INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To the Shareholders of Murray & Roberts Holdings Limited

We have reviewed the condensed consolidated interim financial statements of Murray & Roberts Holdings Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2021 and the related condensed consolidated statements of financial performance, comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Murray & Roberts Holdings Limited for the six months ended 31 December 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: JFM Kotzé
Registered Auditor
Johannesburg
South Africa

2 March 2022

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the six months ended 31 December 2021

R millions	Reviewed 6 months to 31 December 2021	Reviewed 6 months to 31 December 2020	Annual 30 June 2021
Continuing operations			
Revenue (note 2)	13 267	10 772	21 882
Profit before interest, depreciation and amortisation	803	555	1 423
Depreciation	(423)	(398)	(806)
Amortisation of intangible assets	(43)	(40)	(77)
Profit before interest and taxation (note 3)	337	117	540
Interest expense	(103)	(115)	(241)
Interest income	13	14	33
Profit before taxation	247	16	332
Taxation expense	(124)	(66)	(243)
Profit/(loss) after taxation	123	(50)	89
Loss from equity accounted investments	–	–	(1)
Profit/(loss) from continuing operations	123	(50)	88
Loss from discontinued operations (note 4.1)	(68)	(117)	(255)
Profit/(loss) for the period	55	(167)	(167)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	55	(167)	(180)
– Non-controlling interests	–	–	13
	55	(167)	(167)
Earnings/(loss) per share from continuing and discontinued operations (cents)			
– Diluted	14	(42)	(45)
– Basic	14	(42)	(46)
Earnings/(loss) per share from continuing operations (cents)			
– Diluted	30	(13)	18
– Basic	31	(13)	19

Refer to note 5 for the reconciliation of weighted average number of shares and note 6 for headline earnings/(loss) per share.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2021

R millions	Reviewed 6 months to 31 December 2021	Reviewed 6 months to 31 December 2020	Annual 30 June 2021
Profit/(loss) for the period	55	(167)	(167)
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	–	–	7
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	483	(315)	(437)
Total comprehensive income/(loss) for the period	538	(482)	(597)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	541	(484)	(613)
– Non-controlling interests	(3)	2	16
	538	(482)	(597)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

R millions	Reviewed at 31 December 2021	Reviewed at 31 December 2020	Annual 30 June 2021
ASSETS			
Non-current assets	8 104	7 021	7 101
Property, plant and equipment	4 131	3 386	3 548
Goodwill (note 7)	1 370	1 122	1 102
Deferred taxation assets	575	693	609
Investments in associate companies	2	24	2
Other non-current assets (note 9)	2 026	1 796	1 840
Current assets	12 152	11 697	11 805
Inventories	518	388	407
Trade and other receivables	2 176	2 247	2 054
Amounts due from contract customers (note 8)	5 351	5 574	5 545
Taxation assets	50	37	36
Cash and cash equivalents	4 022	3 380	3 697
Other current assets	35	71	66
Assets classified as held for sale (note 4.3)	914	33	833
TOTAL ASSETS	21 170	18 751	19 739
EQUITY AND LIABILITIES			
Total equity	5 613	5 092	4 985
Attributable to owners of Murray & Roberts Holdings Limited	5 592	5 083	4 961
Non-controlling interests	21	9	24
Non-current liabilities	1 158	1 216	1 040
Long-term liabilities[1]	902	927	786
Long-term provisions	47	52	45
Deferred taxation liabilities	130	135	110
Other non-current liabilities	79	102	99
Current liabilities	13 556	12 443	12 942
Amounts due to contract customers (note 8)	4 838	4 969	4 229
Trade and other payables	6 439	5 222	6 361
Taxation liabilities	96	66	126
Bank overdrafts[1]	1 394	1 267	1 430
Short-term liabilities[1]	789	919	796
Liabilities classified as held for sale (note 4.3)	843	–	772
TOTAL EQUITY AND LIABILITIES	21 170	18 751	19 739

