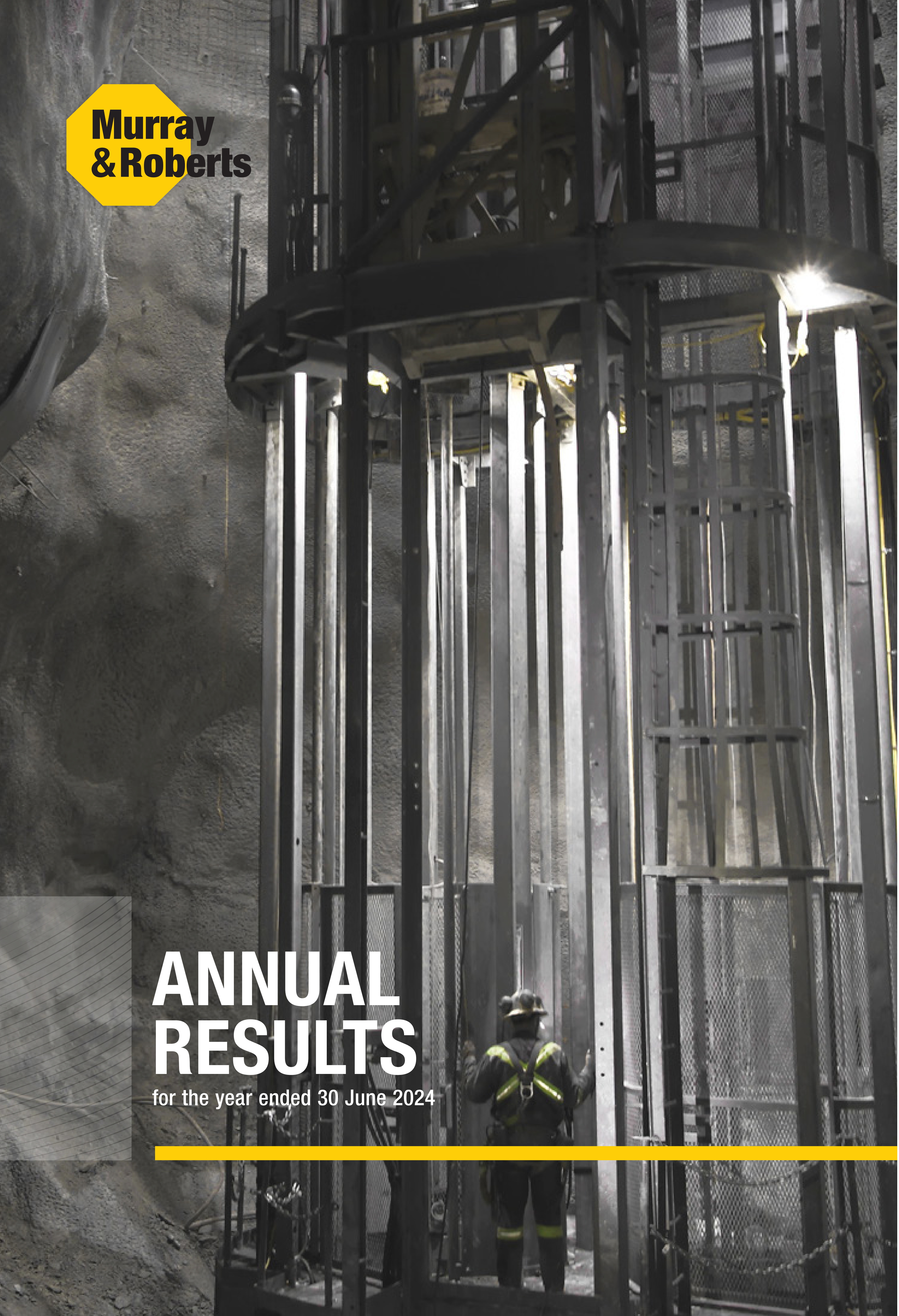
Murray & Roberts



ANNUAL RESULTS

for the year ended 30 June 2024

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

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

FINANCIAL RESULTS

Revenue from continuing operations
R13,5 billion
(FY2023: R12,5 billion)

Earnings before interest and tax from continuing operations
R170 million
(FY2023: R91 million)

Attributable loss of
R138 million
(FY2023: R3 181 million loss, after losing control of MRPL and its subsidiaries in Australia)

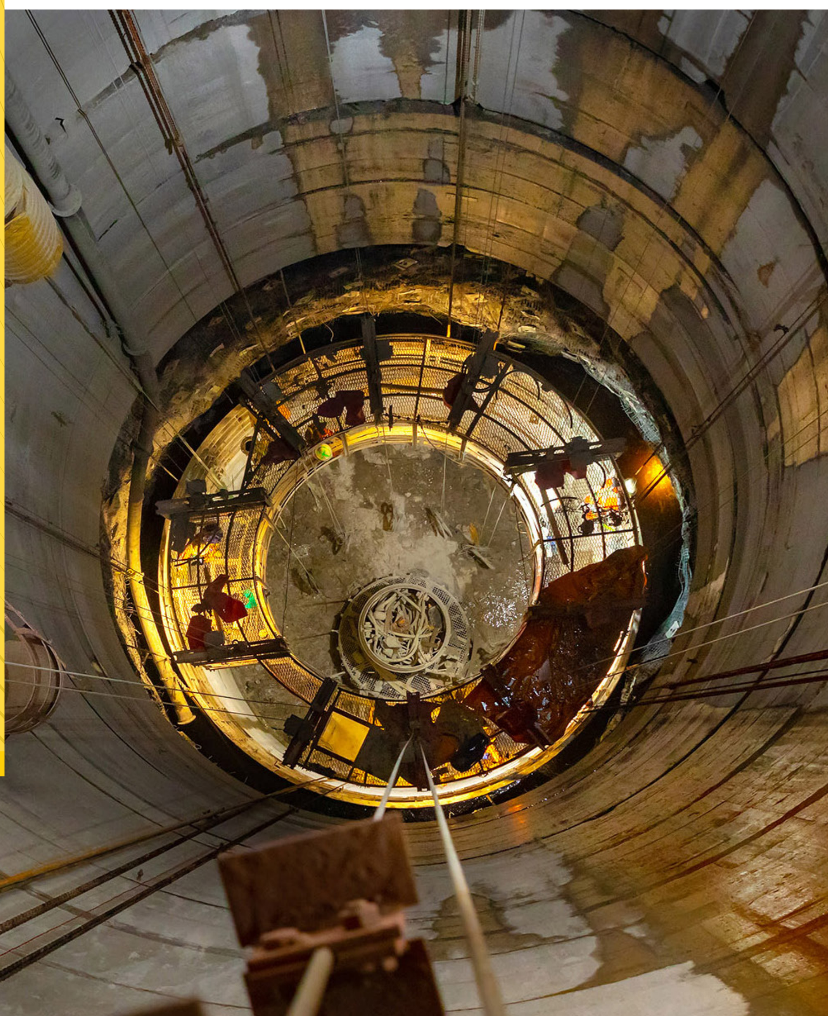
Diluted continuing headline loss per share
24 cents
(FY2023: 71 cents loss)

Net cash, including advance payments and working capital improvements
R0,4 billion
(FY2023: R0,3 billion net debt)

SALIENT FEATURES

Order book
R17,2 billion
(FY2023: R15,4 billion)

Near orders
R10,0 billion
(FY2023: R9,1 billion)



www.murrob.com
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Stakeholder report for the year ended 30 June 2024#

Murray & Roberts is an engineering and contracting services company with its core focus on the mining markets in Africa, the Americas and Asia-Pacific, and with a secondary focus through OptiPower, on the renewable energy and power infrastructure markets in Sub-Saharan Africa. Our underground mining businesses are mature, specialised, well capitalised and highly regarded in their respective regional markets. OptiPower is well positioned in the promising renewable energy and power transmission sectors in South Africa. Murray & Roberts is listed on the JSE Limited under the Industrials main sector and Engineering and Contracting Services sub-sector.

