Murray & Roberts

Unaudited Interim Results

for the six months ended 31 December 2010 and Withdrawal of Cautionary Announcement

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

website: www.murrob.com e-mail: clientservice@murrob.com .mobi site: http://murrob.mobi

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the six months ended 31 December 2010

R millions	Unaudited 6 months to 31 December 2010	Unaudited* 6 months to 31 December 2009	Audited* Annual 30 June 2010
Revenue	15 759	15 381	30 473
Earnings before interest, exceptional items, depreciation and amortisation	1 029	1 274	2 454
Depreciation	(301)	(303)	(634)
Amortisation of intangible assets	(13)	(12)	(25)
Earnings before interest and exceptional items	715	959	1 795
Exceptional items (note 2)	(795)	-	101
(Loss)/earnings before interest and taxation	(80)	959	1 896
Net interest expense	(116)	(77)	(177)
(Loss)/earnings before taxation	(196)	882	1 719
Taxation	(101)	(186)	(488)
(Loss)/earnings after taxation	(297)	696	1 231
Income from equity accounted investments	36	3	14
(Loss)/earnings from continuing operations	(261)	699	1 245
Loss from discontinued operations (note 3)	(326)	(38)	(16)
(Loss)/earnings for the period	(587)	661	1 229
Attributable to:			
– Owners of the parent	(636)	576	1 098
– Non-controlling interests	49	85	131
	(587)	661	1 229
(Loss)/earnings per share (cents)			
– Diluted	(215)	194	371
– Basic	(215)	196	373
(Loss)/earnings per share from continuing operations (cents)			
– Diluted	(115)	206	376
– Basic	(115)	207	378
Excluding exceptional items			
Earnings per share (cents)			
– Diluted	42	194	341
– Basic	42	196	343
Earnings per share from continuing operations (cents)			
– Diluted	142	206	347
– Basic	142	207	348
Total dividend per ordinary share (cents)**	-	52	105
Operating cash flow per share (cents)	(315)	(95)	208

* *Reclassified as a result of discontinued operations*
** *Based on period to which dividend relates*

SUPPLEMENTARY STATEMENT OF FINANCIAL PERFORMANCE INFORMATION

Reconciliation of weighted average number of shares in issue (000)			
Weighted average number of ordinary shares in issue	331 893	331 893	331 893
Less: Weighted average number of shares held by The Murray & Roberts Trust	(6 812)	(7 737)	(7 658)
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	(28 946)	(28 946)	(28 946)
Weighted average number of shares used for basic per share calculation	295 459	294 534	294 613
Add: Dilutive adjustment for share options	780	2 299	1 233
Weighted average number of shares used for diluted per share calculation	296 239	296 833	295 846
Headline (loss)/earnings per share (cents) (note 4)			
– Diluted	(177)	200	340
– Basic	(178)	202	341
Headline (loss)/earnings per share from continuing operations (cents) (note 4)			
– Diluted	(124)	211	345
– Basic	(125)	213	347
Excluding exceptional items			
Headline earnings per share (cents) (note 4)			
– Diluted	80	200	310
– Basic	80	202	311
Headline earnings per share from continuing operations (cents) (note 4)			
– Diluted	133	211	315
– Basic	133	213	317

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 December 2010

R millions	Unaudited 6 months to 31 December 2010	Unaudited 6 months to 31 December 2009	Audited Annual 30 June 2010
(Loss)/earnings for the period	(587)	661	1 229
Effects of cash flow hedges	(24)	(4)	(11)
Foreign currency translation movements	(169)	159	123
Total comprehensive (loss)/income for the period	(780)	816	1 341
Attributable to:			
– Owners of the parent	(817)	693	1 163
– Non-controlling interests	37	123	178
	(780)	816	1 341

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2010

R millions	Unaudited 6 months to 31 December 2010	Unaudited 6 months to 31 December 2009	Audited Annual 30 June 2010
Balance at beginning of the period	7 177	6 634	6 634
Total comprehensive (loss)/income for the period	(780)	816	1 341
Purchase/(disposal) of non-controlling interests (net)	-	(129)	(158)
Recognition of financial instrument on acquisition of business	-	(42)	(55)
(Disposal)/acquisition of business	-	(13)	7
Net movement in non-controlling interest loans	(13)	-	(1)
Movement in treasury shares	11	14	19
Movement in share-based payment reserve	26	19	57
Other movements in non-controlling interests	-	(27)	-
Dividends declared and paid	(206)	(478)	(667)
	6 215	6 794	7 177

