Murray & Roberts

Unaudited Interim Results

for the six months ended 31 December 2007

Murray & Roberts Holdings Limited
(Registration number: 1948/029826/06)
("Murray & Roberts" or "Group")
Share Code: MUR ISIN code: ZAE000073441

Condensed consolidated income statement

for the six months ended 31 December 2007

R millions	Unaudited 6 months 31.12.07	Unaudited 6 months 31.12.06	Audited Annual 30.6.07
Revenue	12 765	8 214	18 037
Earnings before interest, exceptional items, depreciation and amortisation	1 289	718	1 803
Depreciation	(265)	(144)	(290)
Amortisation of intangible assets	(19)	(11)	(23)
Earnings before interest and exceptional items	1 005	563	1 490
Exceptional items (note 5)	104	(43)	(161)
Earnings before interest and taxation	1 109	520	1 329
Net interest expense	(11)	(25)	(18)
Earnings before taxation	1 098	495	1 311
Taxation	(249)	(139)	(360)
Earnings after taxation	849	356	951
Share of profit/(loss) from associates	3	31	(107)
Earnings from continuing operations	852	387	844
Earnings from discontinued operations (note 2)	–	13	(48)
Earnings for the period	852	400	796
Attributable to:			
Shareholders of the holding company	699	360	702
Minority shareholders	153	40	94
	852	400	796
Earnings per share (cents)			
– Diluted	230	121	235
– Basic	235	123	239
Total dividend per ordinary share (cents)*	77	45	116
Operating cash flow per share (cents)	471	146	583

* Based on period to which dividend relates

Supplementary income statement information

R millions	Unaudited 6 months 31.12.07	Unaudited 6 months 31.12.06	Audited Annual 30.6.07
Reconciliation of weighted average number of shares in issue (000)			
Ordinary shares in issue	331 893	331 893	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	(5 448)	(9 889)	(8 335)
Less: Weighted average number of shares held by Murray & Roberts Limited	(676)	(676)	(676)
Less: Weighted average number of shares held by the Letsema BBBEE trusts	(28 953)	(28 953)	(28 953)
Weighted average number of shares used for basic per share figures	296 816	292 375	293 929
Add: Dilutive adjustment for share options	7 545	6 311	4 326
Weighted average number of shares used for diluted per share figures	304 361	298 686	298 255
Headline earnings per share (cents) (note 6)			
– Diluted	216	135	325
– Basic	221	138	329

Condensed consolidated segmental analysis

R millions	Unaudited 6 months 31.12.07	Unaudited 6 months 31.12.06	Audited Annual 30.6.07
Revenue			
Construction & Engineering	9 502	5 308	11 822
Construction Materials & Services	2 528	2 264	4 727
Fabrication & Manufacture	676	556	1 324
Corporate & Properties (note 4)	59	86	164
Continuing operations	12 765	8 214	18 037
Discontinued operations (note 2)	–	453	715
	12 765	8 667	18 752
Earnings before interest, exceptional items and taxation			
Construction & Engineering	667	286	756
Construction Materials & Services	369	298	763
Fabrication & Manufacture	44	21	83
Corporate & Properties (note 4)	(75)	(42)	(112)
Continuing operations	1 005	563	1 490
Discontinued operations (note 2)	–	28	26
	1 005	591	1 516

Condensed consolidated balance sheet

as at 31 December 2007

R millions	Unaudited 31.12.07	Unaudited 31.12.06	Audited Annual 30.6.07
ASSETS			
Non–current assets	4 847	3 924	4 175
Property, plant and equipment	2 900	1 920	2 011
Investment property	516	258	526
Goodwill	564	158	206
Other intangible assets	82	63	74
Deferred taxation assets	15	53	15
Investment in associate companies	32	1 054	885
Other investments	558	375	440
Other non–current assets	180	43	18
Current assets	11 434	6 751	8 836
Trade receivables and other current assets	3 297	2 660	2 625
Net amounts due from contract customers	3 719	2 338	3 402
Cash and cash equivalents	4 418	1 753	2 809
TOTAL ASSETS	16 281	10 675	13 011
EQUITY AND LIABILITIES			
Total equity	4 602	3 524	3 815
Attributable to shareholders of the holding company	3 931	3 377	3 637
Minority shareholders' interest	671	147	178
Non–current liabilities	1 376	1 178	1 103
Long–term provisions	55	10	64
Obligations under finance headleases*	71	151	78
Other long–term loans*	938	622	617
Other non–current liabilities	120	32	67
Deferred taxation liabilities	192	363	277
Current liabilities	10 303	5 973	8 093
Trade payables and other current liabilities	8 728	5 536	7 423
Bank overdrafts*	720	222	181
Short–term loans*	855	215	489
TOTAL EQUITY AND LIABILITIES	16 281	10 675	13 011

