9)	–	**(414,9)**
Lease reassessment and modification	55,8	–	**55,8**
Overdraft drawdowns	–	(1 415,4)	**(1 415,4)**
Overdraft repayments	–	1 347,8	**1 347,8**
Foreign exchange movements	105,5	–	**105,5**
Other	68,1	–	**68,1**
Net cash/(debt) at 30 June 2022	(1 073,0)	(0,0)	**(1 073,0)**

42 Events after reporting period

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 member, the Review Application lodged with the Court of Cassation, the highest court in the Emirate, against its previously issued ruling in favour of the client's claim, was unsuccessful. Based on further evidence of misrepresentation that has recently come to light from a related case before the courts, the legal advisors representing MRCAD have recommended that a new application be lodged with the Court of Cassation for it to reconsider its Review Application decision, considering this new evidence. This application is in the process of being prepared.

In the intervening period, a claim has been lodged by a UAE-based bank ("the bank"), and a summons has been issued in South Africa against Murray & Roberts Limited, in relation to the Parent Company Guarantee it issued in favour of the bank for a bond that was issued to the bank on the Al Mafraq Hospital project, which was called by the client. The claim is in relation to a circa AED150 million fully drawn facility (R770 million at year end) and is tied to the legal dispute in Abu Dhabi. In response, a notice of intention to defend has been lodged on behalf of Murray & Roberts Limited. Legal advice is that strong and compelling defences are available and will be formulated in the weeks ahead. The legal process in South Africa is expected to be protracted and will take several years to conclude. The occurrences post year end were not considered to be adjusting events. No liability has been recognised with respect to the Parent Company Guarantee. The drawdown on the bank overdraft continues to be recognised as short term borrowings in liabilities held for sale.

Subsequent to year end, 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 requires 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. The above occurrence is not considered to be an adjusting event.

The directors are not aware of any other matter or circumstance, other than noted above, arising since the end of the financial year not otherwise dealt with in the Group and Company annual financial statements which significantly affects the financial position at 30 June 2023 or the results of its operations or cash flows for the year 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 year results.

43 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below.

Revenue recognition and contract accounting

Other information

The Group uses certain assumptions and key factors in the management of and reporting for its contracting arrangements.

These assumptions are material and relate to:

- The determination of performance obligations;
- The estimation of costs to completion and the determination of the percentage of completion;
- The estimation of contract profit margin;
- The estimation of onerous contract provisions;
- The recognition of penalties and claims on contracts;
- The recoverability of under claims (contracts-in-progress) and uncertified revenue balances; and
- The recognition of contract incentives.

Performance obligations

IFRS 15 provides guidance as to whether a construction contract or engineering service should be treated as one performance obligation or multiple performance obligations. If a construction contract had multiple sub-level performance obligations which are highly integrated with each other, the construction contract is considered a significant integrated service with one performance obligation. This requires judgement and each contract is assessed individually. In applying the IFRS 15 guidance most contracts are seen as single performance obligations for group purposes.

The estimation of costs to completion and the determination of the percentage of completion

The use of the input method (percentage of completion) requires the Group to estimate the cost of construction and engineering services provided to date as a proportion of the total estimated cost of these services to be performed.

The use of the output method requires progress to be measured on a contract through direct measurement. The Group's engineers and quantity surveyors exercise their judgement in estimating progress based on performance on the contract or achievement of milestones.

Contract profit margin and onerous contract provisions

The total expected contract profit margin is dependent on the total estimated revenue and the total estimated cost. Where total estimated cost exceeds total estimated revenue, the unavoidable expected loss is provided for as an onerous contract provision.

The recognition of penalties and claims on contracts

The recognition of penalties and claims on contracts requires significant estimation and judgement. The Group uses experts to assess the merits of claims for and against the Group, and to determine their quantum. Claims in favour of the Group are only recognised to the extent that it is highly probable that the revenue will not reverse.

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

43 Critical accounting estimates and judgements *continued*

Revenue recognition and contract accounting *continued*

The recoverability of under claims (contracts-in-progress) and uncertified revenue balances

Revenue may only be recognised when it is highly probable that the revenue will not be reversed. Assessing whether under claims and uncertified revenue balances are recoverable involves significant judgement. The Group's experts, engineers and quantity surveyors are required to estimate the probability/likelihood of revenue being reversed, when recognising under claims and uncertified revenue balances.

The recognition of contract incentives (variable consideration)

It is common for the Group's contracts with customers to include contract incentives (variable considerations) based on certain industry-related KPIs, such as bonuses or penalties based on specifications, timeliness of completion or minimum targets. Any variable consideration contained in a contract is only recognised to the extent that the Group deems it highly probable that a significant reversal in the amount of revenue recognised will not occur. The estimate is based on all available information including historic performance. When it is not highly probable that the Group can avoid contract penalties, then those penalties are deducted from the total estimated revenue in determining revenue.

The Group utilises experts and probabilities in determining the amount to be recognised relating to uncertified revenues and that the amounts currently recognised are recoverable. Uncertified revenue recognised in the current year amounted to R445,1 million (FY2022: R1,2 billion) (refer to note 8).

The level of revenue recognition on construction contracts, which includes a portion of the claims submitted, is prudent and justifiable in terms of each contract, given the complexity and magnitude of claims and variation orders still to be resolved.

Determining the type of joint arrangement

When a joint arrangement is within a separate legal entity, the Group performs further analysis on the underlying contractual agreements to determine whether the arrangement grants rights to assets and obligations for liabilities (joint operation), or grants rights to net assets (joint venture). The interpretation of contractual terms included in partner and project contracts with clients requires judgement. The joint arrangement partners' rights and obligations included in these agreements as well as whether the partners are jointly and severally liable to execute projects with third parties are key factors.

Estimated impairment of goodwill

Assumptions were made in assessing any possible impairment of goodwill. Details of these assumptions and risk factors are set out in note 3.

Estimation of the fair value of share options

Assumptions were made in the valuation of the Group's share options. Details of the assumptions used are set out in note 12.

Estimated value of employee benefit plans

Assumptions were made in the valuation of the Group's retirement and other benefit plans. Details of the assumptions and risk factors used are set out in note 18.

Recognition of deferred taxation assets

Deferred taxation is recognised for the carry forward of unused taxation losses and unused taxation credits to the extent that it is probable that future taxable profit will be available against which the unused taxation losses and unused taxation credits can be utilised. The assumptions and estimates made by management in raising these deferred taxation assets relate to the unpredictability of the geographical source of future profits and an evaluation of the level of taxation losses.

Recognition of trade name

Trade names are recognised as intangible assets at year end. The trade name arose on the acquisition of Tera Nova Technologies and is considered to have an indefinite useful life as there is no foreseeable limit to the period over which it is expected to generate cash flows. A valuation of the trade name is performed by an external party annually to assess for impairment and based on tests performed in the current year, no impairment was deemed necessary.

44 New standards and interpretations

44.1 New, amended and revised standards adopted during FY2023

No new, amended and revised standards adopted during FY2023 had a material impact on the Group.

44.2 Standards and interpretations not yet effective

Set out below are the significant new and revised accounting standards/interpretations that apply in the future. Management is currently assessing the impact of these amendments and new interpretations.