Notwithstanding an improved financial performance in its core operations, the impact of the voluntary administration of the Group's Australian businesses in December 2022 flowed through into FY2024, the most notable being the challenge of servicing corporate debt in South Africa without dividend flows from the Australian operations.

Implementation of the Group's deleveraging plan

Immediately after the loss of Clough and RUC in Australia, which were both strong cash contributors, the Group was left with a highly geared balance sheet and high cost structures in South Africa, relative to the reduced size of the Group.

The board of directors of the Company ("the Board") agreed to a deleveraging plan with the Group's consortium of South African banks ("Banking Consortium"), which entailed several measures to repay all debt due to the Banking Consortium, which peaked at approximately R2 billion in April 2023. Interventions included the disposal of the Group's stake in the Bombela Concession Company in April 2023, the sale of Aarden Solar, a non-core asset in the renewables sector, settlement of long outstanding commercial matters on some of the larger projects and receipt of a special dividend from the cash-strong mining business in the Americas. Our international operations generate most of the Group's cash and this imbalance between South African debt and international cash is being addressed as part of the deleveraging plan. Through the implementation of the deleveraging plan, debt with the Banking Consortium reduced to R409 million as at 30 June 2024.

As reported on SENS on 30 August 2024, the Board reached an agreement with its Banking Consortium with regard to the remaining R409 million debt and a credit-approved term sheet had been signed, which provides for the remaining debt to be repaid by 31 January 2026.

The Board has further resolved to commence a process of disposing of non-core assets to meet the Group's obligations to its Banking Consortium. These assets have been independently valued and significantly exceeds the outstanding debt. If required, shareholder approval will be sought at the appropriate time.

The Board remains committed to refinance its South African debt to the Banking Consortium and negotiations with potential funders are continuing. Should the refinancing be successful, it will obviate the need for the disposal of assets.

Rightsizing the Group's cost and management structures

We navigated extreme liquidity constraints at a corporate level, and considerable effort went into rightsizing our cost structures towards creating financial stability. We redesigned the Group's operating model and management structure, and appropriately reduced overhead costs across the Group, including in the corporate office. The business platform operating model was discontinued as it was no longer appropriate in a truncated Group, thereby removing a layer of executive management and associated costs. The redesigned structure incorporates four operating companies, each under the leadership of a managing director reporting directly to the Group CEO who are also members of the Group's executive committee.

Besides the direct cost savings from this rightsizing, the Group entered into a new lease agreement for its office in Johannesburg, with effect from September 2024. The Company now occupies only 50% of the floor space previously rented, which has given rise to a 33% saving in the annual lease cost. It is expected that a saving in corporate costs of circa R80 million to R100 million per annum, when compared to FY2023, will be realised from FY2025.

Financial report

Financial Results

The Group delivered an improved financial performance for FY2024, not only for continuing operations, but also at an attributable earnings level, with the prior year's result reflective of the losses associated with the loss and deconsolidation of the businesses in Australia. The Group moved from a net debt position to a net cash position and grew earnings whilst experiencing liquidity pressure in South Africa. The year's financial result was impacted by a loss incurred in OptiPower, largely resulting from liquidity constraints giving rise to delays in procurement and project progress.

Revenue and earnings before interest and tax for continuing operations increased to R13,5 billion (FY2023: R12,5 billion) and R170 million (FY2023: R91 million) respectively. The Group significantly reduced its attributable loss to R138 million (FY2023: R3 181 million loss) and recorded a reduced diluted continuing headline loss per share of 24 cents (FY2023: 71 cents), with the prior year loss inclusive of the financial impact of the Group having lost control of Murray & Roberts (Pty) Ltd ("MRPL") and its subsidiaries, Clough and RUC, all in Australia.

Net cash was R0,4 billion (FY2023: R0,3 billion net debt), and includes advance payments and working capital improvements of circa R475 million, which are expected to unwind during the first half of the new financial year.

Net interest for the reporting period decreased to R130 million (FY2023: R267 million) and the tax charge was R124 million (FY2023: R106 million).

Net asset value per share is R3,50 (FY2023: R4,07).

The Group's gearing level, expressed as total debt to equity, was 81% (FY2023: 83%). Although the balance sheet is still under pressure, it does not present a barrier for the Group to successfully respond to tenders and to secure new work as the Group aspires to price its tenders on a cash positive basis, supported by advance payments when required. The Group grew its order book, indicative of the quality of its operations and enduring trust of its clients.

Dividend

The Board considers a dividend on an annual basis post year end. The Board resolved not to declare a dividend this year, as it is committed to growing shareholder equity and reducing debt.

Order book, near orders and project pipeline

The Group reported an order book of R17,2 billion (FY2023: R15,4 billion). The Mining businesses represent R16,7 billion (FY2023: R13,6 billion) of the Group's total order book, and OptiPower R0,5 billion (FY2023: R1,8 billion). Mining holds R7,9 billion and OptiPower R2,1 billion in near orders, presenting good prospects for the Group's order book.

		Pipeline			
R billions	**Order book**	**Near orders**	**Category 1**	**Category 2**	**Category 3**
Mining	16,7	7,9	30,1	52,8	13,5
OptiPower	0,5	2,1	4,7	16,0	2,6
30 June 2024	**17,2**	**10,0**	**34,8**	**68,8**	**16,1**
31 December 2023	14,7	10,2	21,2	51,1	44,3
30 June 2023	15,4	9,1	28,9	77,8	52,3

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

Operational report

Mining

	Africa		The Americas		Other		Total	
R millions	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenue	**4 163**	4 022	**7 617**	7 104	**–**	–	**11 780**	11 126
Operating profit	**144**	76	**355**	347	**(51)**	(110)	**448**	313
Margin (%)	**3**	2	**5**	5	**–**	–	**4**	3
Order book	**6 254**	6 601	**10 374**	6 973	**–**	–	**16 628**	13 574
LTIFR (fatalities)	**1,76(0)**	0,87(0)	**0,72(0)**	0,99(0)	**–**	–	**1,48(0)**	0,89(1)

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

Revenue increased to R11,8 billion (FY2023: R11,1 billion) and operating profit increased to R448 million (FY2023: R313 million). The order book increased to R16,7 billion (FY2023: R13,6 billion) and near orders came to R7,9 billion (FY2023: R9,1 billion). Category 1 opportunities amounted to R30,1 billion (FY2023: R19,9 billion). Planned mining revenue for FY2025 is 62% secured by orders. The mining business delivered an operating margin of 4%.