[1] *Interest-bearing borrowings.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2021

R millions	Reviewed 6 months to 31 December 2021	Reviewed 6 months to 31 December 2020	Annual 30 June 2021
Cash generated by operations	1 049	1 501	2 878
Interest received	12	16	35
Interest paid	(100)	(113)	(231)
Taxation paid	(156)	(202)	(288)
Taxation refund	2	13	28
Operating cash flow	**807**	1 215	2 422
Net cash inflow from operating activities	**807**	1 215	2 422
Purchase of intangible assets other than goodwill	(59)	(14)	(35)
Purchase of property, plant and equipment	(429)	(542)	(1 154)
– Replacements	(35)	(23)	(46)
– Additions	(688)	(637)	(1 316)
– Acquisition of assets by means of a lease (non-cash)	294	118	208
Proceeds on disposal of property, plant and equipment	17	26	50
Proceeds on disposal of intangible assets other than goodwill	–	4	–
Payment for acquisition of subsidiaries, net of cash acquired~	(288)	(6)	(6)
Acquisition of associate	–	(23)	–
Dividends received from the Bombela Concession Company	155	–	–
Proceeds on disposal of assets held for sale	3	–	–
Other	–	1	1
Net cash outflow from investing activities	**(601)**	(554)	(1 144)
Disposal of treasury shares	72	14	21
Acquisition of treasury shares	(5)	(75)	(77)
Net movement in borrowings	(221)	(515)	(798)
– Loans raised	147	57	614
– Loans repaid	(214)	(313)	(931)
– Leases repaid	(154)	(259)	(481)
Net cash outflow from financing activities	**(154)**	(576)	(854)
Total increase in net cash and cash equivalents	**52**	85	424
Net cash and cash equivalents at beginning of period	2 291	2 304	2 304
Effect of foreign exchange rates	306	(276)	(437)
Net cash and cash equivalents at end of period^	**2 649**	2 113	2 291
^Cash and cash equivalents balance comprises:			
– Cash	4 022	3 380	3 697
– Reclassification to held for sale	21	–	24
– Overdraft	(1 394)	(1 267)	(1 430)

~ Refer to note 16 for details relating to the business acquisition for the period.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2021

R millions	Stated capital	Other reserves	Retained earnings	Attributable to owners of Murray & Roberts Holdings Limited	Non-controlling interests	Total equity
Balance at 1 July 2020	2 596	1 621	1 394	**5 611**	8	**5 619**
Total comprehensive (loss)/income for the period	–	(317)	(167)	**(484)**	2	**(482)**
Treasury shares acquired	(75)	–	–	**(75)**	–	**(75)**
Treasury shares disposed	14	–	–	**14**	–	**14**
Recognition of share-based payment	–	17	–	**17**	–	**17**
Utilisation of share-based payment reserve	20	(20)	–	**–**	–	**–**
Acquisition of businesses	–	–	–	**–**	(1)	**(1)**
Balance at 31 December 2020 (Reviewed)	2 555	1 301	1 227	**5 083**	9	**5 092**
Total comprehensive (loss)/income for the period	–	(116)	(13)	**(129)**	15	**(114)**
Treasury shares acquired	(1)	–	–	**(1)**	–	**(1)**
Treasury shares disposed	7	–	–	**7**	–	**7**
Recognition of share-based payment	–	1	–	**1**	–	**1**
Transfer from retained earnings	–	2	(2)	**–**	–	**–**
Balance at 30 June 2021	2 561	1 188	1 212	**4 961**	24	**4 985**
Total comprehensive income/(loss) for the period	–	486	55	**541**	(3)	**538**
Treasury shares acquired	(5)	–	–	**(5)**	–	**(5)**
Treasury shares disposed	72	–	–	**72**	–	**72**
Recognition of share-based payment	–	23	–	**23**	–	**23**
Utilisation of share-based payment reserve	37	(37)	–	**–**	–	**–**
Balance at 31 December 2021 (Reviewed)	2 665	1 660	1 267	**5 592**	21	**5 613**