Standards/Interpretation	Type	Effective date
IAS 1: Presentation of Financial Statements (classification of liabilities)	Amendment	Financial years commencing on or after 1 January 2024
IAS 1: Presentation of Financial Statements (classification of debt with covenants)	Amendment	Financial years commencing on or after 1 January 2024
IAS 1: Presentation of Financial Statements (disclosure of accounting policies)	Amendment	Financial years commencing on or after 1 January 2023
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (definition of accounting estimates)	Amendment	Financial years commencing on or after 1 January 2023
IAS 12: Income Taxes (deferred tax on leases and decommissioning obligations)	Amendment	Financial years commencing on or after 1 January 2023
IAS 12: Income Taxes (temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes)	Amendment	Financial years commencing on or after 1 January 2023
IAS 7: Statement of Cash Flows (regarding supplier finance arrangements)	Amendment	Financial years commencing on or after 1 January 2024
IFRS 16: Leases (seller-lessee subsequently measures sale and leaseback transactions)	Amendment	Financial years commencing on or after 1 January 2024
IFRS 7: Financial Instruments: Disclosures (regarding supplier finance arrangements)	Amendment	Financial years commencing on or after 1 January 2024
IFRS 17: Insurance Contracts (original issue)	New standard	Financial years commencing on or after 1 January 2023
IFRS 17: Insurance Contracts (regarding initial application)	Amendment	Financial years commencing on or after 1 January 2023
IFRS 17: Insurance Contracts (amendments to address concerns and implementation challenges that were identified after IFRS 17 was published)	Amendment	Financial years commencing on or after 1 January 2023

Notes to the annual financial statements *continued*

for the year ended 30 June 2023

45 Going concern

Developments in the business

The Group's liquidity position started coming under pressure during the 2020 and 2021 COVID-19 pandemic years, as the Group received no dividends from its investment in the Bombela Concession Company ("BCC") or from its international businesses. With the Group's liquidity position already strained, the cumulative impacts of the COVID-19 pandemic and the effects of the war in Ukraine on projects, resulted in a continuing and increasing liquidity challenge for the Group. Specific areas of impact, amongst others, included disruption in supply chains and border restrictions which delayed project progress and resulted in the associated deferral of milestone payments, as well as an increase in project cost resulting from unforeseen price escalations caused by higher levels of global inflation, which all added to an already difficult commercial environment.

Energy, Resources & Infrastructure and Mining Australia

These impacts were particularly pronounced in the Energy, Resources & Infrastructure ("ERI") platform, which had several large, fixed price projects under construction. These unprecedented impacts on projects and the challenging commercial environment placed rapidly increasing pressure on the working capital requirements of the ERI platform, and consequently the Group's liquidity position. As a result of delays in numerous milestone payments, slower than anticipated settlement of project claims, and increased project costs, cash flow pressures in the ERI platform gave rise to the need for a capital injection for this business to realise its full potential value. As the Group did not have the capacity to provide the required capital injection, it commenced a process to sell Clough Limited ("Clough"). This potential transaction unfortunately failed at a late stage of the negotiations, and the directors of Clough had no alternative but to place Clough into voluntary administration on 5 December 2022.

Clough held a loan receivable from Murray & Roberts Pty Ltd ("MRPL"), the Group's Australian holding company at the time. MRPL did not have the capacity to settle the receivable which was payable on demand, and as the receivable would have been called by the administrators of Clough as part of the liquidation process, MRPL also had to be placed into voluntary administration. The Group lost control of MRPL as a result, and of its two Australian subsidiaries, Clough and RUC Cementation Mining Contractors Pty Ltd ("RUC"). In the Group financial statements for the year ended 30 June 2023, MRPL, Clough and RUC have been deconsolidated with effect from 5 December 2022. The FY2023 financial results of these three companies, up to 5 December 2022, and the impact of the deconsolidation, are reported as part of discontinued operations. Similarly, as required in terms of IFRS, results for the comparative period (FY2022), have been restated accordingly (with MRPL, Clough and RUC being reported as part of discontinued operations).

Following the deconsolidation of the three companies in Australia, the Group now delivers projects through two business platforms: the Mining platform, comprising its two regional businesses in Africa and the Americas, and the Power, Industrial & Water ("PIW") platform which focuses on Sub-Saharan Africa.

Mining Africa and Americas

As a mature business and working in a sector which contracts under less onerous commercial terms, the Mining platform does not experience the same levels of demand on working capital. It is also operating in a strong performing sector with growth potential.

Power, Industrial & Water ("PIW")

During the current financial year, the PIW platform experienced more favourable market conditions and its healthy 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 member, the Review Application lodged with the Court of Cassation, the highest court in the Emirate, against its previously issued ruling in favour of the client's claim, was unsuccessful. Based on further evidence, the legal advisors representing MRCAD have recommended that a new application be lodged with the Court of Cassation for it to reconsider its Review Application decision, considering this new evidence. This application is in the process of being prepared.

In the intervening period, a claim has been lodged by a UAE-based bank ("the bank"), and a summons has been issued in South Africa against Murray & Roberts Limited, in relation to the Parent Company Guarantee it issued in favour of the bank for a bond that was issued to the bank on the Al Mafraq Hospital project, which was called by the client. The claim is in relation to a circa AED150 million fully drawn facility (R770 million at year end) and is tied to the legal dispute in Abu Dhabi. In response, a notice of intention to defend has been lodged on behalf of Murray & Roberts Limited. Legal advice is that strong and compelling defences are available and will be formulated in the weeks ahead. The legal process in South Africa is expected to be protracted and will take several years to conclude.

45 Going concern *continued*

Overdraft and term debt facilities

The Group previously had a short term overdraft facility in South Africa, and due to increasing liquidity pressure, concluded a debt refinancing and restructuring process with four South African banks in November 2022. The R1,675 million overdraft facility was restructured into an overdraft facility of R0,65 billion and a Term Loan of R1,35 billion resulting in a term loan facility of R1,35 billion and a short term overdraft facility of R0,65 billion – totalling a combined facility of R2 billion.

The sale of the Group's investment in BCC closed on 03 April 2023, and R1 billion of the proceeds were applied to significantly deleverage the Group by reducing the term debt to R350 million. This remaining balance of the term debt is repayable in two tranches, R50 million in September 2023 and R300 million in August 2024. The overdraft facility terms were unchanged.

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 at 30 June 2023, covenants would not have been met and a covenant measurement waiver was thus obtained on 30 June 2023. 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 30 June 2023.

The Group performed a going concern assessment at year end, 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 two remaining platforms to the end of the 2024 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 term debt as it falls due, and its ability to continue as a going concern:

- Term Debt Repayment: To settle the term debt, the Group requires dividend payments from its international mining subsidiaries, to Murray & Roberts Limited in South Africa. Based on forecasts, these international mining subsidiaries are performing well, and it is expected that they will generate enough cash inflows to be able to declare sufficient dividends going forward, thereby assisting in the repayment of the South African term debt. The Group is currently renegotiating covenants with the banks of these international mining subsidiaries to enable such dividend payments to be made.
- Banking Facilities: As at 30 June 2023, the Group had the following facilities in place (disclosed in note 38.7):
  - Direct banking facilities in South Africa in place of R1,5 billion, with R0,3 billion of unutilised facilities available.
  - Direct foreign banking facilities in place were R1,3 billion with R1,0 billion of unutilised facilities available.
  - Indirect local banking facilities in place were R1,9 billion with R0,0 billion of unutilised facilities available. Currently, the four South African lending banks are 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 were R1,2 billion with R0,5 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 Requirements: The Group is working closely with the four South African lenders to meet their deleveraging expectations and is assisted by Deloitte as advisors in this regard together with the development of a sustainable capital structure. The implementation of the deleveraging plan is expected to be complete within a 12 to 18 month time period following South African lender approval.

Conclusion

The Group is confident that it would be able to implement the actions outlined above, and any potential financial restructuring that may be required, 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 repay the term debt, or the South African banks rejecting the deleveraging plan, these conditions give rise to a material uncertainty which may cast significant doubt on the Group and the Group's ability to continue as a going concern and, therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

Company statement of financial position

as at 30 June 2023

All amounts are expressed in millions of Rands	Notes	2023	2022
ASSETS			
Non-current assets			
Investment in subsidiary company	2	**33,5**	33,5
Amount due from subsidiary company	2	**1 807,5**	3 588,7
Total non-current assets		**1 841,0**	3 622,2
Current assets			
Trade and other receivables		**–**	0,1
Cash and cash equivalents		**–**	0,8
Total current assets		**–**	0,9
Total assets		**1 841,0**	3 623,1
EQUITY AND LIABILITIES			
Equity			
Stated capital	4	**3 582,8**	3 582,8
Non-distributable reserves		**18,2**	34,0
Retained earnings		**(1 762,6)**	0,1
Total ordinary shareholders' equity		**1 838,4**	3 616,9
Current liabilities			
Trade and other payables		**2,6**	6,2
Total current liabilities		**2,6**	6,2
Total equity and liabilities		**1 841,0**	3 623,1