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2010

R millions	Unaudited 6 months to 31 December 2010	Unaudited 6 months to 31 December 2009	Audited Annual 30 June 2010
ASSETS			
Non-current assets	6 171	6 243	6 165
Property, plant and equipment	3 936	4 456	4 233
Investment property	71	511	52
Goodwill	549	554	554
Other intangible assets	61	59	72
Investment in associate companies	509	34	376
Other investments	243	168	216
Other non-current receivables	802	461	662
Current assets	13 670	14 967	14 339
Inventories	1 380	2 441	1 707
Accounts and other receivables	3 027	3 335	2 207
Amounts due from contract customers	6 031	4 937	6 614
Cash and cash equivalents*	3 232	4 254	3 811
Assets classified as held-for-sale	1 442	397	1 448
TOTAL ASSETS	21 283	21 607	21 952
EQUITY AND LIABILITIES			
Total equity	6 215	6 794	7 177
Attributable to owners of the parent	5 267	5 856	6 203
Non-controlling interests	948	938	974
Non-current liabilities	2 646	1 758	2 383
Long-term liabilities**	2 050	1 403	1 529
Obligations under finance headleases**	-	8	-
Long-term provisions	79	53	84
Other non-current liabilities	517	294	770
Current liabilities	12 199	13 055	12 142
Amounts due to contract customers	4 775	4 253	3 273
Accounts and other payables	5 231	6 044	7 024
Short-term loans**	625	859	600
Bank overdrafts**	1 568	1 899	1 245
Liabilities directly associated with assets classified as held-for-sale	223	-	250
TOTAL EQUITY AND LIABILITIES	21 283	21 607	21 952

* *Includes restricted cash of R652 million (2009: R854 million and June 2010: R1 333 million)*
** *Interest-bearing borrowings*

SUPPLEMENTARY INFORMATION

R millions			
Net asset value per share (cents)	1 587	1 764	1 869
Commitments			
Capital expenditure			
– Spent	422	592	1 093
– Authorised but unspent	619	720	955
Operating lease commitments	2 148	2 230	2 146
Contingent liabilities	555	391	345
Financial institution guarantees	9 260	9 037	9 693

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS
for the six months ended 31 December 2010

R millions	Unaudited 6 months to 31 December 2010	Unaudited* 6 months to 31 December 2009	Audited* Annual 30 June 2010
Revenue**			
Construction SADC	3 238	4 522	7 991
Engineering	1 838	1 080	1 884
Construction Products	2 731	3 148	6 999
Middle East	1 273	1 379	2 882
Cementation Group	3 524	2 470	5 345
Clough	3 021	2 635	5 081
Corporate and Investments	134	147	291
Continuing operations	15 759	15 381	30 473
Discontinued operations	570	643	2 034
	16 329	16 024	32 507
Earnings before interest and exceptional items (EBIT)			
Construction SADC	98	3	(37)
Engineering	38	62	112
Construction Products	122	268	617
Middle East	69	184	300
Cementation Group	290	217	447
Clough	128	259	414
Corporate and Investments	(30)	(34)	(58)
Continuing operations	715	959	1 795
Discontinued operations	(401)	(41)	(15)
	314	918	1 780

* *Reclassified as a result of discontinued operations*
** *Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R227 million (2009: R378 million and June 2010: R729 million).*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 31 December 2010