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

for the six months ended 31 December 2021

R millions	Reviewed 6 months to 31 December 2021	Reviewed 6 months to 31 December 2020	Annual 30 June 2021
Revenue[2]			
Bombela	–	–	–
Power, Industrial & Water	480	555	978
– Construction contracts	392	555	947
– Sale of goods	88	–	31
Mining	5 433	5 064	9 536
– Construction contracts	5 373	4 991	9 191
– Rendering of services	60	73	345
Energy, Resources & Infrastructure	7 352	5 151	11 365
– Construction contracts	7 085	4 907	10 854
– Other	267	244	511
Corporate & Properties	2	2	3
– Properties	2	2	3
Continuing operations	13 267	10 772	21 882
Discontinued operations	–	25	35
	13 267	10 797	21 917
Continuing operations			
Profit/(loss) before interest and taxation[3]			
Bombela	102	107	209
Power, Industrial & Water	(65)	(67)	(175)
Mining	184	176	473
Energy, Resources & Infrastructure	215	3	227
Corporate & Properties	(99)	(102)	(194)
Profit before interest and taxation	337	117	540
Interest expense	(103)	(115)	(241)
Interest income	13	14	33
Profit before taxation	247	16	332
Discontinued operations			
Loss before interest and taxation[3]	(68)	(119)	(256)
Interest expense	–	–	(1)
Interest income	–	2	2
Loss before taxation	(68)	(117)	(255)

[2] *Revenue is disclosed net of inter-segmental revenue. Inter-segmental revenue for the Group is R43 million (FY2021 H1: R30 million).*
[3] *The chief operating decision makers, being the Group Executives, utilise profit/(loss) before interest and taxation in the assessment of a segment's performance.*

CONDENSED SEGMENTAL ASSETS (CONTINUING & DISCONTINUED)

at 31 December 2021

R millions	Reviewed at 31 December 2021	Reviewed at 31 December 2020	Annual 30 June 2021
Bombela	1 384	1 334	1 438
Power, Industrial & Water	723	818	840
Mining	5 676	5 431	5 143
Energy, Resources & Infrastructure	7 477	6 002	6 826
Corporate & Properties[4]	141	157	119
Continuing operations	15 401	13 742	14 366
Discontinued operations[5]	1 122	899	1 031
	16 523	14 641	15 397
Reconciliation of segmental assets			
Total assets	21 170	18 751	19 739
Deferred taxation assets	(575)	(693)	(609)
Current taxation assets	(50)	(37)	(36)
Cash and cash equivalents	(4 022)	(3 380)	(3 697)
	16 523	14 641	15 397

CONDENSED SEGMENTAL LIABILITIES (CONTINUING & DISCONTINUED)

at 31 December 2021

R millions	Reviewed at 31 December 2021	Reviewed at 31 December 2020	Annual 30 June 2021
Bombela	215	258	264
Power, Industrial & Water	506	478	492
Mining	3 216	2 954	2 761
Energy, Resources & Infrastructure	8 528	7 194	8 077
Corporate & Properties[4]	425	378	411
Continuing operations	12 890	11 262	12 005
Discontinued operations[5]	1 047	929	1 084
	13 937	12 191	13 089
Reconciliation of segmental liabilities			
Total liabilities	15 557	13 659	14 755
Deferred taxation liabilities	(130)	(135)	(110)
Current taxation liabilities	(96)	(66)	(126)
Bank overdrafts	(1 394)	(1 267)	(1 430)
	13 937	12 191	13 089

[4] *Corporate segmental assets and liabilities include the inter-segment eliminations of Group balances and transactions.*
[5] *Discontinued operations include the Middle East Operation as well as retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses.*

NOTES

1. BASIS OF PREPARATION

The Group operates in the mining, energy, resources & infrastructure 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 platforms within the Group.