Cementation Americas increased its order book, mainly by securing a large project in Mexico, a region forming part of the business in the United States. This project is one of the few greenfield projects currently available in this market. Securing additional scopes of work from clients on existing projects is key to achieving the business' revenue growth ambitions for FY2025. Mexico and Canada will provide good earnings opportunities in the coming years, while the business rebuilds its order book in the United States. All projects in this business are performing well.

TNT's recent project award in Chile has been a welcome win, considering the business had to rebuild its order book after the impact of COVID-19, as limited materials handling opportunities came to market during that period. Prospects are improving, with new opportunities emerging on copper and gold projects in Chile, the United States and Argentina. All projects in this business are performing to expectation.

Cementation Asia-Pacific ("APAC"), based in Perth, was established recently and the office is serving as a business development agency for the Group's existing mining companies to pursue opportunities in the APAC region. The business is also targeting opportunities in Indonesia, a country which previously contributed significantly to RUC's earnings.

Murray & Roberts Cementation ("MRC") is pursuing increasing opportunities elsewhere in Africa. Buoyant copper prices are unlocking potential in the Zambian market, which has served MRC well in the past, and the business is considering opportunities in Botswana, Ghana and Côte d'Ivoire. The Arnot coal mine, an MRC client, was placed into business rescue in Q2 FY2023 by the client and efforts to exit the project extended into FY2024, which negatively impacted earnings for the year. MRC is engaging with the business rescue practitioner regarding a payment plan for outstanding payments due to MRC.

As previously reported, the tragic loss of a number of our colleagues in a bus accident on a public road in the Limpopo province, significantly impacted morale at the Venetia mine project, which coupled with operational challenges, resulted in a less-than-optimal project delivery programme during the year at the mine. The business is committed to achieving an improvement in productivity in the new financial year. All other projects in this business are performing in line with expectation.

It is expected that the mining businesses will generate most of the Group's future revenue and earnings, diversified across geography and commodity type.

OptiPower

	Power & Industrial		Water		Solar, Transmission & Distribution		Other		Total	
R millions	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenue	**253**	157	**3**	3	**1 415**	1 171	**–**	–	**1 671**	1 331
Operating profit/(loss)	**45**	45	**(7)**	(7)	**(30)**	30	**(106)**	(115)	**(98)**	(47)
Margin (%)	**18**	29	**(233)**	(233)	**(2)**	3	**–**	–	**(6)**	(4)
Order book	**7**	194	**16**	–	**506**	1 659	**–**	–	**529**	1 853
LTIFR (fatalities)									**0,38(0)**	0.0(0)

This business provides engineering, procurement and construction ("EPC") project services mainly to the renewable energy and power infrastructure market sectors in Sub-Saharan Africa.

Revenue increased to R1,7 billion (FY2023: R1,3 billion) and the business recorded an operating loss of R98 million (FY2023: loss R47 million). The loss largely resulted from liquidity constraints experienced by the Group, giving rise to delays in procurement and resultant increased costs to achieving project completions.

The order book decreased to R0,5 billion (FY2023: R1,8 billion), but near orders increased to R2,1 billion (FY2023: Zero). We expect the business to report a profit in FY2025. Category 1 opportunities amounted to R4,7 billion (FY2023: R9,0 billion). Planned revenue for FY2025 is 23% secured by orders, and R0,6 billion from the reported near orders was secured post year end.

OptiPower is certified to engineer, procure and/or construct EPC high voltage overhead power lines, a certification held by very few accredited South African contractors. Eskom's procurement process entails a panel approach to invite tenders for various scopes of work, with Panel A as full-scope EPC; panel B as procure and construct; and Panel C as construct only. As per Eskom's announcement on 20 August 2024, OptiPower individually qualified for both Panel B (one of nine companies) and C (one of 17 companies) scopes of work and has an established relationship with a Spanish energy firm, Coxabengoa Energia, to pursue work in joint-venture on utility photovoltaic installations and this joint-venture has also qualified for Panel A (one of five companies) work.

The focus for the year ahead is to complete all existing projects without any further loss, to deliver new projects profitably and to secure new projects in the renewable energy and power transmission and distribution sectors. OptiPower is well positioned to secure work as soon as Eskom starts awarding projects in the market.

Discontinued operations

Middle East operations

R millions	Middle East 2024	2023
Revenue	–	–
Operating loss	(31)	(198)

The Group has shouldered the burden of extracting itself from its legacy businesses in the Middle East, with the expense of protracted legal processes creating a drag on cash resources. The Group expects that its remaining companies in the UAE will either be sold or liquidated during FY2025. This exit will remove all uncertainty and expense for the Group in relation to the discontinued Middle East operations, with the only remaining matter being the contingent liability arising from the claim brought against Murray & Roberts Limited by Mashreq Bank in the South African courts in respect of the Al Mafraq Hospital project, that was completed in 2018.

Cost incurred for the period under review reduced to R31 million (FY2023: R198 million), for managing potential risks and preparing for the Group's final and clean exit.

As previously communicated, upon exiting the Middle East a foreign currency translation reserve ("FCTR") loss of circa R476 million (based on the 30 June 2024 exchange rate) will be accounted for as part of discontinued operations. This FCTR adjustment is a non-cash item and will not impact the Group's net asset value.

Other discontinued operations costs

R millions	Other 2024	2023
Revenue	117	11 964
Operating loss	(24)	(2 589)

These costs of R24 million (FY2023: R1 277 million) mainly relate to final legal costs associated with the administration of the Group's companies in Australia, as well as costs associated with other discontinued operations.

Update on the Group's claims processes

The Group's uncertified revenue increased to R0,5 billion (FY2023: R0,4 billion) and mainly relates to two claims which are subject to separate arbitrations currently underway.

Health and safety

Safety performance remains a key focus area and is a competitive differentiator for engineering and contracting companies. The Group strives to deliver projects with Zero Harm to its people, communities, and the environment.

The Group's safety performance compares favourably with that of our global peers and clients, and our safety management systems and approaches align to best practice in our related industries.

The Group recorded a lost-time injury frequency rate of 1.23 (FY2023: 0.64). The deterioration in the rate is due to a small increase in the number of incidents recorded, but mostly due to a significant reduction in hours worked due to the exclusion of hours previously recorded for Clough and RUC.

Changes to the Board and Board committees

As part of the Group's cost management initiatives, the Board resolved in March 2023 to reduce the board committees to four committees, by combining the audit committee and risk committee into one committee and by incorporating the health, safety and environment committee into the social & ethics committee. As previously reported, Clifford Raphiri, who is a member of the audit & risk committee, was appointed as member of both the remuneration and nomination & governance committees with effect from 21 June 2024. Ralph Havenstein will retire as Board director and lead independent director on 5 November 2024 at the Group's annual general meeting. Clifford will succeed Ralph as chairman of the remuneration committee and the Group will no longer have a lead independent director. The Group chief executive's tenure will end in August 2025 and the Board will announce his successor during the second half of FY2025.

Appreciation

We are grateful for the support of our shareholders and business partners, without which it would have been more difficult to have achieved a stable footing. We are especially thankful to all our employees, who demonstrated their dedication and loyalty during this difficult period.

Outlook

We are looking forward to FY2025, as the first year of a re-engineered, revitalised and refocused Murray & Roberts. We are satisfied that we have appropriately rightsized our business and that the size and quality of the Group's order book is creating the potential for further improved financial results in FY2025. We will continue working towards finding the best solution for settling our debt with the Banking Consortium and establishing an optimal capital structure for the Group for the future.