R millions	Unaudited 6 months to 31 December 2010	Unaudited 6 months to 31 December 2009	Audited Annual 30 June 2010
Cash (utilised)/generated by operations before working capital changes	(151)	863	2 382
Cash outflow from headlease and other property activities	(3)	(12)	(47)
Increase in working capital	(644)	(740)	(931)
Cash (utilised)/generated by operations	(798)	111	1 404
Interest and taxation paid (net)	(248)	(427)	(713)
Operating cash flow	(1 046)	(316)	691
Dividends paid to owners of the parent	(154)	(396)	(572)
Dividends paid to non-controlling interests	(52)	(82)	(95)
Cash flow from operating activities	(1 252)	(794)	24
Property, plant and equipment and intangible assets (net)	(375)	(552)	(943)
Acquisition of associate companies	(7)	-	(341)
Acquisition of non-controlling interests	-	(59)	(59)
Business (acquisitions)/disposals (net)	(31)	581	592
Assets classified as held-for-sale (net)	349	-	(154)
Other investments (net)	43	(23)	183
Other (net)	10	1	(14)
Cash flow from investing activities	(11)	(52)	(736)
Net increase in borrowings	527	360	377
Treasury share disposals/(acquisitions) (net)	11	14	19
Cash flow from financing activities	538	374	396
Net decrease in cash and cash equivalents	(725)	(472)	(316)
Net cash and cash equivalents at beginning of period	2 566	2 876	2 876
Effect of foreign exchange rates	(177)	(49)	6
Net cash and cash equivalents at end of period	1 664	2 355	2 566

NOTES

1. Basis of preparation

The interim report has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board or successor, Schedule 4 of the Companies Act, No. 61 of 1973 (as amended) and complies with the disclosure requirements of IAS 34: Interim Financial Reporting. The condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain investments and investment property.

The accounting policies used in the preparation of these results are in accordance with IFRS and consistent in all material respects with those used in the audited annual financial statements for the year ended 30 June 2010.

This interim report has not been reviewed or audited by the Group's auditors.

2. Exceptional items

R millions	31 December 2010	31 December 2009	30 June 2010
Property fair value adjustments	-	-	101
Impairment of contract current assets	(410)	-	-
Contract completion expenses	(385)	-	-
Exceptional (loss)/profit	(795)	-	101

3. Loss from discontinued operations

During the current financial year the Group took a decision to discontinue with its steel melt shop and reinforcing bar rolling mills. The Group is also in a process of exiting from its property development activities undertaken by Clough as well as disposing of its interest in its crane hire and steel reinforcing bar trading operations in the Middle East.

R millions	31 December 2010	31 December 2009	30 June 2010
Revenue	570	643	2 034
(Loss)/earnings before interest and depreciation	(396)	(19)	31
Depreciation	(5)	(22)	(46)
Loss before interest and taxation	(401)	(41)	(15)
Net interest expense	(8)	(17)	(19)
Taxation	83	20	18
Loss from discontinued operations	(326)	(38)	(16)
Non-controlling interest relating to discontinued operations	30	4	2
Cash flows from discontinued operations include the following:			
Cash flow from operating activities	(94)	152	199
Cash flow from investing activities	(34)	(74)	(119)
Cash flow from financing activities	(34)	(164)	(292)
Net decrease in cash and cash equivalents	(162)	(86)	(212)

4. Reconciliation of headline earnings

R millions	31 December 2010	31 December 2009	30 June 2010
(Loss)/earnings attributable to owners of the parent	(636)	576	1 098
Property fair value adjustments	-	-	(101)
Profit on disposal of subsidiaries	(16)	-	(10)
(Profit)/loss on disposal of property, plant and equipment	(13)	5	(7)
Impairment of property, plant and equipment	181	13	7
Other	-	-	1
Non-controlling interest effects on adjustments	(2)	-	4
Taxation effects on adjustments	(39)	-	13
Headline (loss)/earnings	(525)	594	1 005
Adjustments for discontinued operations:			
Loss from discontinued operations	326	38	16
Non-controlling interest	(30)	(4)	(2)
Impairment of property, plant and equipment	(181)	-	-
Other	(9)	-	-
Non-controlling interest effects on adjustments	8	-	-
Taxation effects on adjustments	43	-	-
Headline (loss)/earnings from continuing operations	(368)	628	1 019

Note: Headline earnings excluding exceptional items was calculated by excluding exceptional items expense of R795 million (June 2010: R101 million income) and tax effect thereof of R34 million (June 2010: R14 million).

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

COMMENTARY

Withdrawal of Cautionary Announcement
Shareholders are referred to the cautionary announcement released through SENS on 28 January 2011 and are advised that caution is no longer required to be exercised when dealing in the Group's securities.

Revenue Recognition
Murray & Roberts is currently defined in terms of the long duration major project nature of its order book. These projects are primarily in the South African public sector. In every such project, Murray & Roberts and its joint venture partners have experienced significant changes in scope which have caused delay and disruption.