The condensed consolidated interim financial statements for the period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standard IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The condensed consolidated interim financial statements were compiled under the supervision of DF Grobler CA(SA), Group financial director.

The accounting policies applied in the preparation of these results are in accordance with International Financial Reporting Standards ("IFRS") and are consistent in all material respects with those applied in the audited consolidated financial statements for the year ended 30 June 2021.

The independent auditor's review has been conducted in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor, PricewaterhouseCoopers Inc., and their unmodified review report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's review report does not report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial statements from the registered office.

The information presented in the condensed consolidated interim financial statements represents reviewed results for the six-month periods ended 31 December 2021 and 31 December 2020. The comparative information presented in respect of the year ended 30 June 2021, 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 2021, 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	31 December 2021	31 December 2020	30 June 2021
Construction contracts (over time)	**12 850**	10 453	20 992
Sale of goods (point in time)	**88**	–	31
Rendering of services (over time)	**60**	73	345
Properties (over time)	**2**	2	3
Other revenue[6] (over time)	**267**	244	511
	13 267	10 772	21 882

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

[6] *Other revenue includes the provision of labour, information technology and other services to joint arrangements.*

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

R millions	31 December 2021	31 December 2020	30 June 2021
South Africa	**2 120**	2 007	4 123
Rest of Africa	**316**	124	301
Australasia & South East Asia	**6 455**	4 911	10 003
North America & other	**4 376**	3 730	7 455
	13 267	10 772	21 882

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

3. PROFIT BEFORE INTEREST AND TAXATION

R millions	31 December 2021	31 December 2020	30 June 2021
Items by function			
Revenue	**13 267**	10 772	21 882
Cost of sales	**(11 854)**	(9 632)	(19 340)
Distribution and marketing expenses	**(18)**	(10)	(20)
Administration costs	**(1 261)**	(1 258)	(2 529)
Other operating income	**203**	245	547
Profit before interest and taxation	**337**	117	540

Depreciation of R317 million is included in cost of sales and R106 million in administration costs.

Amortisation of R10 million is included in cost of sales and R33 million in administration costs.

4. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

Discontinued operations in the current period comprise the Middle East Operations, businesses included within the previous Southern Africa Infrastructure & Buildings Platform and the Genrec operations.

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. Towards the end of the prior financial year, the Group entered into discussions with a UAE-based investment company to dispose of its investments in Murray & Roberts Contractors (Abu Dhabi) LLC and Murray & Roberts Contractors (Middle East) LLC (which together constitute a significant part of its Middle East Operations). By 30 June 2021, the discussions had progressed to an advanced stage of negotiations and as a result thereof these companies met the criteria, in terms of IFRS 5, to be classified as a disposal group held for sale.

At 31 December 2021, the sale and purchase agreement had been concluded and the transfer of shares to SALD is pending regulatory approval. The Middle East Operations continue to meet the criteria to be classified as a disposal group held for sale in terms of IFRS 5. Included in the current period loss from discontinued operations are operating costs incurred in the Middle East of R37 million.

4.1 LOSS FROM DISCONTINUED OPERATIONS

R millions	31 December 2021	31 December 2020	30 June 2021
Revenue	**–**	25	35
Loss before interest, depreciation and amortisation	**(68)**	(119)	(256)
Depreciation and amortisation	**–**	–	–
Loss before interest and taxation	**(68)**	(119)	(256)
Interest expense	**–**	–	(1)
Interest income	**–**	2	2
Loss before taxation	**(68)**	(117)	(255)
Taxation	**–**	–	–
Loss after taxation	**(68)**	(117)	(255)
Income from equity accounted investments	**–**	–	–
Loss from discontinued operations	**(68)**	(117)	(255)
Attributable to:			
– Owners of Murray & Roberts Holdings Limited	**(68)**	(117)	(254)
– Non-controlling interests	**–**	–	(1)
	(68)	(117)	(255)

4.2 CASH FLOWS FROM DISCONTINUED OPERATIONS INCLUDE THE FOLLOWING:

R millions	31 December 2021	31 December 2020	30 June 2021
Cash flow from operating activities	**(156)**	(21)	(154)
Cash flow from investing activities	**–**	–	–
Cash flow from financing activities	**–**	–	–
Net decrease in cash and cash equivalents	**(156)**	(21)	(154)

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 Operation.