Company statement of financial performance

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	2023	2022
Revenue		
Fees received from subsidiary company	**9,7**	11,0
Dividend received	**–**	–
Total expenses	**(1 772,4)**	(11,5)
Auditor's remuneration	**(0,2)**	(0,2)
JSE fees	**(0,3)**	(0,3)
Impairment of amount due from subsidiary company	**(1 778,5)**	–
Share based payment expense reversal	**15,8**	–
Other	**(9,2)**	(11,0)
Loss before taxation	**(1 762,7)**	(0,5)
Taxation expense	**–**	–
Loss for the year	**(1 762,7)**	(0,5)

Company statement of comprehensive income

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	2023	2022
Loss for the year	(1 762,7)	(0,5)
Other comprehensive income	–	–
Total comprehensive loss for the year	(1 762,7)	(0,5)

Company statement of changes in equity

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	Stated capital	Capital redemption reserve	Share-based payment reserve	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited
Balance at 01 July 2021	3 582,8	0,9	52,0	0,6	3 636,3
Total comprehensive loss for the year	–	–	–	(0,5)	(0,5)
Utilisation of share-based payment reserve	–	–	(18,9)	–	(18,9)
Balance at 01 July 2022	3 582,8	0,9	33,1	0,1	3 616,9
Total comprehensive loss for the year	–	–	–	(1 762,7)	(1 762,7)
Recognition of share-based payment	–	–	(10,7)	–	(10,7)
Utilisation of share-based payment reserve	–	–	(5,1)	–	(5,1)
Balance at 30 June 2023	3 582,8	0,9	17,3	(1 762,6)	1 838,4

Company statement of cash flows

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	2023	2022
Loss before taxation	(1 762,7)	(0,5)
Adjustment for:		
Non-cash items	1 762,7	–
Changes in working capital	(3,5)	3,6
Decrease in trade and other receivables	0,1	–
(Decrease)/increase in trade and other payables	(3,6)	3,6
Operating cash flow	(3,5)	3,1
Taxation received	–	0,1
Cash flow from operating activities	(3,5)	3,2
Loans issued to subsidiary	(11,9)	–
Loan repayments received from subsidiary	14,6	–
Cash flow from investing activities	2,7	–
Increase in amounts due from subsidiary company	–	(3,1)
Cash flow from financing activities	–	(3,1)
Net (decrease)/increase in cash and cash equivalents	(0,8)	0,1
Net cash and cash equivalents at beginning of year	0,8	0,7
Net cash and cash equivalents at end of year	–	0,8

Notes to the company financial statements

for the year ended 30 June 2023

1 Accounting policies

These financial statements are prepared according to the same accounting policies used in preparing the consolidated financial statements of the Group other than accounting policy 1.3 which deals with the basis of consolidation.

The accounting policies are set out on pages 98 to 113.

2 Investment in subsidiary company

All amounts are expressed in millions of Rands	2023	2022
Shares at cost	0,4	0,4
Investment in shares – Forfeitable Share Plan	33,1	33,1
Amount due from subsidiary company	3 586,0	3 588,7
Impairment of amount due from subsidiary company	(1 778,5)	–
	1 841,0	3 622,2

The amount due from subsidiary company (being Murray & Roberts Investments) is unsecured, interest free and does not have any fixed repayment terms (Annexure 1). The intention is to not call this loan in the next 12 months. The Company monitors its credit exposure to loans advanced to the subsidiary on an ongoing basis by assessing the subsidiary's financial position at reporting date. Credit risk for loans to related parties has increased in the current year mainly as a result of the loss of various subsidiaries within the Group (refer to note 38 for further details). The ECL assessment has been performed by management by evaluating the liquidity position, future projected cash flows taking into account macro-economic factors and forward looking information as included in note 38.6. The ECL allowance was raised based on the assessment performed. The remaining value of the loan is deemed to be recoverable based on the cash flow forecast assessments performed.

3 Amount owing from Murray & Roberts Trust

All amounts are expressed in millions of Rands	2023	2022
Amount due	235,0	235,0
Impairment	(235,0)	(235,0)
	–	–

The amount due from the Murray & Roberts Trust ("Trust") is unsecured, interest free and does not have any fixed repayment terms.

The Company has subordinated its claims against the Trust in favour of all other creditors of the Trust. The agreement between the Trust and the Company will remain in force and in effect for as long as the liabilities of the Trust exceed its assets fairly valued.

4 Stated capital

All amounts are expressed in millions of Rands	2023	2022
Authorised		
750 000 000 shares of no par value		
Issued and fully paid		
444 736 118 shares of no par value		
Net stated capital	3 582,8	3 582,8

Notes to the company financial statements *continued*

for the year ended 30 June 2023

5 Emoluments of directors

All amounts are expressed in millions of Rands	2023	2022
Executive directors (paid by subsidiary companies)	23,3	29,2
Non-executive directors (paid by the Company)	9,2	10,4
Number of directors at year end	8	8

Details of individual director emoluments are disclosed in note 39 in the consolidated financial statements.

6 Contingent liabilities

All amounts are expressed in millions of Rands	2023	2022
There are contingent liabilities in respect of limited and unlimited guarantees covering loans, banking facilities and other obligations of joint operations, subsidiary companies and other persons. The contingent liabilities at 30 June 2023 covered by such guarantees amount to:	3 358,8	2 757,5

7 Events after reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year not otherwise dealt with in the Group and the Company annual financial statements which significantly affects the financial position at 30 June 2023 or the results of its operations or cash flows for the year then ended.

Annexure 1
Major operating subsidiaries

a) Direct

	Issued share capital in Rands	Interest in issued share capital 2023 %	Interest in issued share capital 2022 %	Cost of investment 2023 R'm	Cost of investment 2022 R'm	Loan Account 2023 R'm	Loan Account 2022 R'm
Murray & Roberts Investments Limited	68 000	**100**	100	**0,4**	0,4	**1 807,5**	3 588,7

b) Indirect

		Issued share capital (in Rands unless otherwise stated)	Proportion ownership interest 2023 %	Proportion ownership interest 2022 %	Proportion of voting power held 2023 %	Proportion of voting power held 2022 %
Murray & Roberts Limited		60	**100**	100	**100**	100
Mining						
Cementation Canada Inc. (incorporated in Canada)	CAD	2 700 010	**100**	100	**100**	100
Murray & Roberts Cementation Proprietary Limited	ZAR	1 750 000	**100**	100	**100**	100
Cementation USA Inc. (incorporated in Nevada, United States of America)	USD	5 000	**100**	100	**100**	100
RUC Mining Cementation Contractors Proprietary Limited (incorporated in Australia)	AUD	808 754	**–**	100	**–**	100
Terra Nova Technologies USA Inc. (incorporated in the USA)	USD	1	**100**	100	**100**	100
InSig Technologies (incorporated in Australia)	AUD	200 000	**–**	65	**–**	65
Energy, Resources & Infrastructure						
Clough Limited (incorporated in Australia)	AUD	219 973 000	**–**	100	**–**	100
Corporate & Properties						
Murray & Roberts Pty Ltd (incorporated in Australia)	AUD	632 223 872	**–**	100	**–**	100

Annexure 2
Interest bearing borrowings

	Financial year of redemption	Closing interest rate (effective NACM – variable rates linked to primes rate of domiciled country) 2023 %	2022 %	Amount 2023 R'm	2022 R'm
Secured					
Bullet Payment (ZAR)	2025	–	10,15	–	191,9
Equal monthly instalments (USD)	2024	7,70	3,00	84,3	169,8
Monthly (AUD)	2029	–	1,86	–	36,5
Annually (AUD)	2023	–	2,20	–	82,9
Annually (AUD)	2025	6,91	7,00	65,9	80,2
Annually (ZAR)	2024	11,42	–	352,2	–
Monthly (USD)	2027	5,97	–	123,4	–
Monthly (CAD)	2027	5,97	–	8,9	–
Monthly (NAD)	2023	11,00	8,00	11,4	126,8
Monthly (ZAR)	2023 – 2027	9,78	7,03	212,3	292,7
				858,4	980,8
Unsecured					
No fixed terms of repayment (USD)		9,06	3,74	24,6	82,4
Revolving 60 day		–	5,90	–	63,8
Various obligations each under R10 million at varying rates of interest and on varying terms of repayment (ZAR and AUD)		4,75	–	14,6	22,6
Bank overdrafts		–	–	479,4	1 525,8
				518,6	1 694,6
Leases					
Varying rates of interest^		5,0 – 8,5	4,2 – 12,0		
Specific project property, plant and equipment				156,1	660,5
Total Group				1 533,1	3 335,9
Reflected in the notes under:					
Long term loans (note 17)					
Interest bearing secured loans				575,8	722,8
Interest bearing unsecured loans				–	–
Leases				130,4	469,8
Bank overdrafts (note 10)				479,4	1 525,8
Short term loans (note 24)					
Current portion of long term borrowings				321,8	426,8
Current portion of leases				25,7	190,7
				1 533,1	3 335,9

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 facility. If financial covenants were assessed at 30 June 2023, covenants would not have been met and a covenant measurement waiver was thus obtained on 30 June 2023. It was also agreed that the covenants would be renegotiated, considering the current Group structure. Refer to note 32 for further details.