These significant changes in scope can present complex challenges to both contractor and client, the inevitable outcome of which is an increase in the cost of construction. Without pre-funding for these scope increases, working capital will increase significantly.

Dubai International Airport and Gautrain were the Group's first major projects in recent times. Each project is in an arbitration process for the resolution of outstanding matters of dispute.

The Group has reviewed its statement of financial position against a backdrop of increased uncertainty in Middle East and a developing trend of delayed certification on the South African power projects, albeit these projects are still cash positive. In the context of these challenging times the Group has taken a R410 million impairment on contracts-in-progress and an exceptional charge of R385 million of current year expenses against which revenue recovery is not certain. This represents an exceptional item of R795 million in the half-year accounts.

Subsequent to the above impairment, uncertified revenues in the statement of financial position at 31 December 2010 is R1,25 billion (30 June 2010: R1,4 billion) for major projects. Depending on the outcome of various arbitration proceedings relating to complex claims on major projects, the possibility of a material recovery exists which the Group at this stage is unable to confidently quantify.

Performance and Order Book
The Group has recorded an attributable loss of R636 million (2009: R576 million profit) in the six months to 31 December 2010, including exceptional items of R795 million and a loss on discontinued operations of R326 million primarily relating to the rationalisation of the Group's reinforcing steel operations and operating losses in Johnson Arabia.

For continuing operations, revenue for the six months to 31 December 2010 has increased by 2,5% to R15,8 billion (2009: R15,4 billion) with operating profit excluding exceptional items reduced by 25% to R715 million (2009: R959 million) at an operating margin of 4,5% (2009: 6,2%).

Excluding exceptional items, diluted headline earnings per share for continuing operations is down 37% at 133 cents (2009: 211 cents) and earnings per share for continuing operations is down 31% at 142 cents (2009: 206 cents).

The Group Order Book at 31 December 2010 was steady at R50 billion with an embedded margin within the Group's strategic range of 5,0% to 7,5%. This compares to R49 billion at 30 September 2010 and R42 billion at 30 June 2010 and bodes well for the future prospects of the Group.

The Project Opportunity Pipeline, which records opportunities of interest to the Group and that have already been filtered through the Opportunity Management System, stood at R59 billion at 31 December 2010 (30 June 2010: R68 billion). There were 239 opportunities in the pipeline at the half-year and the data indicates that more work is entering the market. However, there are fewer new major projects.

For the period under review:
Construction SADC: Revenues declined 28% to R3,2 billion (2009: R4,5 billion) with EBIT at R98 million (2009: R3 million after a R220 million revenue deferment on Gautrain) and a margin of 3,0%. Order Book is R7,6 billion (June 2010: R7,4 billion).

Engineering: Revenues increased 70% to R1,8 billion (2009: R1,1 billion) with a decline in EBIT to R38 million (2009: R62 million). No operating profit has been taken on the Power Program pending resolution of outstanding matters with the main contractor. Order Book is stable at R17,3 billion (June 2010: R16,7 billion).

Construction Products: Revenues declined 13% to R2,7 billion (2009: R3,1 billion) with a decline in EBIT to R122 million (2009: R268 million). UCW is now recorded in this cluster. This decline in performance is largely attributable to difficult trading conditions in the sector.

Middle East: Revenues declined 8% to R1,3 billion (2009: R1,4 billion) with a 63% decline in EBIT to R69 million (2009: R184 million), which reflects a conservative view of tighter market conditions in the region. Order Book is at R3,3 billion (June 2010: R4,4 billion).

Cementation Group: Revenues increased 43% to R3,5 billion (2009: R2,5 billion) with a 34% increase in EBIT to R290 million (2009: R217 million) at a margin of 8,2%. Order Book increased significantly to R12,9 billion (June 2010: R7,0 billion) primarily in South Africa.

Clough Limited: Revenues increased 15% to R3,0 billion (2009: R2,6 billion) but a 51% reduction in EBIT to R128 million (2009: R259 million) is primarily as a result of a soft marine construction market in the half-year. Order Book increased substantially to R8,7 billion (June 2010: R6,7 billion). Full details of the Clough financial results for the half-year and its prospects are published on its website www.clough.com.au.

The current market value of the Group's investment in Clough is approximately R3,0 billion, which exceeds the Group's investment in the company by more than R1,4 billion.