R millions	31 December 2021	31 December 2020	30 June 2021
Major classes of assets comprising the assets held for sale			
Property, plant and equipment	**27**	–	28
Other receivables	**4**	–	4
Investment in joint ventures	**33**	33	33
Amounts due from contract customers	**829**	–	744
Cash and cash equivalents	**21**	–	24
	914	33	833

R millions	31 December 2021	31 December 2020	30 June 2021
Major classes of liabilities comprising the liabilities held for sale			
Trade and other payables	**177**	–	159
Subcontractor liabilities	**26**	–	62
Short-term borrowings	**640**	–	551
	843	–	772

5. WEIGHTED AVERAGE NUMBER OF SHARES

	31 December 2021	31 December 2020	30 June 2021
Number of ordinary shares in issue ('000)	**444 736**	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	444 736
Less: Weighted average number of shares held by the Letsema BBBEE trusts	**(30 910)**	(31 696)	(31 696)
Less: Weighted average number of shares held by the subsidiary companies	**(18 201)**	(17 688)	(19 379)
Weighted average number of shares used for basic per share calculation	**395 625**	395 352	393 661
Add: Dilutive adjustment	**10 511**	9 866	10 246
Weighted average number of shares used for diluted per share calculation	**406 136**	405 218	403 907

6. RECONCILIATION OF HEADLINE EARNINGS/(LOSS)

R millions	31 December 2021	31 December 2020	30 June 2021
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**55**	(167)	(180)
Profit on disposal of property, plant and equipment	**(9)**	(5)	(19)
Loss on disposal of property, plant and equipment	**5**	31	7
Impairment of investment in joint venture classified as held for sale	**–**	39	39
Impairment of disposal group	**–**	–	96
Fair value gain on investment in associate	**–**	(1)	(1)
Taxation effects on adjustments	**–**	(8)	3
Headline earnings/(loss)	**51**	(111)	(55)
Adjustments for discontinued operations:			
Loss from discontinued operations	**68**	117	254
Impairment of investment in joint venture classified as held for sale	**–**	(39)	(39)
Impairment of disposal group	**–**	–	(96)
Other	**–**	–	(1)
Headline earnings/(loss) from continuing operations	**119**	(33)	63
Headline earnings/(loss) per share from continuing and discontinued operations (cents)			
– Diluted	**13**	(28)	(14)
– Basic	**13**	(28)	(14)
Headline earnings/(loss) per share from continuing operations (cents)			
– Diluted	**29**	(8)	16
– Basic	**30**	(8)	16

7. GOODWILL

R millions	31 December 2021	31 December 2020	30 June 2021
Goodwill	**1 434**	1 186	1 166
Accumulated impairment losses	**(64)**	(64)	(64)
	1 370	1 122	1 102
At beginning of period	**1 102**	1 125	1 125
Acquisition of businesses[~]	**116**	9	8
Foreign exchange movements	**152**	(12)	(31)
	1 370	1 122	1 102

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. COVID-19 was considered as an impairment indicator and it was concluded that goodwill was not impacted. No goodwill has been impaired in the current period.