* Interest–bearing borrowings.

Supplementary balance sheet information (R millions)

Net asset value per share (cents)	1 185	1 017	1 096
Commitments			
Capital expenditure			
– Spent	698	401	1 009
– Authorised but unspent	1 350	640	1 537
Operating lease commitments	367	107	460
Contingent liabilities**	1 866	119	88
Financial institution guarantees**	7 751	3 522	4 359

** Increase mainly due to the first time consolidation of Clough Limited.

Condensed consolidated cash flow statement

for the six months ended 31 December 2007

R millions	Unaudited 6 months 31.12.07	Unaudited 6 months 31.12.06	Audited Annual 30.6.07
Cash generated by operations before working capital changes	1 361	676	1 691
Cash outflow from headlease and other property activities	(59)	(30)	(115)
Decrease/(increase) in working capital	436	(100)	637
Cash generated by operations	1 738	546	2 213
Interest and taxation	(176)	(61)	(278)
Operating cash flow	1 562	485	1 935
Dividends paid to shareholders of the holding company	(211)	(121)	(249)
Dividends paid to minority shareholders	(36)	(11)	(31)
Cash flow from operating activities	1 315	353	1 655
Cash flow from investing activities	(683)	(451)	(851)
Property, plant and equipment and intangible assets (net)	(625)	(377)	(968)
Acquisition/disposal of business (net)	50	(11)	93
Other investments (net)	(116)	(138)	10
Other (net)	8	75	14
Cash flow from financing activities	458	(4)	181
Net movement in borrowings	452	(4)	159
Treasury share disposals	6	–	22
Net increase/(decrease) in cash and cash equivalents	1 090	(102)	985
Net cash and cash equivalents at beginning of period	2 628	1 642	1 642
Effect of foreign exchange rates	(20)	(9)	1
Net cash and cash equivalents at end of period	3 698	1 531	2 628

Condensed consolidated statement of changes in equity

for the six months ended 31 December 2007

R millions	Unaudited 6 months 31.12.07	Unaudited 6 months 31.12.06	Audited Annual 30.6.07
Opening balance	3 815	3 194	3 194
Earnings attributable to shareholders of the holding company	699	360	702
Movement in treasury shares	6	–	22
Recognition of hedging instrument on financial instruments	5	–	(5)
Earnings attributable to minority shareholders	153	40	94
Minority interest on consolidation of Clough Limited	387	–	–
Other movements in minority interest	(49)	9	7
Movement in share–based payment reserve	20	3	20
Foreign currency translation movement on investments	(223)	50	61
Dividend declared and paid	(211)	(132)	(280)
	4 602	3 524	3 815

Notes:

1. Basis of preparation

This preliminary unaudited interim report has been prepared and presented in accordance with IAS34: Interim Financial Reporting, and Schedule 4 of the Companies Act, No. 61 of 1973 (as amended).The accounting policies used in the preparation of these results are in accordance with International Financial Reporting Standards (IFRS) and consistent in all material respects with those used in the annual financial statements for the year ended 30 June 2007. The condensed financial statements have been prepared under the historic cost convention, except for the revaluation of certain investments and investment property.

There are no standards that are currently in issue but not yet effective which would result in a change in accounting results.

2. Earnings from discontinued operations

In the current period there were no discontinued operations. The prior year discontinued operations relate to the disposal of the Group's Foundries business on 31 March 2007.