^ *Interest rate range on leases includes the rate implicit in the leases where applicable.*

Annexure 3
Group segmental report

The operating segments reflect the management structure of the Group which is based on the service offering of each operating segment in terms of the sector of the natural resources market to which that operating segment relates. This is also reflective of the manner in which performance is evaluated and resources allocated as managed by the Group's chief operating decision makers, as required per IFRS 8: *Operating Segments.*

The Group's operating segments are categorised as follows:

Bombela

- **PPP Investments & Services**

  This segment includes the Group's infrastructure concession investment in BCC.

Power, Industrial & Water

The platform comprises four businesses: Projects (which includes Power – Renewables and Gas, Petrochemical, Resources & Industrial), Water, Transmission & Distribution (which includes Electrical & Instrumentation) and PV Solar. The platform is structured as a project execution business for the above sectors, offering EPC, SMEIP 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.

Mining

The platform comprises the following businesses: Murray & Roberts Cementation (Johannesburg-based); Cementation Canada (North Bay-based); Cementation USA (Salt Lake City-based) and Cementation Sudamérica (Santiago-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.

During the current financial year, the Group's Australian operations were placed into voluntary administration and consequently deconsolidated. This resulted in the Energy, Resources & Infrastructure segment as well as the Australian component of the Mining segment being classified as discontinued operations.

Inter-segmental transfers

Segmental revenue, segmental expenses and segmental results include transfers between operating segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

Segmental revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets of segments principally comprise property, plant and equipment, investments, inventories, intangible assets, contracts-in-progress and receivables, net of allowances. Cash and taxation balances are excluded. Segment assets are allocated to the geographic segments based on where the assets are located.

Segmental liabilities

All operating liabilities of segments principally comprise accounts payable, amounts due to contract customers, subcontractor liabilities and external interest bearing borrowings. Bank overdrafts and taxation balances are excluded.

Discontinued operations

Discontinued operations in the current year comprise the Murray & Roberts Pty Ltd and its subsidiaries Clough Limited ("Clough") and RUC Cementation Mining Contractors ("RUC"), Insig, Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Buildings Platform and the Genrec Operations.

Annexure 3
Group segmental report *continued*

All amounts are expressed in millions of Rands	Bombela	Power, Industrial & Water	Mining[3]	Corporate & Properties	Total
Continuing Segments					
2023					
Revenue[1]	–	1 331	11 126	3	12 460
Construction contracts	–	881	10 834	–	11 715
Sale of goods	–	450	–	–	450
Rendering of services	–	–	292	–	292
Properties	–	–	–	3	3
Other	–	–	–	–	–
Intersegmental revenue	–	–	–	–	–
Gross revenue	–	1 331	11 126	3	12 460
Results					
Profit/(loss) before interest and taxation[2]	30	(47)	313	(205)	91
Interest expense	(35)	(11)	(60)	(174)	(280)
Interest income	–	1	9	3	13
(Loss)/profit before taxation	(5)	(57)	262	(376)	(176)
Taxation expense	–	(2)	(97)	(7)	(106)
(Loss)/profit after taxation	(5)	(59)	165	(383)	(282)
Non-controlling interests	–	(2)	4	–	2
	(5)	(61)	169	(383)	(280)
Other information					
Purchases of property, plant and equipment	–	37	499	3	539
Purchases of other intangible assets	–	–	3	2	5
Depreciation	–	22	294	22	338
Amortisation of other intangible assets	–	–	20	3	23
Fair value adjustment on BCC	30	–	–	–	30
Impairment of trade receivables and contract receivables	–	–	44	–	44
Impairment of property, plant and equipment	–	–	10	–	10
Impairment of inventory	–	4	12	–	16
Salaries & wages	–	183	5 750	39	5 972
Fees paid	(18)	13	8	135	138
Computer costs	–	2	76	45	123
Direct material costs	–	1 091	2 790	–	3 881
Direct subcontractor costs	–	492	–	–	492
Number of employees	–	849	4 551	39	5 439

1 Segmental revenue reported above includes revenue generated from external customers.

2 The chief operating decision makers utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

3 Mining includes Cementation Africa and Cementation Americas.

All amounts are expressed in millions of Rands	Bombela	Power, Industrial & Water	Mining[3]	Corporate & Properties	Total
Continuing Segments *continued*					
2022*					
Revenue[1]	–	810	7 941	4	8 755
Construction contracts	–	641	7 694	–	8 335
Sale of goods	–	169	–	–	169
Rendering of services	–	–	247	–	247
Properties	–	–	–	4	4
Other	–	–	–	–	–
Intersegmental revenue	–	–	96	–	96
Gross revenue	–	810	8 037	4	8 851
Results					
Profit/(loss) before interest and taxation[2]	193	(155)	234	(190)	82
Interest expense	(14)	(13)	(54)	(116)	(197)
Interest income	–	–	6	5	11
Profit/(loss) before taxation	179	(168)	186	(301)	(104)
Taxation expense	–	(8)	(66)	–	(74)
Profit/(loss) after taxation	179	(176)	120	(301)	(178)
Non-controlling interests	–	(1)	3	–	2
	179	(177)	123	(301)	(176)
Other information					
Purchases of property, plant and equipment	–	12	455	3	470
Purchases of other intangible assets	–	–	14	–	14
Depreciation	–	21	331	29	381
Amortisation of other intangible assets	–	1	16	3	20
Fair value adjustment on BCC	193	–	–	–	193
Impairment of trade receivables and contract receivables	–	–	–	4	4
Impairment of inventory	–	–	7	–	7
Salaries & wages	–	292	4 305	47	4 644
Fees paid	–	11	23	14	48
Computer costs	–	2	65	47	114
Direct material costs	–	472	1 722	–	2 194
Direct subcontractor costs	–	–	231	–	231
Number of employees	–	498	4 202	49	4 749

1 Segmental revenue reported above includes revenue generated from external customers.

2 The chief operating decision makers utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

3 Mining includes Cementation Africa and Cementation Americas.

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

Annexure 3
Group segmental report *continued*

All amounts are expressed in millions of Rands	Middle East	Mining Australia[3]	Clough	Other[4]	Total
Discontinued Segments					
2023					
Revenue[1]	–	2 070	9 858	36	11 964
Construction contracts	–	2 040	9 245	36	11 321
Sale of goods	–	–	–	–	–
Rendering of services	–	30	–	–	30
Properties	–	–	613	–	613
Intersegmental revenue	–	–	–	–	–
Gross revenue	–	2 070	9 858	36	11 964
Results					
Profit/(loss) before interest and taxation[2]	(198)	45	(1 266)	(56)	(1 475)
Interest expense	(1)	(14)	(22)	–	(37)
Interest income	–	5	4	1	10
(Loss)/profit before taxation	(199)	36	(1 284)	(55)	(1 502)
Taxation (expense)/credit	–	(37)	(64)	18	(83)
(Loss)/profit after taxation	(199)	(1)	(1 348)	(37)	(1 585)
Loss from equity accounted investments	–	–	–	–	–
(Loss)/profit from discontinued operations	(199)	(1)	(1 348)	(37)	(1 585)
Loss on loss of control	–	(1 079)	(1 041)	963	(1 157)
Derecognition of net asset value	–	(1 079)	(1 041)	(287)	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	–	–	–	1 250	1 250
Related costs of voluntary administration	–	–	–	(155)	(155)
(Loss)/profit from discontinued operations per the statement of financial performance	(199)	(1 080)	(2 389)	771	(2 897)
Other information					
Purchases of property, plant and equipment	–	198	166	–	364
Purchases of other intangible assets	–	–	1	–	1
Depreciation	–	97	247	–	344
Amortisation of other intangible assets	–	2	25	–	27
Impairment of trade receivables and contract receivables	171	–	–	–	171
Impairment of goodwill	–	–	126	–	126
Salaries & wages	12	1 329	4 787	57	6 185
Fees paid	–	1	–	30	31
Computer costs	–	5	55	–	60
Direct material costs	–	–	442	5 521	5 963
Direct subcontractor costs	–	–	–	21	21
Loss on loss of control of subsidiaries	–	1 079	1 041	(963)	1 157
Number of employees	4	–	–	–	4