[~] *Refer to note 16 for details relating to the business acquisition for the period.*

8. AMOUNTS DUE FROM/TO CONTRACT CUSTOMERS

R millions	31 December 2021	31 December 2020	30 June 2021
Contracts-in-progress (cost incurred plus recognised profits, less recognised losses)	**1 470**	1 560	1 216
Uncertified claims and variations	**778**	1 083	1 260
Amounts receivable on contracts (net of impairment provisions)	**2 321**	2 409	2 413
Retentions receivable (net of impairment provisions)	**782**	522	656
	5 351	5 574	5 545
Amounts received in excess of work completed	**(4 838)**	(4 969)	(4 229)
	513	605	1 316
Disclosed as:			
Amounts due from contract customers	**5 351**	5 574	5 545
Amounts due to contract customers	**(4 838)**	(4 969)	(4 229)
	513	605	1 316

Update on the Group's claim processes

The Group's uncertified revenue decreased to R0,8 billion (FY2021: R1,3 billion). The decrease is mainly due to claims settled and revenue certified and invoiced. COVID-19 was considered when assessing the recoverability of uncertified revenue and no significant impact was noted. The Group remains confident that revenue recognised as uncertified will be certified and paid once attendant commercial matters have been resolved.

The increase in amounts received in excess of work completed are mainly due to increased overclaims in the ERI platform.

9. OTHER NON-CURRENT ASSETS

R millions	31 December 2021	31 December 2020	30 June 2021
Other non-current assets comprise of the following:			
Investment at fair value through profit or loss (note 10.1)	**1 381**	1 332	1 434
Intangible assets excluding goodwill	**641**	424	400
Other non-current receivables	**1**	2	1
Net investment in the lease	**2**	36	3
Other investments	**1**	2	2
	2 026	1 796	1 840

10. FINANCIAL INSTRUMENTS

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

The fair value of the Group's financial instruments approximate their carrying values as at 31 December 2021.

R millions	31 December 2021	31 December 2020	30 June 2021
Categories of financial instruments			
Financial assets			
Financial assets at fair value through profit or loss (level 3)	**1 381**	1 335	1 434
Financial assets measured at amortised cost	**8 763**	8 097	8 471
Financial assets measured at amortised cost – held for sale	**850**	–	707
Financial liabilities			
Financial liabilities measured at amortised cost	**8 460**	6 592	7 882
Financial liabilities measured at amortised cost – held for sale	**843**	–	772

10.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

R millions	31 December 2021	31 December 2020	30 June 2021
Investment in infrastructure service concession (level 3)[7]			
At beginning of period	**1 434**	1 225	1 225
Realisation of investment	**(155)**	–	–
Fair value adjustment recognised in the statement of financial performance[8]	**102**	107	209
	1 381	1 332	1 434

[7] *The fair value of the investment in Bombela Concession Company Proprietary Limited ("BCC") has been determined using level 3 inputs per IFRS 13: Fair Value Measurement. The investment is reflected at fair value through profit or loss as the investment meets the requirements of IAS 28.18 with regards to venture capital organisations or similar entities. The fair value of the BCC is calculated using discounted cash flow models and an effective market discount rate of 12,20% (FY2021: 11,78%). The discounted cash flow models are based on forecast patronage, operating costs, inflation and other economic fundamentals, taking into consideration the operating conditions experienced in the current financial period. The future profits from the concession are governed by a contractual agreement and are principally based on inflationary increases in the patronage revenue and operating costs of the current financial period. The higher discount rate in the current financial period is believed appropriate following the increase in the R186 bond rate. A decrease of 1% in the discount rate would result in an increase in the value of the concession investment of approximately R38 million (FY2021: R38 million).*

Operating cost includes an operating fee that is payable to the Bombela Operating Company (Pty) Ltd ("BOC"), the company responsible for the operation and maintenance of Gautrain. The fee payable to BOC, although predictable, is subject to annual inflationary increases and is subject to review every 5th year where increases of more than inflation are considered. The next and final review is due in 2023. An annual increase of 1% in the operating fee, above inflation, would result in a decrease in the value of the concession investment of approximately R11 million (FY2021: R11 million).