Corporate & Investments: Revenue of R134 million (2009: R147 million) was recorded in Tolcon, Concessions and Properties at an EBIT of R101 million (2009: R91 million). This has been offset by Group corporate costs of R111 million (2009: R110 million) and IFRS 2 share-based expenses amounting to R20 million (2009: R15 million).

Group Cash Position
A slowdown in EBIT generation, funding of working capital on Gautrain and utilisation of advance payments during the half-year has led to a decrease in the Group's cash balances at 31 December 2010. Cash less bank overdraft is R1,7 billion (R2,6 billion: 30 June 2010) and net debt is R1,0 billion (R437 million net cash: 30 June 2010). In South Africa, net debt is R2,4 billion (R1,6 billion: 30 June 2010).

The Group's South African banking headroom at 31 December 2010 is in excess of R1,0 billion, with operating cash flow expected to be positive and net debt levels anticipated to remain steady for the remainder of the year.

In South Africa, the Group is geared to a higher level than desirable and is engaged in a number of strategic initiatives to reduce debt on the South African statement of financial position, including but not limited to the disposal of discontinued operations.

Dividend
Taking into consideration the expected timing for resolution of major project disputes, the Board has not declared an interim dividend for the period under review. The Board will continue to review the financial position of the Group and is committed to the continuation of dividend payments as soon as conditions allow, which include progress with the resolution of major project disputes. In line with its policy, there is no interim dividend declaration from Clough.

Gautrain Project
Bombela Concession Company (Pty) Ltd (Bombela) holds the 19,5 year concession from Gauteng Provincial Government (Gauteng) for the construction and operation of the Gautrain System (Project). Bombela successfully delivered Phase 1 of the Project ahead of the 2010 FIFA World Cup and passenger utilisation continues to exceed expectations.

Murray & Roberts is positive on the future value prospects of the concession and has committed about R190 million to Bombela's equity which includes an increase in its shareholding from 25% to 33% (subject to required approvals).

Murray & Roberts has a 45% share in the underlying infrastructure joint venture (BCJV), has committed about R2,0 billion of working capital requirements in BCJV over the past 18 months, and committed a further R150 million in an agreement with its partners to fund the acceleration of Phase 2 construction for completion by the end of the financial year.

There are nine active arbitration proceedings, all of which involve highly complex legal and commercial argument. The first of these arbitrations has recently been determined, with important rulings in favour of Bombela and BCJV in respect of the delay and disruption claim associated with late access to and procurement of land by Gauteng.

The Group believes in the validity and merits of the BCJV and Bombela claims, but cannot predict with certainty the timing of the resolution of the disputes and payment of claims.

Eskom Power Program
Murray & Roberts is involved in five contracts for the construction of Eskom's Medupi and Kusile Power Stations. The first three listed below are directly with Eskom and the latter two are as the main subcontractor to a consortium of Hitachi Power Africa and Hitachi Power Europe (Hitachi).

1. Medupi Civil Works in a 67% joint venture with a contract value of R2,9 billion.
2. Medupi Chimneys and Silos in a 40% joint venture with a contract value of R830 million.
3. Kusile Chimney in a 40% joint venture with a contract value of R690 million.
4. Medupi Boiler House structural and mechanical works with a contract value of R6,7 billion.
5. Kusile Boiler House structural and mechanical works with a contract value of R6,5 billion.

Based on the above original contract values, the Group Order Book at 31 December 2010 includes R19 billion of outstanding value on these five projects.

First access by Murray & Roberts and its partners to both the Medupi and Kusile projects in respect of these contracts was and remains delayed by about 12 months. In the case of the Civil Works Contract at Medupi, a 14,5 month extension to the time for completion of the works has been awarded to date.

Work completed on the Civil Works Contract at Medupi exceeds its original contract value and scope of works while only 50% complete. The majority of all work being performed at present relates to variations in scope and acceleration of the works.

The joint venture continues with the works as required by the contract, but is utilising its advance payment to fund the uncertified value of scope increases and acceleration.

Murray & Roberts and Hitachi are engaged in a voluntary mediation process to attempt resolution of the many issues that have arisen between the parties concerning the design, fabrication and complexity of structural steelwork for the Medupi and Kusile Boiler House structures. It is expected that the parties will be capable of reaching an agreement on a new way forward.

The Boiler House projects remain cash positive for now and Murray & Roberts believes in the validity and merits of its claims under the various contracts.