1 Segmental revenue reported above includes revenue generated from external customers.

2 The chief operating decision makers utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

3 Mining Australia includes RUC and Insig.

4 Other includes Bombela CJV, Genrec Engineering, Construction SADC and Murray & Roberts Pty Limited.

All amounts are expressed in millions of Rands	Middle East	Mining Australia[3]	Clough	Other[4]	Total
Discontinued Segments *continued*					
2022*					
Revenue[1]	–	3 828	17 286	–	21 114
Construction contracts	–	3 826	16 560	–	20 386
Sale of goods	–	–	–	–	–
Rendering of services	–	2	–	–	2
Properties	–	–	–	–	–
Other	–	–	726	–	726
Intersegmental revenue	–	14	–	–	14
Gross revenue	–	3 842	17 286	–	21 128
Results					
(Loss)/profit before interest and taxation[2]	(62)	224	406	(58)	510
Interest expense	(1)	(14)	(13)	–	(28)
Interest income	–	1	11	1	13
(Loss)/profit before taxation	(63)	211	404	(57)	495
Taxation (expense)/credit	–	(77)	(141)	34	(184)
(Loss)/profit after taxation	(63)	134	263	(23)	311
Loss from equity accounted investments	–	–	–	–	–
Non-controlling interests	–	–	–	–	–
	(63)	134	263	(23)	311
Other information					
Purchases of property, plant and equipment	–	207	1 123	–	1 330
Purchases of other intangible assets	–	17	82	–	99
Depreciation	–	192	431	–	623
Amortisation of other intangible assets	–	9	68	–	77
Salaries & wages	19	1 761	6 475	37	8 292
Fees paid	–	1	–	6	7
Computer costs	–	8	134	–	142
Direct material costs	–	856	9 312	–	10 168
Direct subcontractor costs	–	–	–	19	19
Number of employees	4	2 072	1 569	–	3 645

1 Segmental revenue reported above includes revenue generated from external customers.

2 The chief operating decision makers utilises profit/(loss) before interest and taxation in the assessment of a segment's performance.

3 Mining Australia includes RUC and Insig.

4 Other includes Bombela CJV, Genrec Engineering, Construction SADC and Murray & Roberts Pty Limited.

** Restated for discontinued operations. Refer to note 31 and note 32 for further details.*

All amounts are expressed in millions of Rands	Notes	Bombela	Power, Industrial & Water	Mining	Corporate & Properties	Discontinued Operations	Group
Operating Segments							
2023							
Statement of financial position							
Segmental assets	1	**–**	**793**	**4 967**	**113**	**1 121**	**6 994**
Segmental liabilities	2	**–**	**713**	**3 235**	**740**	**1 207**	**5 895**
2022^							
Statement of financial position							
Segmental assets	1	1 444	649	4 357	64	10 923	17 437
Segmental liabilities	2	214	466	1 761	394	9 952	12 787
Investments in associate companies*		2	–	–	–	–	2

^ Restated for discontinued operations. Refer to note 31 and note 32 for further details.

** Amounts included in segmental assets and liabilities.*

Annexure 3
Group segmental report *continued*

Notes

1 Reconciliation of segmental assets

All amounts are expressed in millions of Rands	2023	2022
Total assets	**8 387**	20 303
Cash and cash equivalents	**(1 264)**	(2 256)
Current taxation assets	**(36)**	(47)
Deferred taxation assets	**(93)**	(563)
Segmental assets	**6 994**	17 437

2 Reconciliation of segmental liabilities

All amounts are expressed in millions of Rands	2023	2022
Total liabilities	**6 546**	14 589
Bank overdrafts	**(479)**	(1 526)
Current taxation liabilities	**(25)**	(187)
Deferred taxation liabilities	**(147)**	(89)
Segmental liabilities	**5 895**	12 787

Geographical information

The Group operates in four principal geographical areas – Southern Africa, with South Africa as the country of domicile, Australasia & South East Asia and North America & other.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue*		Non-current assets**	
All amounts are expressed in millions of Rands	2023	2022	2023	2022
South Africa	**5 129**	4 106	**498**	2 598
Rest of Africa	**227**	536	**70**	117
Australasia & South East Asia	**23**	20	**–**	3 069
North America & other	**7 081**	4 093	**1 758**	2 084
	12 460	8 755	**2 326**	7 868

* *Restated for discontinued operations. Refer to note 32 for further details.*

** *Non-current assets exclude deferred taxation assets.*

Major Customers

For the current financial year, revenue generated from customer A of R1 861,0 million, customer B of R1 534,3 million and customer C of R799,4 million.

Annexure 4
Analysis of major shareholders

	Number of shares	% of shares
2023		
Major Shareholders Holding 5% or more of the Company's Ordinary Shares		
Aton Austria Holding GmbH	194 855 660	43,81
Government Employees Pension Fund	41 417 750	9,31
Fund Managers Holding 5% or more of the Company's Ordinary Shares		
Aton Austria Holding GmbH	194 855 660	43,81
Public Investment Corporation SOC Ltd	42 974 278	9,66
Ninety One SA Ltd	27 073 958	6,09
Non-public shareholders		63,52
Public shareholders		36,48
2022		
Major Shareholders Holding 5% or more of the Company's Ordinary Shares		
Aton Austria Holding GmbH	194 855 660	43,81
Government Employees Pension Fund	44 538 929	10,01
Fund Managers Holding 5% or more of the Company's Ordinary Shares		
Aton Austria Holding GmbH	194 855 660	43,81
Public Investment Corporation SOC Ltd	45 236 306	10,17
Ninety One SA Ltd	40 026 240	9,00
Non-public shareholders		64,43
Public shareholders		35,57

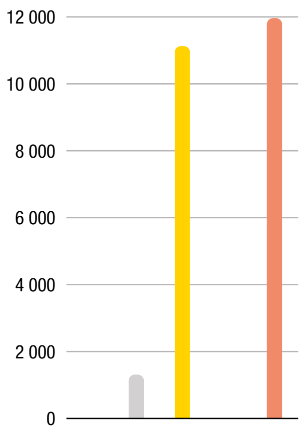
Statement of value created

for the year ended 30 June 2023

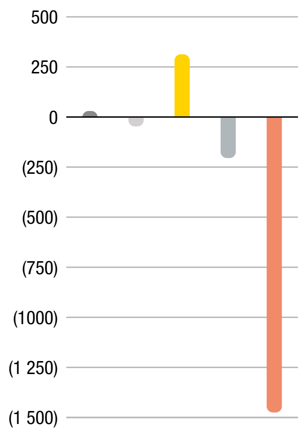
All amounts are expressed in millions of Rands	2023	2022[2]
Revenue[2]	12 460,2	8 754,5
Less: Cost of materials, services and subcontractors	(8 950,7)	(3 212,2)
Value created	3 509,5	5 542,3
Distributed as follows:		
To employees		
Payroll costs	6 005,4	4 700,9
To providers of finance		
Net interest expense	266,5	185,9
To government		
Company taxation	58,1	119,7
To maintain and expand the Group		
Reserves available to ordinary shareholders[3]	(3 181,3)	134,8
Depreciation	337,8	381,5
Amortisation	23,0	19,5
	(2 820,5)	535,8
	3 509,5	5 542,3
Number of people[1]	5 443	8 394
State and local taxes charged to the Group or collected on behalf of governments by the Group[4]		
Company taxation	58,1	119,7
Indirect taxation	702,2	937,0
Employees' tax	924,2	1 378,0
	1 684,4	2 434,7

1 People includes direct joint arrangement hires and third party contractors of 1 100 (FY2022: 1 583).
2 Restated for discontinued operations
3 Includes the losses of the MRPL Group and Insig Technologies amounting to R2,5 billion.
4 Excludes taxes in relation to the MRPL Group and Insig Technologies.