Our mining businesses are well established and are expected to continue doing well over the short- to medium-term. OptiPower is expected to deliver a modest earnings contribution as from FY2025, by capitalising on Eskom's transmission build-out plans.

The Group is positioned to pursue opportunities for growth, mostly through its international mining businesses and our expectation is to see the Group returning to pre-pandemic earnings levels from FY2027.

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

On behalf of the directors

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

Bedfordview
11 September 2024

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

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

SECRETARY
R Davies

*** Independent non-executive.*

 # The operating performance information disclosed has been extracted from the Group's operational reporting systems. The Corporate & Properties segment has been excluded from the operational narrative. Unless otherwise noted, all comparisons are to the Group's performance as at and for the year ended 30 June 2023.

Condensed consolidated statement of financial performance
for the year ended 30 June 2024

R millions	Annual 30 June 2024	Annual 30 June 2023
Continuing operations		
Revenue (note 2)	13 452	12 460
Profit before interest, depreciation and amortisation	533	451
Depreciation	(341)	(337)
Amortisation of intangible assets	(22)	(23)
Profit before interest and taxation (note 3)	170	91
Interest expense	(168)	(281)
Interest income	38	14
Profit/(loss) before taxation	40	(176)
Taxation expense	(124)	(106)
Loss after taxation	(84)	(282)
Loss from equity accounted investments	–	–
Loss from continuing operations	(84)	(282)
Loss from discontinued operations (note 4.1)	(52)	(2 897)
Loss for the year	(136)	(3 179)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(138)	(3 181)
– Non-controlling interests	2	2
	(136)	(3 179)
Loss per share from continuing and discontinued operations (cents)		
– Diluted	(34)	(789)
– Basic	(34)	(789)
Loss per share from continuing operations (cents)		
– Diluted	(21)	(71)
– Basic	(21)	(71)

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

Condensed consolidated statement of comprehensive income
for the year ended 30 June 2024

R millions	Annual 30 June 2024	Annual 30 June 2023
Loss for the year	(136)	(3 179)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(119)	576
Translation of foreign entities reclassified through profit or loss on derecognition (note 4.1)	–	(1 250)
Remeasurement of retirement benefit obligations	(8)	–
Total comprehensive loss for the year	(263)	(3 853)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(265)	(3 854)
– Non-controlling interests	2	1
	(263)	(3 853)

Condensed consolidated statement of financial position
as at 30 June 2024

R millions	Annual 30 June 2024	Restated Annual* 30 June 2023	Restated Annual* 30 June 2022
ASSETS			
Non-current assets	**2 301**	2 419	8 431
Property, plant and equipment	**1 486**	1 572	4 397
Goodwill (note 8)	**428**	442	1 372
Deferred taxation assets	**86**	93	563
Investments in associate companies	**–**	–	2
Other non-current assets (note 10)	**301**	312	2 097
Current assets	**4 840**	4 903	10 860
Inventories	**143**	240	495
Other receivables	**223**	398	1 768
Amounts from contract customers (note 9)	**2 824**	2 965	6 292
– Contract asset	***1 483***	*1 434*	*2 901*
– Contract receivable	***1 341***	*1 531*	*3 391*
Taxation assets	**17**	36	47
Cash and cash equivalents	**1 633**	1 264	2 256
Other current assets	**–**	–	2
Assets classified as held for sale (note 4.3)	**1 019**	1 065	1 012
TOTAL ASSETS	**8 160**	8 387	20 303
EQUITY AND LIABILITIES			
Total equity	**1 559**	1 841	5 713
Attributable to owners of Murray & Roberts Holdings Limited	**1 556**	1 808	5 662
Non-controlling interests	**3**	33	51
Non-current liabilities	**933**	1 080	1 390
Long-term liabilities[1]	**632**	706	1 193
Long-term provisions	**12**	8	25
Retirement benefit obligations	**3**	–	–
Deferred taxation liabilities	**120**	147	89
Other non-current liabilities	**166**	219	83
Current liabilities	**4 676**	4 485	12 355
Amounts to contract customers (note 9)	**1 144**	702	2 514
Trade and other payables	**2 882**	2 931	7 505
Taxation liabilities	**27**	25	187
Bank overdrafts[1]	**330**	479	1 526
Short-term liabilities[1]	**293**	348	623
Liabilities classified as held for sale (note 4.3)	**992**	981	845
TOTAL EQUITY AND LIABILITIES	**8 160**	8 387	20 303

[1] *Interest-bearing borrowings.*
* *During the current year, the Group enhanced the presentation of the amounts from contract customers to separately present Contract Assets and Contract Receivables. The comparative information has been restated accordingly. Refer to note 17 for detail.*

Condensed consolidated statement of cash flows
for the year ended 30 June 2024

R millions	Annual 30 June 2024	Annual 30 June 2023
Cash generated by operations	**1 207**	538
Interest received	**37**	19
Interest paid	**(161)**	(317)
Taxation paid	**(135)**	(186)
Taxation refund	**14**	58
Operating cash flow	**962**	112
Dividends paid to non-controlling interests	**(32)**	(19)
Net cash inflow from operating activities	**930**	93
Purchase of intangible assets other than goodwill	**(21)**	(6)
Purchase of property, plant and equipment	**(312)**	(652)
– Replacements	**(87)**	(136)
– Additions	**(332)**	(767)
– Acquisition of assets by means of a lease (non-cash)	**107**	251
Proceeds on disposal of property, plant and equipment	**107**	43
Proceeds on disposal of Aarden Solar	**73**	–
Proceeds on disposal of intangible assets other than goodwill	**–**	17
Proceeds on disposal of investment in BCC (net of transaction costs)	**–**	1 217
Payment for acquisition of subsidiaries, net of cash acquired	**–**	(6)
Dividends received from the Bombela Concession Company	**–**	255
Cash and cash equivalents in deconsolidated subsidiaries	**–**	(1 298)
Proceeds on disposal of assets held for sale	**35**	127
Other	**1**	(1)
Net cash outflow from investing activities	**(117)**	(304)
Disposal of treasury shares	**–**	59
Acquisition of treasury shares	**(1)**	(67)
Net movement in borrowings	**(210)**	56
– Loans raised	**483**	1 981
– Loans repaid	**(646)**	(1 800)
– Leases repaid	**(47)**	(125)
Net movement in bank overdraft	**(145)**	(904)
– Overdraft drawdowns	**2 093**	1 303
– Overdraft repayments	**(2 238)**	(2 207)
Net cash outflow from financing activities	**(356)**	(856)
Total increase/(decrease) in net cash and cash equivalents	**457**	(1 067)
Net cash and cash equivalents at beginning of period	**1 273**	2 123
Effect of foreign exchange rates	**(85)**	217
Net cash and cash equivalents at end of period^	**1 645**	1 273
^ Cash and cash equivalents balance comprises:		
– Cash	***1 633***	*1 264*
– Reclassification to held for sale	***12***	*12*
– Overdraft	***–***	*(3)*

Condensed consolidated statement of changes in equity
for the year ended 30 June 2024