Operating cost includes a Railway Usage Fee ("RUF") which constitutes a fee for the use of the system owned by Gauteng Province. The fee is 50% of the concessionaire's excess free cash flow above an 18% real rate of return. The fee reduces to 35% should the concessionaire comply with certain Socio Economic Development ("SED") obligations. Historically the SED obligations have been achieved and the valuation is based on the SED obligations being achieved. If these obligations are not achieved, the result would be a decrease in the value of the concession investment of R194 million (FY2021: R196 million).

Revenue based on patronage is underpinned by the Gauteng Province. The Patronage Guarantee is the difference between the Minimum Required Total Revenue ("MRTR") and the Concessionaire Demand Forecast ("CDF") in each month. Revenue below the CDF is a BCC risk. A 1% shortfall in patronage revenue below the CDF reduces the value of the concession investment by approximately R15 million (FY2021: R14 million). The impact of COVID-19 for financial periods ending after 31 December 2021 is included in the cash flows in the discounted cash flow model. In this instance, the COVID-19 impact was based on an independent third party assessment and analysis of the patronage over the full remaining period of the concession and the time it would take patronage to return to pre-COVID levels bearing in mind the Patronage Guarantee. In this regard, annual revenue, prior to COVID-19, was predictable in nature and was in excess of CDF. Furthermore, to date, the Gauteng Province has honoured its Patronage Guarantee.

[8] *Fair value adjustment is included in other operating income (note 3).*

11. CONTINGENT LIABILITIES

As a contracting Group, Murray & Roberts is in the ordinary course of its business involved in various disputes, a number of which arise when operations and projects are closed out and finalised. Depending on the merits, disputes can translate into claims and legal proceedings, which Murray & Roberts always rigorously defends. Where Murray & Roberts, in consultation with its legal advisors and counsel, believes the claims are predicated on weak and/or spurious grounds, and Murray & Roberts has sound and strong defences, no provision is made for any such claim, and they are aggregated and disclosed as contingent liabilities. 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 (R1,3 billion).

The increase in financial institution guarantees is mainly attributable to the ERI platform due to the raising of bonds to support the orderbook.

R millions	31 December 2021	31 December 2020	30 June 2021
Contingent liabilities	**7 053**	5 504	6 812
Financial institution guarantees given to third parties	**8 976**	9 073	7 911

12. DIVIDEND

Consistent with previous years, the Group does not pay interim dividends. The Board considers a dividend on an annual basis, post year end.

13. COVENANTS

COVID-19 impacted earnings in the current and prior financial periods, which indirectly had an impact on covenant triggers and cash flows for the period ended 31 December 2021. Covenants in RUC Cementation Mining Contractors (Pty) Ltd, Cementation Canada Inc. and Clough Limited were met at 31 December 2021.

Should a covenant be at risk of breach, a waiver will be requested from the bank in advance of a breach. However, no such instances were noted in the current financial period.

Details of all covenants in the Group have been reflected in the table below:

Facility	HSBC Facility – Clough Limited	HSBC Facility – RUC Cementation Mining Contractors (Pty) Ltd	Toronto Dominion Bank Facility – Cementation Canada Inc.
Covenant Trigger and Proximity to being breached	1) Cash: Requirement – hold unencumbered cash of AUD100 million; Actual – AUD141 million Sufficient headroom deemed available for the covenant reflected above.	1) Tangible Net Worth: Requirement – minimum AUD60 million; Actual – AUD73 million 2) Leverage Ratio: Requirement – less than 2.0 times; Actual – 0.66 times 3) Debt Service Cover Ratio: Requirement – exceeds 1.4 times; Actual – 1.95 times Sufficient headroom deemed available for all debt covenants reflected above.	1) Current Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.32:1 2) Debt Service Coverage Ratio: Requirement – equals or exceeds 1.25:1; Actual – 2.29:1 3) Total Funded Debt/EBITDA Ratio: Requirement – does not exceed 2.5:1; Actual – 1.28:1 4) Concentration of EBITDA and fixed assets in Obligors: Requirement – minimum of 85%; Actual – 100% 5) Capital Expenditures: Requirement – maximum of CAD40 million; Actual – CAD5 million 6) Investments: Requirement – maximum of CAD12 million; Actual – CADnil 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. The Group was able to fulfil all covenants across its various subsidiaries at 31 December 2021.