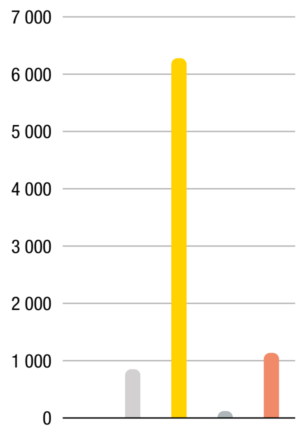
Revenue
(R million)



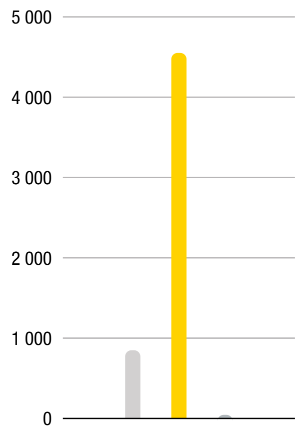
PBIT
(R million)



Total assets
(R million)

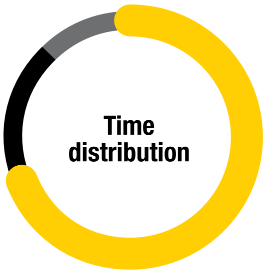


Number of employees



Bombela | Power, Industrial & Water | Mining | Corporate and properties | Discontinued operations

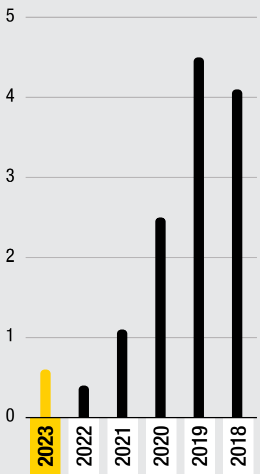
Order book



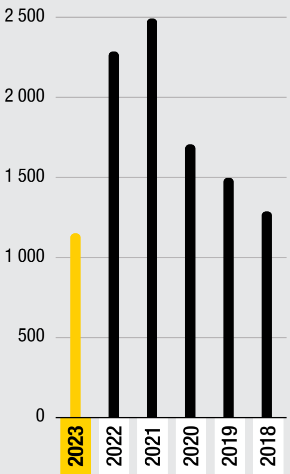
2024	69%
2025	19%
Thereafter	12%

Mining	88%
Power, Industrial & Water	12%

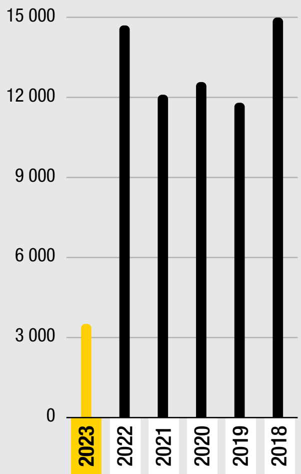
Return on average Total assets (%)



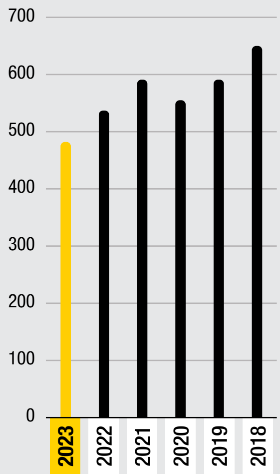
Productivity of assets
(Assets per 1 000 turnover)



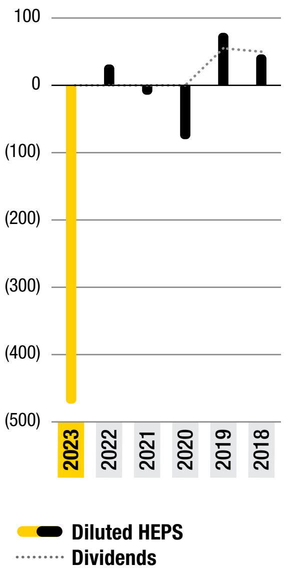
Creation of value
(R million)



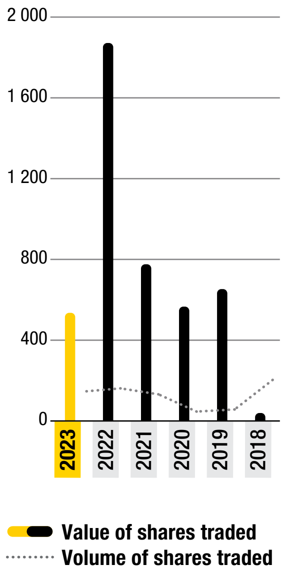
People productivity
(Value ratio)



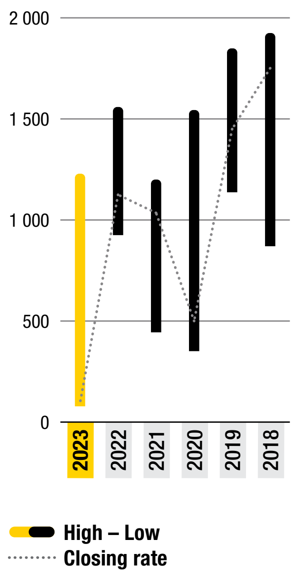
Diluted HEPS and dividends per share (Cents)



Value of shares traded
(R million)



Share price movement
(Cents)



Ten-year financial review

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
		Restated[1]								
Summarised statements of financial performance										
Revenue	**12 460**	8 755	7 749	10 334	10 237	11 058	12 348	11 841	10 423	10 812
Profit/(loss) before interest and taxation	**91**	82	206	437	684	577	619	691	136	320
Net interest expense	**(267)**	(186)	(170)	(157)	(52)	(44)	61	(236)	(230)	(205)
(Loss)/profit before taxation	**(176)**	(104)	36	280	632	533	680	455	(94)	115
Taxation expense	**(106)**	(74)	(273)	(239)	(566)	(202)	(92)	(312)	(147)	(111)
(Loss)/profit after taxation	**(282)**	(178)	(237)	41	66	331	588	143	(241)	4
(Loss)/profit from equity accounted investments	**–**	–	(1)	2	(4)	21	7	18	3	1
(Loss)/profit from discontinued operations	**(2 897)**	311	71	(414)	284	(84)	(557)	629	1 132	1 395
Non-controlling interests	**(2)**	2	(13)	19	(9)	(1)	10	(37)	(13)	(139)
(Loss)/profit attributable to owners of Murray & Roberts Holdings Limited	**(3 181)**	135	(180)	(352)	337	267	48	753	881	1 261
Summarised statements of financial position										
Non-current assets	**1 885**	6 496	5 390	5 280	4 338	4 252	3 857	4 849	6 411	6 410
Current assets	**5 968**	11 872	12 638	11 805	10 672	9 033	9 154	11 870	11 160	12 488
Goodwill	**442**	1 372	1 102	1 125	958	616	607	642	636	486
Deferred taxation assets	**93**	563	609	689	422	385	585	604	596	427
Total assets	**8 387**	20 303	19 739	18 899	16 390	14 286	14 203	17 965	18 803	19 811
Equity attributable to owners of Murray & Roberts Holdings Limited	**1 808**	5 662	4 961	5 611	5 717	6 696	6 541	7 201	6 498	5 905
Non-controlling interests	**33**	51	24	8	34	48	64	63	25	27
Total equity	**1 841**	5 713	4 985	5 619	5 751	6 744	6 605	7 264	6 523	5 932
Non-current liabilities	**1 080**	1 390	1 040	1 515	1 423	505	665	1 117	2 526	1 908
Current liabilities	**5 466**	13 200	13 714	11 765	9 216	7 037	6 933	9 584	9 754	11 971
Total equity and liabilities	**8 387**	20 303	19 739	18 899	16 390	14 286	14 203	17 965	18 803	19 811