R millions	Stated capital	Other reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 30 June 2022	2 686	1 658	1 318	**5 662**	51	**5 713**
Total comprehensive (loss)/income for the year	–	(673)	(3 181)	**(3 854)**	1	**(3 853)**
Treasury shares acquired	(67)	–	–	**(67)**	–	**(67)**
Treasury shares disposed	59	–	–	**59**	–	**59**
Recognition of share-based payment	–	8	–	**8**	–	**8**
Utilisation of share-based payment reserve	17	(17)	–	**–**	–	**–**
Dividends declared and paid	–	–	–	**–**	(19)	**(19)**
Balance at 30 June 2023	2 695	976	(1 863)	**1 808**	33	**1 841**
Total comprehensive loss for the year	–	(127)	(138)	**(265)**	2	**(263)**
Treasury shares acquired	(1)	–	–	**(1)**	–	**(1)**
Recognition of share-based payment	–	14	–	**14**	–	**14**
Utilisation of share-based payment reserve	36	(36)	–	**–**	–	**–**
Dividend declared to non-controlling interest	–	–	–	**–**	(32)	**(32)**
Balance at 30 June 2024	2 730	827	(2 001)	**1 556**	3	**1 559**

Condensed consolidated segmental analysis
for the year ended 30 June 2024

R millions	Annual 30 June 2024	Annual 30 June 2023
Revenue[2]		
Bombela	–	–
OptiPower (previously Power, Industrial & Water)	1 671	1 331
– Construction contracts	1 578	881
– Sale of goods	93	450
Mining	11 780	11 126
– Construction contracts	11 414	10 834
– Rendering of services	366	292
Corporate & Properties	1	3
– Properties	1	3
Continuing operations	13 452	12 460
Middle East	–	–
Mining Australia	–	2 070
– Construction contracts	–	2 040
– Rendering of services	–	30
Clough	–	9 858
– Construction contracts	–	9 245
– Rendering of services	–	613
Other	117	36
– Construction contracts	117	36
Discontinued operations	117	11 964
Continuing operations		
Profit/(loss) before interest and taxation[3]		
Bombela	–	30
OptiPower	(98)	(47)
Mining	448	313
Corporate & Properties	(180)	(205)
Profit before interest and taxation	170	91
Interest expense	(168)	(281)
Interest income	38	14
Profit/(loss) before taxation	40	(176)
Taxation	(124)	(106)
Loss from continuing operations	(84)	(282)
Discontinued operations		
(Loss)/profit before interest and taxation[3]		
Middle East	(31)	(198)
Mining Australia	37	45
Clough	8	(1 266)
Other	(27)	(56)
Loss before interest and taxation	(13)	(1 475)
Interest expense	–	(37)
Interest income	3	10
Loss before taxation	(10)	(1 502)
Taxation expense	–	(83)
Loss from discontinued operations	(10)	(1 585)
Loss on loss of control of MRPL Group and Insig (note 4.1)	–	(1 157)
Derecognition of net asset value	–	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	–	1 250
Related costs of voluntary administration (note 4.1)	(42)	(155)
Loss from discontinued operations per the statement of financial performance	(52)	(2 897)

[2] Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is Rnil million (FY2023: Rnil million).
[3] The chief operating decision maker utilises profit/(loss) before interest and taxation in the asessment of a segement's performance.

Condensed segmental assets (continuing & discontinued)
as at 30 June 2024

R millions	**Annual 30 June 2024**	Annual 30 June 2023
Bombela	**–**	–
OptiPower	**689**	793
Mining	**4 606**	4 967
Corporate & Properties[4]	**71**	113
Continuing operations	**5 366**	5 873
Discontinued operations[5]	**1 058**	1 121
	6 424	6 994
Reconciliation of segmental assets		
Total assets	**8 160**	8 387
Deferred taxation assets	**(86)**	(93)
Current taxation assets	**(17)**	(36)
Cash and cash equivalents	**(1 633)**	(1 264)
	6 424	6 994

Condensed segmental liabilities (continuing & discontinued)
as at 30 June 2024

R millions	**Annual 30 June 2024**	Annual 30 June 2023
Bombela	**–**	–
OptiPower	**708**	713
Mining	**3 900**	3 235
Corporate & Properties[4]	**384**	740
Continuing operations	**4 992**	4 688
Discontinued operations[5]	**1 132**	1 207
	6 124	5 895
Reconciliation of segmental liabilities		
Total liabilities	**6 601**	6 546
Deferred taxation liabilities	**(120)**	(147)
Current taxation liabilities	**(27)**	(25)
Bank overdrafts	**(330)**	(479)
	6 124	5 895

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

NOTES

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements for the period ended 30 June 2024 have been prepared in compliance with Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards, the minimum requirements of the International Accounting Standards ("IAS") 34, Interim Financial Reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008 ("Act"). The condensed consolidated financial statements were compiled under the supervision of DF Grobler CA(SA), Group financial director. The director takes full responsibility for the preparation of the condensed consolidated financial statements and that the information has been correctly extracted from the underlying consolidated financial statements.

The accounting policies applied in the preparation of these results are in accordance with IFRS Accounting Standards and are consistent in all material respects with those applied in the audited consolidated financial statements for the year ended 30 June 2024. IFRS 17 (Insurance Contracts) has been implemented in the current financial year and had no material impact on the Group.

The external auditors, PricewaterhouseCoopers Inc., have issued their opinion on the consolidated financial statements for the year ended 30 June 2024. The audit was conducted in accordance with the International Standards on Auditing. The auditor responsible for the audit is JFM Kotzé. They have issued an unmodified audit opinion, which includes an emphasis of matter in respect of a material uncertainty related to going concern and other key audit matters, on the consolidated financial statements. A copy of the auditor's report together with a copy of audited consolidated financial statements are available for inspection at the Company's registered office. The condensed consolidated financial statements have been derived from the audited consolidated financial statements but is not audited itself.

The information presented in the condensed consolidated financial statements represents audited results for the period ended 30 June 2024. The comparative information presented in respect of the year ended 30 June 2023, has been derived from the audited consolidated annual financial statements for the year then ended. A copy of the auditor's report, together with the audited consolidated annual financial statements for the year ended 30 June 2023, is available for inspection at the registered office.

2. REVENUE

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

R millions	30 June 2024	30 June 2023
Construction contracts (over time)	12 992	11 715
Sale of goods (point in time)	93	450
Rendering of services (over time)	366	292
Properties (over time)	1	3
	13 452	12 460

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

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

R millions	30 June 2024	30 June 2023
South Africa	5 752	5 129
Rest of Africa	82	227
Australasia & South East Asia	16	23
North America & other	7 602	7 081
	13 452	12 460

Refer to the condensed consolidated segmental analysis for revenue disaggregation per operating business.

3. PROFIT BEFORE INTEREST AND TAXATION

R millions	30 June 2024	30 June 2023
Items by function		
Revenue	13 452	12 460
Cost of sales	(12 056)	(11 163)
Distribution and marketing costs	(18)	(22)
Administration costs	(1 320)	(1 406)
Other operating income	112	222
Profit before interest and taxation	170	91

Depreciation of R292 million is included in cost of sales and R49 million in administration costs.
Amortisation of R15 million is included in cost of sales and R7 million in administration costs.
Expected credit losses of R9 million is included in administration costs.