R millions	30.12.07	30.12.06	30.6.07
Earnings from discontinued operations are analysed as follows:			
Loss on disposal	–	–	(61)
Earnings after taxation for the period	–	13	13
	–	13	(48)
Earnings after taxation for the period is analysed as follows:			
Revenue	–	453	715
Earnings before interest and depreciation	–	52	68
Depreciation	–	(24)	(42)
Earnings before interest, exceptional items and taxation	–	28	26
Exceptional items	–	–	–
Earnings before interest and taxation	–	28	26
Net interest expense	–	(7)	(9)
Earnings before taxation	–	21	17
Taxation	–	(8)	(4)
Earnings after taxation for the period	–	13	13

3. Acquisition of subsidiary

Clough Limited (Clough), which was previously accounted for as an associate, is consolidated for the first time as the Group acquired control over the company on 1 July 2007. The impact of consolidating Clough for the first time is as follows:

R millions	31.12.07	31.12.06	30.6.07
Net assets	3 167	–	–
Net liabilities	(2 787)	–	–
Clough minorities	(111)	–	–
Fair value of assets consolidated	269	–	–
Minority interest on consolidation	(136)	–	–
Foreign currency translation reserves on acquisition	54	–	–
Decrease in investment in associates	(623)	–	–
Exchange rate adjustments recorded in prior years	116	–	–
Goodwill recorded on consolidation	(320)	–	–
During the period the Group increased its investment in Clough from 49,1% to 56,2%. The impact of shareholding increase is as follows:			
Increase in goodwill	(48)	–	–
Increase in minorities	(140)	–	–

The goodwill is attributable to the high profitability of the acquired business. The acquisition accounting is still on a provisional basis.

4. Reclassification

During the year the Group reclassified the accounting for its property division from exceptional items to normal trading activities as a result of settlement of the headlease structured liability that existed over the properties. The impact of the property reclassification is as follows:

R millions	31.12.07	31.12.06	30.6.07
Revenue	59	86	164
Earnings before interest, exceptional items and taxation	25	31	53
Exceptional items	(18)	(8)	(14)
Interest expense	(14)	(21)	(39)
Taxation	6	(2)	–

5. Exceptional items

R millions	31.12.07	31.12.06	30.6.07
Profit on disposal of subsidiary	130	–	–
Profit on disposal of land and buildings	60	–	–
Impairment of investment in associate	(13)	–	(115)
Impairment of goodwill	(10)	–	–
Impairment of unlisted investments	(63)	(48)	(48)
Other	–	5	2
	104	(43)	(161)

6. Reconciliation of headline earnings

R millions	31.12.07	31.12.06	30.6.07
Earnings attributable to shareholders of the holding company	699	360	702
Profit on disposal of subsidiary	(130)	–	–
Profit on the disposal of land and buildings	(60)	–	–
Loss on disposal of discontinued operation	–	6	61
Impairment of investment in associate	13	–	163
Reversal of impairments	–	(15)	–
Impairment of goodwill	10	–	–
Impairment of unlisted investments	63	48	–
Revaluation of investment properties	–	–	(253)
Remeasurement of liability on investment properties	–	–	272
Other	–	4	(2)
Taxation effect on above adjustments	5	–	25
Minority interest on above adjustments	56	–	–
Headline earnings	656	403	968

Our commitment to sustainable earnings growth and value creation is non–negotiable.

HIGHLIGHTS

- **ORDER BOOK UP 69% TO R38 BILLION**
- **REVENUE UP 55% TO R12,8 BILLION**
- **OPERATING PROFIT UP 79% TO R1,0 BILLION**
- **OPERATING CASH INFLOW R1,6 BILLION**
- **HEADLINE EARNINGS UP 60% TO 216 CENTS PER SHARE**
- **INTERIM DIVIDEND UP 71% TO 77 CENTS PER SHARE**
- **7,9% OPERATING MARGIN**
- **37% RETURN ON AVERAGE SHAREHOLDER FUNDS**

Executive Summary

The directors are pleased to announce half-year results at the top end of recent market guidance and a 71% increase in the interim ordinary dividend to 77 cents per share for the six months to 31 December 2007 (2006: 45 cents per share).

Attention is drawn to the formal dividend announcement contained herein.