1 Comparatives have been restated for discontinued operations.

Ratios and statistics

for the year ended 30 June 2023

All amounts are expressed in millions of Rands	**2023**	Restated[1] 2022	2021	2020	2019	2018	2017	2016	2015	2014
EARNINGS										
(Loss)/earnings per share (cents)										
– Basic	**(789)**	34	(46)	(89)	85	67	12	189	218	310
– Diluted	**(789)**	33	(45)	(89)	83	66	12	182	213	305
Headline (loss)/earnings per share (cents)										
– Basic	**(473)**	31	(14)	(80)	80	47	27	158	212	221
– Diluted	**(473)**	31	(14)	(80)	78	46	26	153	207	217
Dividends per share (cents)	**–**	–	–	–	55	50	45	45	50	50
Dividend cover[2]	**–**	–	–	–	1,4	0,9	0,6	3,4	4,1	4,3
Interest cover	**0,3**	0,4	1,1	2,1	6,9	6,4	6,3	6,2	1,2	1,7
PROFITABILITY										
PBIT on revenue (%)	**0,7**	0,9	2,7	4,2	6,7	5,2	5,0	5,8	1,3	3,0
PBIT on average total assets (%)	**0,6**	0,4	1,1	2,5	4,5	4,1	3,8	3,8	0,7	1,5
Attributable (loss)/profit on average ordinary shareholders' funds (%)	**(85,2)**	2,5	(3,4)	(6,2)	5,4	4,0	0,7	11,0	14,2	21,4
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**482**	537	591	555	591	650	612	584	607	1 076
Total average assets (Rands)	**1 151**	2 287	2 493	1 707	1 498	1 288	1 303	1 553	1 852	1 954
Value created (Rm)[3]	**3 510**	14 697	12 033	12 575	11 800	14 993	15 098	16 246	17 352	17 773
Value ratio[3]	**0,58**	1,13	1,10	1,09	1,11	1,07	1,05	1,11	1,13	1,16
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**83**	58	60	63	29	7	9	14	23	42
Total liabilities	**356**	255	296	236	185	112	115	147	188	234
Current assets to current liabilities	**1,09**	0,90	0,92	1,00	1,16	1,28	1,32	1,24	1,14	1,04
Operating cash flow (Rm)	**112**	(175)	2 422	(527)	1 311	713	795	762	586	931
Operating cash flow per share (cents)	**0,3**	(39,4)	544,5	(118,6)	294,8	160,3	178,8	171,4	131,8	209,0
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	444,7	444,7	444,7	444,7	444,7	444,7
Weighted average number of treasury shares (millions)	**41,6**	46,6	51,1	47,5	47,3	46,6	47,1	46,1	41,4	38,3
Number of employees – 30 June[3]	**5 443**	8 394	9 393	9 049	9 650	10 649	20 642	33 893	29 581	25 498

Definitions

Dividend cover	Diluted headline earnings/(loss) per share divided by dividend per share
PBIT	Profit/(loss) before interest and taxation
Interest cover	PBIT divided by interest expense
Value ratio	Value created as a multiple of payroll cost
Average	Arithmetic average between consecutive year ends

1 Comparatives have been restated for discontinued operations.
2 Based on total HEPS.
3 Includes continuing and discontinued operations.

Segmental analysis
for the year ended 30 June 2023

All amounts are expressed in millions of Rands	GROUP 2023	GROUP 2022*	Discontinued operations excluded from ongoing operations[1] 2023	Discontinued operations excluded from ongoing operations[1] 2022*
Summarised statement of financial performance				
Revenue	**12 460**	8 755	**11 964**	21 114
Profit/(loss) before interest and taxation	**91**	82	**(1 475)**	510
Net interest (expense)/income	**(267)**	(186)	**(27)**	(15)
(Loss)/profit before taxation	**(176)**	(104)	**(1 502)**	495
Taxation (expense)/credit	**(106)**	(74)	**(83)**	(184)
(Loss)/profit after taxation	**(282)**	(178)	**(1 585)**	311
(Loss)/profit from equity accounted investments	**–**	–	**–**	–
Loss on loss of control	**(1 157)**	–	**(1 157)**	–
Related costs of voluntary administration	**(155)**	–	**(155)**	–
(Loss)/profit from discontinued operations	**(1 585)**	311	**–**	–
Non-controlling interests	**(2)**	2	**–**	1
(Loss)/profit attributable to holders of Murray & Roberts Holdings Limited	**(3 181)**	135	**(2 897)**	3,2
Summarised statement of financial position				
Non-current assets	**1 977**	7 059	**–**	3 583
Current assets[2]	**5 968**	11 872	**1 135**	8 074
Goodwill	**442**	1 372	**–**	906
Total assets	**8 387**	20 303	**1 135**	12 563
Ordinary shareholders' equity	**1 808**	5 662	**(75)**	3 129
Non-controlling interests	**33**	51	**–**	–
Total equity	**1 841**	5 713	**(75)**	3 129
Non-current liabilities	**1 080**	1 390	**–**	601
Current liabilities[2]	**5 466**	13 200	**1 210**	8 832
Total equity and liabilities	**8 387**	20 303	**1 135**	12 562
Summarised statement of cash flows				
Cash generated from/(utilised by) operations	**538**	255	**(406)**	(52)
Interest and taxation	**(426)**	(430)	**(87)**	(111)
Operating cash flow	**112**	(175)	**(493)**	(163)

1 Includes the MRPL Group, Insig Technologies, Southern African Infrastructure & Building businesses, Genrec Engineering, Middle East and Gautrain.
2 Includes assets and liabilities classified as held for sale.
** Restated for discontinued operations*

BOMBELA		POWER, INDUSTRIAL & WATER		MINING		CORPORATE AND PROPERTIES	
2023	2022	**2023**	2022	**2023**	2022*	**2023**	2022
–	–	**1 331**	810	**11 126**	7 941	**3**	4
30	193	**(47)**	(155)	**313**	234	**(205)**	(190)
(35)	(14)	**(10)**	(13)	**(51)**	(48)	**(171)**	(111)
(5)	179	**(57)**	(168)	**262**	186	**(376)**	(301)
–	–	**(2)**	(8)	**(97)**	(66)	**(7)**	–
(5)	179	**(59)**	(176)	**165**	120	**(383)**	(301)
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–
–	–	**2**	(1)	**(4)**	2	**–**	–
(5)	179	**(57)**	(177)	**161**	122	**(383)**	(301)
–	1 444	**70**	59	**1 886**	1 389	**21**	584
–	–	**729**	571	**4 003**	3 154	**101**	73
–	–	**52**	52	**390**	414	**–**	–
–	1 444	**851**	682	**6 279**	4 957	**122**	657
–	1 230	**103**	37	**2 969**	2 509	**(1 189)**	(1 243)
–	–	**33**	39	**–**	12	**–**	–
–	1 230	**136**	76	**2 969**	2 521	**(1 189)**	(1 243)
–	192	**120**	9	**527**	400	**433**	188
–	22	**595**	597	**2 783**	2 037	**878**	1 712
–	1 444	**851**	682	**6 279**	4 958	**122**	657
(22)	(2)	**89**	(14)	**931**	467	**(54)**	(144)
(35)	(12)	**(3)**	(5)	**(118)**	(134)	**(183)**	(168)
(57)	(14)	**86**	(19)	**813**	333	**(237)**	(312)