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

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

MIDDLE EAST OPERATIONS

The Middle East Operations were classified as a discontinued operation in the 2020 financial year as a result of being abandoned, as defined in terms of IFRS 5. Subsequent to abandonment of the Middle East Operations, an agreement was entered into to dispose of the operations 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 15 March 2024, the original sale and purchase transaction had not concluded due to regulatory approval not being achieved. A new sale and purchase agreement was concluded with a new purchaser on 28 June 2024. The Middle East Operations continue to meet the criteria to be classified as a disposal group held for sale in terms of IFRS 5.

The claim made and summons issued by a UAE-based bank ("the bank") for AED150 million (plus costs and interest) against Murray & Roberts Limited on the strength of a Parent Company Guarantee continues in the High Court of South Africa. The legal proceedings are underway and are expected to be protracted and take several years to conclude.

Included in the current year loss from discontinued operations are operating costs of R31 million incurred mainly on legal fees.

MRPL GROUP AND INSIG

In the prior financial year, the MRPL Group and Insig were placed into voluntary administration, and as a result met the criteria to be classified as discontinued operations and had been deconsolidated from the Murray & Roberts Group as control ceased. These discontinued operations comprise Mining Australia (RUC Cementation Mining group ("RUC") and Insig Technologies ("Insig")), the Energy, Resources & Infrastructure Platform (Clough Limited group ("Clough")), Murray & Roberts Pty Limited ("MRPL"), together referred to as "MRPL Group and Insig".

Related costs as a result of the voluntary administration are a further expense attributable to discontinued operations of R42 million (FY2023: R155 million).

SOUTHERN AFRICA INFRASTRUCTURE & BUILDINGS PLATFORM AND GENREC

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

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

4.1 RESULTS FROM DISCONTINUED OPERATIONS

R millions	30 June 2024	30 June 2023
Revenue	117	11 964
Loss before depreciation, amortisation, interest and taxation	(13)	(1 104)
Depreciation	–	(344)
Amortisation of intangible assets	–	(27)
Loss before interest and taxation	(13)	(1 475)
Interest expense	–	(37)
Interest income	3	10
Loss before taxation	(10)	(1 502)
Taxation expense	–	(83)
Loss after taxation	(10)	(1 585)
Loss from equity accounted investments	–	–
Loss from discontinued operations	(10)	(1 585)
Loss on loss of control of MRPL Group and Insig	–	(1 157)
Derecognition of net asset value	–	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	–	1 250
Related costs of voluntary administration	(42)	(155)
Loss from discontinued operations per the statement of financial performance	(52)	(2 897)
Attributable to:		
– Owners of Murray & Roberts Holdings Limited	(52)	(2 897)
– Non-controlling interests	–	–
	(52)	(2 897)

4.2 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

R millions	30 June 2024	30 June 2023
Cash flow from operating activities	(60)	(359)
Cash flow from investing activities	–	(1 554)
Cash flow from financing activities	54	381
Net decrease in cash and cash equivalents	(6)	(1 532)

4.3 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE:

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

R millions	30 June 2024	30 June 2023
Major classes of assets comprising the assets held for sale		
Property, plant and equipment	60	68
Other receivables	2	6
Amounts from contract customers	945	979
– Contract asset	868	899
– Contract receivable	77	80
Cash and cash equivalents	12	12
	1 019	1 065

R millions	30 June 2024	30 June 2023
Major classes of liabilities comprising the liabilities held for sale		
Trade and other payables	159	155
Subcontractor liabilities	7	8
Short-term borrowings	826	818
	992	981

5. DISPOSAL OF AARDEN SOLAR

The Group, through its wholly owned subsidiary Murray & Roberts Limited ("MRL"), entered into a Sale of Business Agreement with Main Road Centurion 30311 (Pty) Ltd ("the Acquirer"), in terms of which MRL disposed of its 80% interest in Aarden Solar, a joint operation. Aarden Solar required further investment to support its growth trajectory, which the Acquirer will provide. As a wholesale business, Aarden Solar is not strategic to Murray & Roberts. The transaction consideration was R73,4 million and was applied to MRL's working capital requirements.

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

The Aarden Solar operation formed a part of the OptiPower operating business. The operation did not meet the criteria to be classified as a discontinued operation as the Aarden Solar business did not represent a separate major line of business, nor did it represent a major geographical area of operation.

In the Group accounts, Aarden Solar's financial information has been derecognised with effect from 22 August 2023. The purchase price of the investment in Aarden Solar per the sale agreement amounted to R73,4 million. The net asset value of Aarden Solar amounted to R69,3 million. Consequently, resulting in a profit of R4,1 million recognised in the consolidated statement of financial performance for the year ended 30 June 2024.

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

6. WEIGHTED AVERAGE NUMBER OF SHARES

R millions	30 June 2024	30 June 2023
Number of ordinary shares in issue ('000)	444 736	444 736
Reconciliation of weighted average number of shares in issue ('000)		
Weighted average number of ordinary shares in issue	444 736	444 736
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(20 758)	(25 055)
Less: Weighted average number of shares held by the share incentive schemes	(17 647)	(16 566)
Weighted average number of shares in issue used in the determination of basic per share figures	406 331	403 115
Add: Dilutive adjustment	3 273	5 299
Weighted average number of shares in issue used in the determination of diluted per share figures	409 604	408 414

7. RECONCILIATION OF HEADLINE LOSS

R millions	30 June 2024	30 June 2023
Loss attributable to owners of Murray & Roberts Holdings Limited	**(138)**	(3 181)
Profit on disposal of property, plant and equipment	**(19)**	(17)
Impairment of associate	**–**	2
Impairment of property, plant and equipment	**10**	10
Impairment of goodwill	**–**	126
Compensation income from insurance	**–**	(2)
Loss on loss of control of subsidiaries	**–**	2 407
Translation of foreign entities reclassified through profit or loss on derecognition	**–**	(1 250)
Profit on disposal of property, plant and equipment held for sale	**(5)**	–
Profit on disposal of joint venture	**(4)**	–
Taxation effects on adjustments	**5**	–
Headline loss	**(151)**	(1 905)
Adjustments for discontinued operations:		
Loss from discontinued operations	**52**	2 897
Profit on disposal of property, plant and equipment	**–**	5
Impairment of goodwill	**–**	(126)
Loss on loss of control of subsidiaries	**–**	(2 407)
Translation of foreign entities reclassified through profit or loss on derecognition	**–**	1 250
Taxation effects on adjustments	**–**	(2)
Headline loss from continuing operations	**(99)**	(288)
Headline loss per share from continuing and discontinued operations (cents)		
– Diluted	**(37)**	(473)
– Basic	**(37)**	(473)
Headline loss per share from continuing operations (cents)		
– Diluted	**(24)**	(71)
– Basic	**(24)**	(71)

8. GOODWILL

R millions	30 June 2024	30 June 2023
Goodwill	**457**	471
Accumulated impairment losses	**(29)**	(29)
	428	442
At beginning of year	**442**	1 372
Acquisition of business^	**–**	5
Loss of control of subsidiaries*	**–**	(868)
Foreign exchange movements	**(14)**	59
Impairment	**–**	(126)
	428	442

^ *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 Group into voluntary administration and the liquidation of Insig.*

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

9. AMOUNTS FROM/(TO) CONTRACT CUSTOMERS

R millions	30 June 2024	30 June 2023*
Contract asset		
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	985	989
Uncertified claims and variations	499	445
Contract receivable		
Amounts receivable on contracts (net of impairment provisions)	1 168	1 338
Retentions receivable (net of impairment provisions)	172	193
	2 824	2 965
Amounts received in excess of work completed^	(1 144)	(702)
	1 680	2 263
Disclosed as:		
Amounts from contract customers	2 824	2 965
– *Contract asset*	1 484	1 434
– *Contract receivable*	1 340	1 531
Amounts to contract customers	(1 144)	(702)
	1 680	2 263

* *During the current year, the Group enhanced the presentation of the amounts from contract customers to separately present Contract Assets and Contract Receivables. The comparative information has been restated accordingly. Refer to note 17 for detail.*

^ *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 contract assets 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.*

Amounts from contract customers and amounts 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 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 from contract customers are expected to be realised within 12 months. Included in amounts to contract customers are overclaims and advances of R98 million which are expected to be settled in a period greater than 12 months. All other amounts included in amounts to contract customers are expected to be settled within 12 months.