14. SUPPLEMENTARY INFORMATION

	31 December 2021	31 December 2020	30 June 2021
Net asset value per share (Rands)	**13**	11	11
Dividends per share (cents)	**–**	–	–

15. RELATED PARTY TRANSACTIONS

There have been no significant changes to the nature of related party transactions since 30 June 2021 or any transactions outside the normal course of business.

16. ACQUISITION OF BUSINESS

16.1 ACQUISITION OF JJ WHITE INC.

On 20 October 2021, Clough Limited acquired a 100% shareholding in JJ White Inc. in Philadelphia, USA. JJ White is a 100 year old business that was privately owned by Jim White IV (directly and via two family trusts). JJ White is actively operating in 11 states and licenced in 22 states. JJ White's primary economic environment in which the entity operates in the USA and it has therefore been determined as their functional currency. Their core business encompasses petrochemical facility maintenance and support services, general contracting and infrastructure construction. JJ White is a 100% union operated business. This was a key attraction for Clough as it allows us to broaden our sphere of operations across the US to the union labour, northern states that our Houston based non-union business cannot access. The consideration for this acquisition was R346 million (subject to working capital true up at close as per Stock Purchase Agreement). The JJ White acquisition creates significant potential for growth in the North America market by substantially increasing the size of the addressable market to which Clough's enlarged business can now access.

At close, Clough paid a cash consideration of R288 million. In accordance with the Stock Purchase Agreement, the seller is entitled to an additional contingent consideration of R33 million (dependent on achieving above R73 million EBITDA over the three year period 2022 to 2024). At acquisition date, Clough recognised R25 million of this contingent consideration (60% probability of achieving EBITDA target). Additionally, there is a deferred consideration component of R51 million to be paid in three equal instalments on each anniversary date of acquisition.

The assets and liabilities recognised as a result of the acquisition are as follows:

	31 December 2021 Fair value
Property, plant and equipment	53
Inventory	1
Trade and other receivables	309
Amounts due from contract customers	143
Trade and other payables	(393)
Amounts due to contract customers	(50)
Deferred tax liability	(56)
Net identifiable assets acquired	7
Add: Customer Relationships	145
Add: Trade Name	20
Add: Goodwill	116
Net outflow on acquisition of business	288
Contingent consideration	25
Deferred consideration	51
Working capital true up due	(18)
Total consideration on acquisition	346

The amounts above have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Goodwill is attributable to the establishment of an EPC business in North America, which is expected to become the Energy, Resources & Infrastructure platform's largest international market. Project opportunities for midstream pipelines and gas compression, processing, treatment and hook-up and commissioning are strong and growing.

In the two months to 31 December 2021, the acquiree contributed revenue of R519 million and a profit before tax of R4 million to the Group's results. If the acquisition had occurred on 1 July 2021, management estimates that the revenue would have been an additional R1 497 million and a profit before tax for the six months ending 31 December 2021 would have been an additional R73 million.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 July 2021. The carrying value of assets and liabilities recognised approximates their fair value.

The total goodwill amount is capital and therefore not deductible for tax purposes in South Africa.

17. EVENTS AFTER REPORTING DATE

The directors are not aware of any other matter or circumstance arising since the end of the financial period not otherwise dealt with in the Group's interim results, which significantly affects the financial position at 31 December 2021 or the results of its operations or cash flows for the period then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period and did not have a material impact on the current financial period 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.

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Murray & Roberts

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