Competition Matters
Murray & Roberts was one of the first construction sector companies to have engaged proactively with the Competition Commission. A decision and actions were taken by management in 2000 to end collusive industry practices, which was followed in 2006 by a further initiative to root out any remaining collusive practices.

All improper conduct that was identified and which, based on legal advice, was considered prosecutable in terms of the Competition Act, was proactively brought to the Commission's attention. Murray & Roberts has cooperated fully with the Commission and this has been recognised by the Commission.

Following the recent media statement by the Competition Commission and a subsequent meeting by management with the Commissioner, Murray & Roberts has intensified its internal investigations, including forensic interrogation of its contracting operations, in a further effort to uncover past acts of collusion. This includes further internal forensic investigation into the Greenpoint Stadium, the results of which, if warranted, will be provided to the Commission on completion.

Murray & Roberts will continue to work with the Competition Commission in the best interests of the Group and to eliminate any possible collusion from the construction industry.

Discontinued Operations
The Group previously informed shareholders of its intention to close and/or dispose of underperforming assets. These include Johnson Arabia, BRC Arabia, all or part of the Group's reinforcing steel business and outstanding properties in Clough. These businesses have been reported on and disclosed as discontinued operations (refer note 3).

Buyers have been identified for all of these assets other than some of the Clough properties and the Group is in negotiations that should lead to completion of the disposals within the remainder of the current calendar year. Other than the Group's reinforcing steel business, in reclassifying these assets and liabilities as held-for-sale, the Group has not yet identified or recognised any potential impairment losses to date or in the half-year accounts.

Health, Safety and the Environment
The Group, its directors and management regret and are concerned at the loss of 10 (ten) employees in the period as a result of fatal accidents in the South African workplace. These incidents have occurred primarily in the Group's mining operations, where there has been a further fatality subsequent to the half-year.

Stop.Think is the primary branding for health and safety awareness in Murray & Roberts. The Group recently partnered with DuPont Sustainable Solutions in its South African operations, which is currently busy with a comprehensive safety diagnostic analysis.

A key safety indicator is the lost time injury frequency rate (LTIFR) per million hours worked, which continued a four year downward trend, finishing the half-year at 1,44 towards the Group threshold target of 1,0.

Board of Directors and Management
The Board is well advanced with its Group Leadership Succession Plan and expects to announce the appointment of a chief executive successor before the end of the current financial year. The Chief Executive and Financial Director will continue to lead the Group through to retirement on 30 June 2011 after eleven years at the helm of Murray & Roberts.

Over this period, Murray & Roberts established itself as South Africa's leading construction and engineering group, with a global footprint serving key natural resources markets. This was during a period defined by global socio-economic volatility and in South Africa, Government's infrastructure investment plan, including for the 2010 FIFA World Cup.

Mr Bill Nairn joined the board as an independent non-executive director on 30 August 2010. He brings extensive local and international experience in the mining and resources sectors.

Mr Malose Chaba has resigned as a director and executive effective 14 February 2011 after seven years in the Group. The Group wishes him well in his future endeavours.

Mr Henry Laas has been appointed executive chairman of the Engineering Cluster where he has assumed the responsibilities of Mr Chaba and Mr Keith Smith who retires at end-March 2011.

Prospects
The second half of the financial year is projected to show an increase in revenues in Middle East and Cementation with no growth projected for the South African Construction and Construction Products clusters and Group Investments.

The primary opportunity for the Group in the second half-year is to support the work in BCJV to secure its payment rights on the Gautrain Project. The Group is hopeful that delays in certification within the Power Program will reverse. It is unlikely that the final account arbitration on Dubai International Airport will be completed before year-end.

While there is still weakness and margin pressure in the construction markets of Middle East and South Africa, the Group expects the Budget to reinforce Government's commitment to the acceleration of its infrastructure program.

The Group has invested over some time in the development of its strategy to re-engage the growing potential of new investment opportunity that will flow from the development of resources and infrastructure markets in the Rest of Africa.

The information on which this prospects statement is based has not been reviewed nor audited by the Group's external auditors.

On behalf of the directors

Roy Andersen	Brian Bruce	Roger Rees
Chairman of the Board	**Group Chief Executive**	**Group Financial Director**

Bedfordview
23 February 2011

Disclaimer
We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.