10. OTHER NON-CURRENT ASSETS

R millions	30 June 2024	30 June 2023
Other non-current assets comprise the following:		
Intangible assets excluding goodwill	300	311
Other investments	1	1
	301	312

11. FINANCIAL INSTRUMENTS

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

The fair value of the Group's financial instruments approximate their carrying values at 30 June 2024.

R millions	30 June 2024	30 June 2023
Categories of financial instruments		
Financial assets		
Financial assets at fair value through profit or loss (level 3)	–	–
Financial assets measured at amortised cost	3 070	2 981
Financial assets measured at amortised cost – held for sale	89	992
Financial liabilities		
Financial liabilities measured at amortised cost	3 717	4 047
Financial liabilities measured at amortised cost – held for sale	992	981

11.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

R millions	30 June 2024	30 June 2023
At beginning of period	–	1 442
Realisation of investment	–	(255)
Fair value adjustment recognised in the statement of financial performance	–	30
Disposal of investment[6]	–	(1 217)
	–	–

[6] *The Group completed the transaction relating to the disposal of its investment in the Bombela Concession Company ("BCC") on 03 April 2023.*

12. CONTINGENT LIABILITIES

As a contracting Group, Murray & Roberts is in the ordinary course of its business involved in various disputes, a number of which arise when operations and projects are closed out and finalised. Depending on the merits, disputes can translate into claims and legal proceedings, which Murray & Roberts always rigorously defends. Where Murray & Roberts, in consultation with its legal advisors and counsels, 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. The increase in financial institution guarantees relates mainly to claims in the Middle East and in the OptiPower operating business, which management do not believe poses a significant risk as the potential obligations will be disputed and defended. 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 (R1,4 billion).

R millions	30 June 2024	30 June 2023
Contingent liabilities	2 771	3 005
Financial institution guarantees given to third parties[$]	2 772	2 522

[$] *Until the airport claim in the Middle East is resolved, which is now 16 years post delivery of the project, through existence of a Parent Company Guarantee, the Group has a potential contingent liability for any adverse determination against the Group by a Tribunal. No such tribunal has been established and it is the Group's expectation that the matter should be resolved in its favour. No amount is included above due to the unlikelihood of any such claim and no tribunal being established to determine any such amount.*

13. DIVIDEND

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

14. COVENANTS

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

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

Facility	SA Lenders – SA Group	Toronto Dominion Bank Facility – Cementation Canada Inc.
Covenant Trigger and Proximity to being breached	1) Interest Cover: Requirement – equals or exceeds 1.50:1; Actual – 4.23:1 2) Gross Debt to EBITDA: Requirement – does not exceed 2.50:1; Actual – 0.74:1 3) Current Ratio: Requirement – equals or exceeds 0.9:1; Actual – 0.8:1 The SA Group was in breach of the current ratio covenant as at 30 June 2024. New covenants, however, were agreed after year end and these covenants when measured for the 30 June 2024 measurement period were met. The new current ratio covenant is to equal or exceed 0.70:1.	1) Current Ratio: Requirement – equals or exceeds 1.25:1; Actual – 1.70:1 2) Debt Service Coverage Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.0:1 3) Total Funded Debt/EBITDA Ratio: Requirement – does not exceed 2.75:1; Actual – 1.71:1 4) Concentration of EBITDA and fixed assets in Obligors: Requirement – minimum of 85%; Actual – 100%; Fixed assets minimum of 90%; Actual - 100% 5) Capital Expenditures: Requirement – maximum of CAD40 million; Actual – CAD19,6 million 6) Investments: Requirement – maximum of CAD12 million; Actual – CAD5,0 million 7) Acquisitions: Requirement – maximum of CAD25 million; Actual – CADnil Sufficient headroom deemed available for all debt covenants reflected above.

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

15. SUPPLEMENTARY INFORMATION

	30 June 2024	30 June 2023
Net asset value per share (Rands)	**3,50**	4,07
Dividends per share (cents)	**–**	–

16. RELATED PARTY TRANSACTIONS

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

17. PRIOR PERIOD RESTATEMENT

During the current year, the Group reassessed the presentation of amounts from contract customers. In order to enhance disclosure, management restated the statement of financial position to disclose the contract asset and contract receivable separately.

The change noted above resulted in the statement of financial position being restated as per below:

Condensed Consolidated Statement of Financial Position

	30 June 2023		
R millions	Previously reported	Adjustment	Restated
Current Assets			
Amounts from contract customers	2 965	–	2 965
– Contract asset	–	1 434	1 434
– Contract receivable	–	1 531	1 531

Extract of note to the condensed consolidated annual financial statements

9. AMOUNTS FROM/TO CONTRACT CUSTOMERS

Disclosed as:			
Amounts from contract customers	2 965	–	2 965
– Contract asset	–	1 434	1 434
– Contract receivable	–	1 531	1 531
Amounts to contract customers	(702)	–	(702)
	2 263	–	2 263

18. GOING CONCERN

DEVELOPMENTS IN THE BUSINESS

A smaller Murray & Roberts business

The voluntary administration of the Group's companies in Australia in December 2022, which followed the impact of COVID-19 on Clough Limited, left the Group as a much smaller business, with a highly geared balance sheet and with liquidity constraints. Murray & Roberts is now a Group that provides engineering and contracting services primarily to the international mining market, and to the renewable energy and power infrastructure markets in Sub-Saharan Africa.

Mining Businesses

The Group's mining businesses generate most of its revenue and earnings and recorded good results for the financial period ended 30 June 2024. These businesses are diversified across the northern and southern hemispheres, trading under the Cementation brand. Cementation Americas is one of the market leaders in the North American market and Murray & Roberts Cementation in the Southern African market. These businesses are experiencing good market conditions as evidenced by growth in the order book. The Group established a new company in Australia, Cementation APAC, to service the Australia/Asia Pacific region.

Renewable Energy and Power Infrastructure Business

OptiPower recorded an operating loss during the financial period ended 30 June 2024. The loss largely resulted from liquidity constraints experienced by the Group, giving rise to delays in procurement and resultant increased costs to complete current projects. Based on forecasts, management expects this business to return to profitability in the next 12 months considering increased investment in the renewable energy and transmission market sectors in South Africa.