Shareholders' information

Analysis of shareholders

for the year ended 30 June 2023

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	9 749	77.70	1 274 692	0.29
1 001 – 10 000 shares	1 965	15.66	7 237 344	1.63
10 001 – 100 000 shares	657	5.24	21 371 368	4.81
100 001 –1 000 000 shares	151	1.20	50 418 684	11.34
Over 1 000 000 shares	25	0.20	364 434 030	81.94
Total	12 547	100.00	444 736 118	100.00
Category				
Black Economic Empowerment	2	0.02	24 909 951	5.60
Charity	1	0.01	52 626	0.01
Corporate Holding	1	0.01	194 855 660	43.81
Custodians	14	0.11	793 426	0.18
ESG	2	0.02	46 948	0.01
Exchange-Traded Fund	4	0.03	573 257	0.13
Foreign Government	3	0.02	7 702 586	1.73
Hedge Fund	–	0.00	–	0.00
Insurance Companies	3	0.02	1 511 216	0.34
Medical Aid Scheme	–	0.00		0.00
Other	12 034	95.91	20 446 858	4.60
Pension Fund	52	0.41	65 732 065	14.78
Private Investors	367	2.93	55 108 911	12.39
Trading Positions	12	0.10	15 996 390	3.60
Unclassified	1	0.01	2	0.00
Unit Trusts/Mutual Funds	50	0.40	56 996 354	12.82
University	1	0.01	10 668	0.00
Total	12 547	100.00	444 736 918	100

Beneficial shareholders holding 5% or more of the company's ordinary shares	Number of shares	%
ATON	194 855 660	43.81
Government Employees Pension Fund	46 106 296	10.37
Total	240 961 956	54.18

Fund managers holding 5% or more of the company's ordinary shares	Number of shares	% of issued capital
ATON GmbH	194 855 660	43.81
Public Investment Corporation	42 974 278	9.66
Ninety One SA	27 073 958	6.09
Total	264 903 896	59.56

Shareholder Spread	Number of shareholders	%	Number of shares	%
Non-public	11	0.09	282 478 269	63.52
Public	12 536	99.91	162 257 849	36.48
Total	12 547	100.00	444 736 118	100.00
Domestic			227 040 092	51.05
International			217 696 026	48.95
Total			444 736 118	100.00

Shareholders' diary

FINANCIAL YEAR END	PUBLICATION OF ANNUAL INTEGRATED REPORT	ANNUAL GENERAL MEETING	PUBLICATION OF FY2024 HALF YEAR RESULTS	PUBLICATION OF FY2024 FULL YEAR RESULTS
END-JUNE	SEPTEMBER 2023	NOVEMBER 2023	MARCH 2024	AUGUST 2024

Administration and corporate office

Company Registration Number: 1948/029826/06
JSE Share Code: MUR
ISIN: ZAE000073441

Business address and registered office

The Interchange
22 Skeen Boulevard, Bedfordview 2007
Republic of South Africa
Telephone: +27 (0) 11 456 6200

Auditors

PricewaterhouseCoopers Inc
4 Lisbon Lane
Waterfall City, Jukskei View, 2090
Republic of South Africa
Telephone: +27 (0) 11 797 4000

Share transfer secretaries

JSE Investor Services (Pty) Limited
One Exchange Square, 2 Gwen Lane
Sandton, 2196
Republic of South Africa
Telephone: +27 (0) 11 713 0800
Email: info@jseinvestorservices.co.za

Sponsor

The Standard Bank of South Africa Limited
3rd Floor East Wing
30 Baker Street, Rosebank, 2196
Republic of South Africa
Telephone: +27 (0) 11 721 6125

Postal and electronic addresses and telecommunications numbers

PO Box 1000, Bedfordview 2008
Republic of South Africa
Telephone: +27 (0) 11 456 6200
Email: info@murrob.com

Investor relations and media enquiries

Ed Jardim
Telephone: +27 (0) 11 456 6200
Email Address: ed.jardim@murrob.com

Glossary of terms

AGM	Annual General Meeting
APAC	Asia Pacific
ATON	ATON GmbH
BBBEE	Broad-based Black Economic Empowerment
BCC	Bombela Concession Company
Board	The Board of Murray & Roberts Holdings Limited
Brownfield	Existing, developed infrastructure on which expansion or redevelopment occurs
CAGR	Compound Annual Growth Rate
Clough	Clough Ltd
Company	Murray & Roberts Holdings Limited
CRM	Critical Risk Management
Companies Act	Act 71 of 2008 (as amended)
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement, Construction and Management
EPS	Earnings Per Share
ERI	Energy, Resources & Infrastructure
ESG	Environmental, Social and Governance
FCF	Free Cash Flow
FSP	Forfeitable Share Plan
FY2021	For the year ended 30 June 2021
FY2022	For the year ended 30 June 2022
FY2023	For the year ended 30 June 2023
Greenfield	New, undeveloped property where there is no need to work within the constraints of existing buildings or infrastructure
GRI	Global Reporting Initiative
Group	Murray & Roberts Holdings and its subsidiaries
HEPS	Headline Earnings per Share
HPH	High Potential Hazard
HPI	High Potential Incident
HSE	Health, Safety and Environment
HV	High Voltage
IFRS	International Financial Reporting Standards
IPP	Independent Power Producers
JSE	Limited Johannesburg Stock Exchange
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
KPI	Key Performance Indicator
KPA	Key Performance Area
LTI	Long-term incentives
LTI	Lost-time injury
LTIFR	Lost Time Injury Frequency Rate
LTCSIP	Long-Term Cash Settled Incentive Plan
Km	Kilometre
kV	kilovolt
MAP	Major Incident Prevention
MRH	Murray & Roberts Holdings Limited
MRL	Murray & Roberts Limited
MRP	Murray & Roberts Projects
MRPL	Murray & Roberts Pty Ltd
MRW	Murray & Roberts Water
MW	Megawatt
Near Orders	Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close
OEM	Original Equipment Manufacturers
OMS	Opportunity Management System
Order Book	Confirmed and signed project orders
Order Book Pipeline	Tenders, budgets, feasibilities and prequalifications the Group is currently working on (excluding Near Orders). It also includes opportunities which are being tracked and are expected to come to the market in the next 36 months
PIW	Power, Industrial & Water
PPP	Public Private Partnership
PV	Photovoltaic
REIPPP	Renewable Energy Independent Power Producer Programme
RMIPP	Risk Mitigation Independent Power Producer
ROICE	Return on Invested Capital Employed
RUC	RUC Cementation Mining Contractors Pty Ltd
SADC	Southern African Development Community
SMPEI	Structural, Mechanical, Piping, Electrical, Instrumentation
STI	Short-term incentives
TCFD	Task Force on Climate-related Financial Disclosures
TRCR	Total Recordable Case Rate
TRIR	Total Recordable Incident Rate
USA	United States of America
WACC	Weighted Average Cost of Capital

Murray & Roberts international offices

Canada

Cementation Canada

590 Graham Drive, North Bay
ON P1B 7S1
Tel: +1 705 472 3381
Email: info@cementation.com

Merit Consultants International

Suite 301, 700 West Pender Street,
Vancouver, British Columbia V6C 1G8
Canada
Tel: +1 604.669.8444

Ghana

Murray & Roberts Mining Services Ghana

Ambassador Hotel Commercial Centre
5th Floor Unit 3 & 4
Independence Avenue Ridge, Accra
Tel: +233 302 633 888
Email: info.cementation@murrob.com

United States Of America

Cementation USA

10150 South Centennial Parkway
Suite 400, Sandy, Utah
84070
Tel: +1 801 937 4120
Email: infous@cementation.com

Terra Nova Technologies

10770 Rockvill Street # A
Santee, California
92071
Tel: +1 619-596-7400
Email: ron.kelly@tntinc.com

Zambia

Murray & Roberts Cementation Zambia

Plot 6374
Corner Dr Aggrey Avenue and Kariba Road
Light Industrial Area, Kitwe
Tel: +26 097 880 2818
Email: info.cementation@murrob.com

Disclaimer

This report includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21 E 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 report 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 report or to reflect the occurrence of any unexpected events. Forward-looking statements have not been reviewed and reported on by the Group's external auditors.

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 report.

STUDIO⑤

Engineered Excellence is a leadership philosophy of planning in detail for the outcomes we want to achieve. ***Engineered Excellence*** means we apply rigour and discipline in everything we do and remove chance from the objectives we pursue.

Murray & Roberts

Cover image

Venetia Diamond Mine
Limpopo Province, South Africa