Fully diluted headline earnings per share increased 60% to 216 cents for the period (2006: 135 cents). The consolidation of Clough from 1 July 2007 plus improved market conditions and increased performance from all core business segments resulted in a 79% increase in operating profit (EBIT) to R1,0 billion (2006: R0,56 billion).

Revenue for the period is up 55% to R12,77 billion (2006: R8,21 billion) which includes organic growth of R2,44 billion (up 30%) and a maiden contribution of R2,12 billion from Clough.

The interim operating margin of 7,9% (2006: 6,9%) continues the performance trend set in the previous financial year and includes a margin of 6,8% in Clough.

Construction & Engineering revenue including Clough increased 79% to R9,5 billion (2006: R5,3 billion) with EBIT up 133% to R667 million (2006: R286 million), including a fair value adjustment on concession investments comparable to the prior half-year.

Revenue in Construction Materials & Services increased 12% to R2,5 billion (2006: R2,3 billion) with EBIT up 24% to R369 million (2006: R298 million). This follows disposal of the Foundries Group and reallocation of Hall Longmore and Genrec to Fabrication & Manufacture where revenue is R676 million (2006: R556 million) with EBIT at R44 million (2006: R21 million).

Corporate costs for the half-year are R75 million (2006: R43 million adjusted) including a charge of R20 million relating to share-based payments accounted for in terms of IFRS 2 and income on property assets held at Corporate (see note 4).

The effective tax rate reduced to 23% (2006: 28%) with increased profitability in the Group's zero tax rated markets and an increase in capital profits on disposal of subsidiaries. The tax charge increased 79% to R249 million (2006: R139 million).

Operating cash inflow improved significantly to R1,56 billion (2006: R485 million) with working capital inflow at R436 million (2006: R100 million outflow). Subsequent to year end the Group received its 40% share of a AED300 million payment for on schedule delivery of phase 1 of the Dubai International Airport project.

Cash in hand increased 152% to R4,4 billion including receipt of advance payments totalling about R1,9 billion for the capital funding of significant startup expenses on long-term major projects. Some of this cash is restricted in various joint ventures.

Shareholder funds increased to R3,9 billion at 31 December 2007, representing a net asset value (NAV) of 1185 cps. The after tax return on average shareholder funds for the period moved well above the Group hurdle of 20% to 37% (2006: 22,3%).

Order Book and Market

The total Construction & Engineering order book increased 69% in the period under review to R38 billion, with the 3-year backlog at R24,5 billion (June 2007: R22,5 billion).

Construction Middle East accounts for R2,8 billion of order book (up 25%) with Construction SADC at R9,2 billion (up 8%), Engineering at R2,9 billion (up 88%), Mining Contracting at R5,5 billion (up 11%) and Clough at R6,1 billion (up 22%). The remaining R11,5 billion relates to the balance of long-term power generation projects for the period between 2010 and 2015.

The regional composition of total order book is SADC 70% (58%); Middle East 8% (13%) and Rest of World 22% (29%). The amounts in brackets are comparative levels at 30 June 2007.

Murray & Roberts and its partners are in contention for further work associated with South Africa's power station build program. In all cases the competition is foreign contractors with limited or no previous experience in the country. Following a thorough evaluation of its options, the Group selected Westinghouse and Shaw Group of the United States as its technology and implementation partners for the proposed Nuclear Power Program in South Africa. The tender proposal has been submitted and will be followed by an intensive evaluation process to select the preferred contractor group.

The Group is in advanced negotiation for, or has subsequently secured a number of major building projects in South Africa and Middle East. Mining contracting markets in Australia and Canada remain buoyant, with the South African market impacted in the short term by power supply concerns.

The Group has minor exposure to the slowdown in demand for home building services and materials. However, the infrastructure and industrial construction markets continue to offer good growth potential to the Construction Materials & Services operations.

The South Africa Electricity Situation

The state of electricity supply in South Africa is well documented and its effect has been felt throughout the Group's domestic business environment and by its many customers and clients. It is not possible to determine an accurate cost of disruption but it is expected the situation will impact domestic operations through to at least 2013.