Discontinued Middle East Operations

A Sale and Purchase Agreement for the sale of Murray & Roberts Contractors (Middle East) LLC (MRCME) and Murray & Roberts Contractors (Abu Dhabi) LLC (MRCAD) was concluded on 28 June 2024 and is subject to several conditions precedent.

The Al Mafraq Hospital project in Abu Dhabi was delivered by a joint venture in which MRCAD is a 30% member. Legal proceedings against the Abu Dhabi client regarding the project final account have failed to deliver a beneficial outcome for the joint venture. A UAE bank brought a claim for AED150 million (plus costs and interest) and a summons was issued against Murray & Roberts Limited through the High Court of South Africa, in relation to a Murray & Roberts Limited Parent Company Guarantee for bonds at the Al Mafraq Hospital project which were called by the client and paid out by the UAE bank. The legal proceedings are underway and are expected to be protracted and may take several years to conclude.

Should the sale of MRCME and MRCAD not be successful, the companies will be liquidated.

BANKING FACILITIES IN SOUTH AFRICA

The Group concluded a Common Terms Agreement with four South African banks (Banking Consortium) in November 2022 which inter alia provided for an overdraft facility of R0,65 billion and a term loan facility of R1,35 billion – a combined facility of R2 billion. At 30 June 2023, the overdraft facility was fully drawn, and the term loan was reduced to R0,35 billion after applying R1 billion of the proceeds arising from the sale of the Group's 50% shareholding in the Bombela Concession Company in April 2023, to reduce the term loan. In October 2023, the Group agreed a deleveraging plan with the Banking Consortium.

At 30 June 2024, the term loan facility was fully repaid and the overdraft facility (of which R330 million was drawn down at year end) reduced to R409 million. Debt was reduced through a special dividend from Cementation Americas in January 2024, cash from settling commercial issues on one of the Group's mining projects in South Africa, and the sale of a non-strategic investment in Aarden Solar. Cementation Americas renewed its banking facilities which provided for a CAD35 million amortising term facility, utilised for a special dividend of CAD30 million to Murray & Roberts Limited during the financial year, in support of its deleveraging initiatives.

The final milestone in the deleveraging plan was to refinance the remaining R409 million debt facility with the Banking Consortium. This milestone was not met by the milestone date and gave rise to a breach of the deleveraging agreement. This breach could have resulted in the facilities previously obtained, as detailed in Note 16 (Secured Liabilities) of the consolidated annual financial statements for the year ended 30 June 2024, being called. The Board, however, subsequent to year-end signed a credit-approved term sheet with the Banking Consortium, which, subject to the achievement of certain milestones, provides for the remaining debt to be repaid by 31 January 2026. The terms of the credit-approved term sheet stays the call of the facilities and related securities.

The Board has resolved to sell non-core assets to meet the Group's obligations to the Banking Consortium. These assets have been independently valued and based on the valuations the value exceeds the value of the outstanding debt. If required, shareholder approval will be sought at the appropriate time.

The Board remains committed to refinance its debt with the Banking Consortium and negotiations with potential funders are continuing. Should the refinancing be successful, it will obviate the need for the disposal of assets.

The SA Group was in breach of the current ratio covenant as at 30 June 2024. New covenants were however agreed after year end and these covenants, when measured for the 30 June 2024 measurement period, were met.

GOING CONCERN ASSESSMENT

The Group performed a going concern assessment for year-end reporting purposes, taking the developments in the business and banking facilities in South Africa as outlined above into consideration, as well as the cash flow forecast as described below.

Cash Flow Forecast

Detailed cash flow forecasts for each of the Group's businesses were prepared for the 18-month period to December 2025, and stress-tested for key judgements and assumptions in relation to the secured and unsecured order book, forecast revenue and project margins, as well as the timing of cash flows. Based on these cash flow forecasts, the Group took the following aspects into consideration in assessing its liquidity needs and ongoing working capital requirements, its ability to repay the South African debt as it becomes due, and its ability to continue as a going concern:

- South African debt: On 28 August 2024, the Board signed a credit approved term sheet with the Banking Consortium, which provides for the current overdraft of R330 million plus further draw downs on the total available facility of R409 million to be repaid by 31 January 2026. Attempts to refinance this debt are ongoing, and a successful refinancing will obviate the need to sell non-core assets to repay this debt. Cash flows in the South African operations include a CAD10m dividend from Cementation Americas to be received prior to December 2024, to support the liquidity requirements of the South African operations.
- Banking Facilities: At 30 June 2024, the Group had the following facilities in place (disclosed in note 38.7 of the consolidated annual financial statements for the year ended 30 June 2024):
  - Banking facilities in South Africa: Direct facilities (overdraft and asset-based finance) of R0,8 billion, with R0,2 billion of unutilised facilities. Indirect facilities (contract related guarantees) of R2,2 billion with R0,1 billion of unutilised facilities. Currently, the Banking Consortium is only permitting drawdowns against the R409 million overdraft facility and all unutilised direct and indirect facilities are unavailable to the Group. The Group is in the process of finalising terms with alternative asset-based finance and guarantee providers.
  - Foreign banking facilities: Direct banking facilities of R1,1 billion with R0,4 billion of unutilised facilities are available. Indirect banking facilities of R1,3 billion with R0,6 billion of unutilised facilities are available. Some of these facilities have limited availability for Group-wide use due to dividend distribution and intra-group limitations imposed by the foreign banks.
- Order Book: The Group has a strong secured order book which includes high-profile, multi-year projects.
- Outstanding Claims: There are several unresolved and long outstanding claims in favour of the Group, some of which are expected to be settled within the next 12 months forecast period.
- Working Capital Management: The Group is constantly reviewing working capital utilisation on projects and seeking ways to improve working capital management, which include agreeing new creditor and debtor terms and renegotiating onerous commercial arrangements on projects.
- Debt and Cost reduction: The Group is assisted by Deloitte as financial advisors in its efforts to reduce debt with the Banking Consortium, and to reduce costs. This included developing a sustainable capital structure and reducing overhead costs. Whilst it is continuing its efforts to refinance remaining debt with the Banking Consortium, the Group has implemented the following cost reduction initiatives:
  - Rationalised the Group organisational structure;
  - Reduced headcount at the Group corporate office;
  - Reduced IT expenditure; and
  - Reduced leased office floor space utilised by the South African operations.

Going Concern Conclusion

Based on the above assessment, the Group is confident that it would be able to realise its assets and discharge its liabilities in the normal course of business. On 28 August 2024, a credit approved term sheet was signed with the Banking Consortium, providing for the remaining debt with the Banking Consortium to be repaid by 31 January 2026, and the directors, based on the information available and to the extent under the control of the directors, have no reason to believe that the signed term sheet will not be converted into a binding agreement. Furthermore, the cash flow forecasts show that Cementation Americas is expected to generate sufficient cash for it to declare the aforementioned dividends (subject to the close out of a commercial claim) to the South African operations. However, should this term sheet not be converted into a binding agreement, or dividends not be received from the international mining subsidiaries to support liquidity in South Africa, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. This gives rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

19. EVENTS AFTER REPORTING DATE

The directors are not aware of any other matter or circumstance arising since the end of the financial year not otherwise dealt with in the Group and Company annual financial statements which significantly affects the financial position at 30 June 2024 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.

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

Murray & Roberts

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