Further to the announcement released through SENS on 28 January 2008, the Group is pleased to advise that its domestic underground mining contracting operations are back to full production and that its CISCO steel mill resumed operations at 85% of previous capacity. All operations and offices throughout the Group have embarked on a program of sustainable energy efficiency to reduce base load and peak power consumption.

However, the Group foresees future supply constraints and price volatility in other critical performance inputs, particularly fuel and steel products.

Clough Limited

Murray & Roberts consolidated Clough into its accounts from 1 July 2007 and underwrote a recapitalisation of the business in November 2007, including support for the acquisition of new specialist deepwater construction vessels.

The Group held 56,2% of the issued shares in Clough at 31 December 2007 at a cost per share of AUD 48 cents compared to a ruling market price above AUD 70 cents.

The company has stabilised its core performance over the past year and disposed of most of its non-core businesses and assets for an exceptional profit of R130 million in the period under review.

Settlement of the legacy G1/GS15 project in India has proved a challenge to the company, but the possibility has increased following recent direct engagement by Murray & Roberts with the client ONGC. The Group and Clough remain committed to resolution of this matter through direct personal engagement.

Industry Competitiveness

Shareholders will be aware that in light of increased public sector fixed investment in South Africa, the competition authorities have initiated a high-profile program of investigation into all aspects of the construction industry. It would be incorrect to assume, however, that corrupt practices are endemic to the industry and its associates.

As construction industry leader, Murray & Roberts is providing support to the authorities where appropriate.

Exceptional Items

During the period under review, Clough disposed of subsidiary Sheddon UHDE for a capital profit of R130 million. Various assets in South Africa have been revalued at a net loss of R86 million (refer note 5).

Prospects and Trading Statement

Despite the threat of recession in the United States and electricity supply challenges in South Africa, the directors are of the considered view that fixed capital formation will continue to develop in all the Group's markets over the foreseeable future.

Murray & Roberts is the leading South African construction and engineering group and its global presence and reputation has enabled access to significant market opportunity and the leadership, partners, resources and skills needed to meet this expected increase in demand.

The primary challenge facing the Engineering & Construction Industry worldwide is the availability of sufficient skilled leadership and human resource needed to deliver the major projects and investment programs currently underway and planned for the years ahead. Murray & Roberts continues to prioritise the recruitment and development of new capacity into the Group and industry.

Capital expenditure by the Group increased 74% to R698 million (2006: R401 million) in the half-year, including R180 million in Clough. It is expected that this will almost treble for the full-year.

The directors expect fully diluted headline earnings for the full year to 30 June 2008 to grow between 50% and 60% compared with the comparable period to 30 June 2007.

This trading statement has not been audited or reviewed.

Roy Andersen
Chairman of the Board

Brian Bruce
Group Chief Executive

Roger Rees
Group Financial Director

Bedfordview
27 February 2008

Notice to shareholders

Declaration of interim ordinary dividend (No. 112)

Notice is hereby given that an interim ordinary dividend No. 112 of 77 cents per share (2007: 45 cents per share) in respect of the financial year ending 30 June 2008 has been declared payable to shareholders recorded in the register at the close of business on Friday 11 April 2008.

The salient dates for the interim ordinary dividend are as follows:

Last day to trade cum the dividend	Friday 4 April 2008
Trading ex dividend commences	Monday 7 April 2008
Record date	Friday 11 April 2008
Payment date	Monday 14 April 2008

Share certificates may not be dematerialised or re-materialised between Monday 7 April 2008 and Friday 11 April 2008, both days inclusive.

On Monday 14 April 2008 the interim dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 14 April 2008 will be posted on that date.

Shareholders who have dematerialised their shareholder certificates will have their accounts at their CSDP or broker credited on Monday 14 April 2008.

By order of the Board

Y Karodia
Group Secretary

Bedfordview
27 February 2008

Murray & Roberts Holdings Limited Registration No. 1948/029826/06

Directors:
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SJ Flanagan SE Funde* NM Magau* JM McMahon* IN Mkhize* RW Rees[1]
AA Routledge* MJ Shaw* SP Sibisi KE Smith[2] JJM van Zyl* RT Vice*

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